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14 March 2005

Miss Salumi Chan
Clerk to Panel on Public Service
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Miss Chan,

**Panel on Public Service
Meeting on 21 February 2005**

Thank you for your letter dated 21 February, inviting the Administration's response to the motion passed by the Panel on Public Service at its meeting held on the same day concerning the phase three review of job-related allowances (JRAs).

Our response to the motion is set out at the note at **Annex A**. In summary, the Administration is satisfied that the phase three JRA has been conducted in accordance with the approved review mechanism. In view of the thorough staff consultation that had been conducted in the review process and the commitment of the departmental management concerned to continuing their communication with staff on the review outcome, we are of the view that the decisions arising from the phase three review should be implemented on 1 April 2005 as planned. Indeed, the said implementation date has already been deferred in order to allow more time for the departmental management to explain the review decisions to their staff. Noting that the outcome of the phase one review has already been implemented since mid-2003, the decisions arising from the phase three review should take effect without further delay.

We have taken the opportunity to respond to the written submissions made by various staff bodies on the phase three JRA review to the Panel. Details are set out at **Annex B**.

Yours sincerely,

(Ms Adeline Chan)
for Secretary for the Civil Service

**The Administration's response to the motion passed by the
Legislative Council Panel on Public Service regarding the
Phase Three Review of Job-related Allowances for Civilian Grades**

PURPOSE

At its meeting held on 21 February 2005, the Legislative Council (LegCo) Panel on Public Service discussed LegCo Paper No. CB(1)900/04-05(03) : Progress Update on the Review of Job-related Allowance for Civilian Grades. Following discussion, the Panel passed the following motion regarding the phase three review of job-related allowances (JRAs) for civilian grades -

“That this Panel requests the Government to defer the implementation of payment of Hardship Allowance at half rate to 1 321 posts and the cessation of payment of Hardship Allowance at full rate to 503 posts, and urges the Government to consult afresh civil service organisations on the payment of Hardship Allowance thoroughly.”

2. This note sets out the Administration's response to the motion passed by the LegCo Panel on Public Service.

The JRA system

3. JRAs are additional payments to compensate civil servants 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 the pay scales of the relevant grade or rank¹. They are not fringe benefits, and are payable only when the payment is justified on operational grounds and meets a set of governing principles. The existing governing principles for JRAs payable to civilian staff are set out at **Appendix A**. There are four major categories of JRAs for civilian staff, namely, Extraneous Duties Allowances, Hardship Allowances, Shift Duty Allowance and Typhoon Allowance and

¹ The pay scale of a civil service rank is determined by reference to the education qualification/relevant work experience required for the job as well as any special job factors. Normally, all job-related consideration should have been reflected in the pay scale of the rank concerned. But there are instances where it may not be cost-effective to do so since the duty in question is not widely taken up by members of the rank concerned.

Rainstorm Black Warning Allowance. A description of the four categories is at **Appendix B**.

4. In his report no. 33 dated 11 October 1999, the Director of Audit recommended, among other things, that the Secretary for the Civil Service should consider implementing a programme to review regularly the justifications for individual allowances at the policy level, and that immediate action should be taken to discontinue the payment of an allowance if it is no longer justified. In response to the Director of Audit's report no. 33, the Public Accounts Committee (PAC) 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.

5. The Administration's efforts in recent years in improving the JRA system and in conducting a comprehensive review of all individual JRAs is a positive response to the concerns raised by Director of Audit and the recommendations of the PAC.

Advisory role of the Standing Commission on Civil Service Salaries and Conditions of Service in improving the JRA system

6. The Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) is an advisory body tasked to advise and make recommendations to the Chief Executive on the principles and practices governing pay, conditions of service and salary structure of the non-directorate civil service other than those in the disciplined services. Whether the Standing Commission's advice/recommendations should be adopted and the implementation of any such recommendations are matters for the Administration.

7. Following the completion of a review of the JRA system for civilian staff at the Administration's request, the Standing Commission submitted its report no. 38 on JRA review to the Chief Executive in June 2000².

8. In the subsequent two rounds of consultation held in 2001 and 2002, the Civil Service Bureau (CSB) sought the views of the staff sides of the central consultative councils and departmental management on the Standing Commission's recommendation as well as the Bureau's specific proposals on the way forward. The subject was also discussed in the LegCo Panel on Public Service on 15 April and 23 October 2002 (see LC Papers CB(1)1444/01-02(03) and CB(1)66/02-03(03) for details).

9. Taking account of the views expressed by the staff representatives, departmental management and the LegCo Panel on Public Service, the Administration decided in November 2002 to implement the recommendations in the Standing Commission report no. 38 on JRA review subject to certain refinements. The review recommendations adopted by the Administration include refinement of some of the JRA governing principles, rationalisation of the JRA categorisation, revision to the rate-setting mechanism and establishment of a new review and monitoring system. The Administration has informed the Standing Commission of its decisions in relation to the latter's report no. 38 on JRA review.

Comprehensive review of individual JRAs for civilian grades

10. The Administration embarked on a comprehensive review of all individual JRAs for civilian grades in December 2002 based on the new review mechanism and the updated JRA governing principles. Heads of Departments (HoDs) 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 job descriptions, the revised JRA governing principles and other relevant circumstances. For JRAs that are considered to be justified, the HoDs 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

² In parallel, the Standing Committee on Disciplined Services Salaries and Conditions of Service completed a review on the system of JRAs payable to disciplined services staff and submitted a report to the Chief Executive in April 2000.

before submitting their recommendations to CSB via the relevant policy bureaux and Heads of Grades (where applicable). In examining the review recommendations from departments on individual JRAs, CSB will seek to ensure compliance with the updated JRA governing principles and service-wide consistency in standards.

11. Phase one and phase two of the JRA review for civilian grades were completed in May 2003 and November 2003 respectively. Details of the review outcome are set out in LC Paper No. CB(1)1909/02-03(04) and LC Paper CB(1)768/03-04(01) respectively. The phase three JRA review covering Hardship Allowances payable to staff in Department of Health (DH) and Food and Environmental Hygiene Department (FEHD) and civil servants in Hospital Authority (HA) is the last phase of the comprehensive JRA review. In view of the particular circumstances faced by DH, FEHD and HA, first due to circumstances relating to SARS and then the introduction of a series of measures to improve public health and hygiene and to prepare for possible recurrence of the SARS, the review of the Hardship Allowances within their purview has been twice deferred with the intention of completing the review by 30 November 2004. In conducting the phase three review, the Administration has followed the same approach as that adopted in the phase one and phase two reviews.

12. We wish to highlight that as in the phase one and phase two reviews, there have been thorough staff consultation through established channels during the phase three JRA review. In drawing up their review recommendations for submission to CSB, DH, FEHD and HA have taken the consultation feedback fully into account. In turn, when examining the review recommendations submitted by these departments/Authority, CSB has carefully considered the staff's views expressed during the departmental consultation alongside other relevant factors. Upon promulgation of the review decisions in early February 2005, the department/Authority have made arrangements to brief the staff bodies concerned as well as the affected staff on the review decisions and the underlying considerations. The arrangements for staff communication undertaken by the relevant departments/Authority under the phase three JRA review are set out in paragraphs 13 to 19 below.

Staff consultation under the phase three JRA review

(a) Staff consultation in Department of Health (DH) and Hospital Authority (HA)

13. In conducting the review of individual JRAs payable to staff in the department, DH has laid much emphasis on staff consultation which was conducted through the established channels of the Departmental Consultative Committee (DCC) and the Model Scale 1 (MOD 1) and Artisan Grade Consultative Committee. Between December 2002 (when the review of individual JRAs commenced) and December 2004 (following the deadline for the phase three JRA review), DH has on 12 occasions written to or met with the staff sides of the DCC and the MOD 1 and Artisan Grade Consultative Committee to seek their views on the payment of JRAs in the department (including departmental management's recommendation to cease the payment of Hardship Allowances to specified posts) and to keep them informed of the progress of the JRA review.

14. Upon the conclusion of the phase three review in early February 2005, DH met with the staff sides of the MOD 1 and Artisan Grade Consultative Committee (on 14 and 23 February 2005) and the DCC (on 17 February 2005) to explain to them the outcome of the review and to listen to their views. In addition, DH informed all affected staff of the review outcome in writing on 14 February 2005 and through 69 briefings conducted by frontline supervisors. Departmental management will continue its efforts in explaining the review outcome and the underlying justifications to staff concerned.

15. As regards civil servants working in HA, DH has consulted them through the Hospital Staff Division DCC (HSDDCC) and the Supporting Staff Group Consultative Committee (SSGCC). Since the commencement of the JRA review in December 2002, DH has written to or met with the staff sides of the two committees on 16 occasions to seek their views on the review and to keep them informed of the progress of the JRA review.

16. With regard to the payment of Hardship Allowances to staff working in the General Out-patient Clinics (GOPCs), DH consulted staff on its recommendation to cease such payment on seven occasions through the DH DCC and MOD 1 and Artisan Grade Consultative Committee before the transfer of the GOPCs to HA in July 2003. After the transfer, staff were consulted on eight occasions through the HSDDCC and the SSGCC in DH. Upon the conclusion of the phase three review in early February 2005, DH met with the staff side of the SSGCC on 14 February 2005 to brief them on the review outcome. Apart from the staff side members of HSDDCC and SSGCC, all affected staff working in GOPCs were informed in writing. In addition, cluster supervisors in HA have explained the outcome of the review to affected staff under their management. On 2 March 2005, the Hospital Staff Division further met with the HSDDCC and separately representatives of a staff association to discuss the review outcome. Both DH and the HA management will continue to work in concert to explain the review outcome and the underlying justifications to staff concerned.

(b) Staff consultation in Food and Environmental Hygiene Department (FEHD)

17. FEHD first consulted staff on the departmental management's review recommendations regarding the payment of Hardship Allowance for performing duties such as cleansing, drainage, sewer cleaning, etc. in February 2003 through the established channel of the DCC. In FEHD's original recommendations, 3.2% of the posts would continue to be eligible for the full rate of Hardship Allowance, 61.2% would be eligible for the allowance at half rate and 35.6% would cease to be eligible for the allowance. Since February 2003, FEHD has held 12 meetings with the staff side of the DCC and individual staff associations to listen to their views on the departmental management's review recommendations. Taking account of the feedback received from staff representatives and the updated operational requirements of individual posts arising from the introduction of a series of measures to improve public health and hygiene in 2003, FEHD substantially modified its review recommendations for further staff consultation in September 2004.

18. Having regard to relevant considerations (including the views of FEHD staff), CSB has largely accepted FEHD's revised review recommendations subject to certain refinements subsequently agreed with the department and the bureau concerned. In brief, with effect from 1 April 2005, 74.7% of the posts concerned will be eligible for the full rate of Hardship Allowance, 21.5% will be eligible for the allowance at half rate and 3.8% will cease to be eligible for the allowance.

19. Upon the conclusion of the review in early February 2005, FEHD briefed the DCC and 16 staff associations on the review outcome on 14 February 2005 and held a further discussion with the DCC on 23 February 2005. The department informed all affected staff of the review outcome on 14 February 2005 and organised four briefing sessions for them on 18 February 2005 to explain the review decisions. The departmental management met with the staff associations again on 2 March 2005 to listen to their concerns on the review outcome and has organised five additional briefing sessions for affected staff as part of the ongoing communication with staff on the implementation details of the review outcome.

Implementation of the outcome of the phase three JRA review

20. As evident from the foregoing, there has been intensive communication under the phase three JRA review between staff and the departmental management concerned in the process of drawing up the departmental review recommendations. In examining the review recommendations submitted by the departmental/bureau management, CSB has taken account of all relevant factors, including the staff feedback received during the departmental consultations, and has sought to ensure that the JRA governing principles are consistently applied. Following the promulgation of the review outcome in early February 2005, the departmental/Authority management concerned has made appropriate arrangements to explain the review outcome and the underlying considerations to the staff bodies as well as affected staff in their respective departments/Authority.

21. **CSB is satisfied that the phase three JRA review has been conducted in accordance with the approved review mechanism. In view of the thorough staff consultation that had been conducted in the review process and the commitment of the departmental management concerned to continuing their communication with staff on the review outcome, we are of the view that the decisions arising from the phase three review should be implemented on 1 April 2005 as planned.** Indeed, the said implementation date has already been deferred in order to allow more time for the departmental management to explain the review decisions to their staff. Noting that the outcome of the phase one review has already been implemented since mid-2003, the decisions arising from the phase three review should take effect without further delay. If staff members consider that, notwithstanding the review decision, an individual post should be eligible for Hardship Allowance due to their particular circumstances, they are welcome to approach the departmental management, who will look into the circumstances of individual cases.

Civil Service Bureau
March 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

**The Administration's response to the written submissions
made by staff bodies to the Legislative Council Panel on Public Service**

This note sets out the Administration's response to the main points raised in the written submissions made by the staff bodies¹ to the Legislative Council Panel on Public Service on the phase three review of job-related allowances (JRAs) for civilian grades.

The "50% working time" guideline

2. It has been a long-standing principle that Hardship Allowance is payable only if the obnoxious duties form an appreciable part of an officer's daily work. In its report no. 15 on JRAs of February 1986, the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) recommended that "JRAs should not be paid to officers unless extra or unusual duties take up a substantial part of their time". The recommendation was subsequently accepted by the Administration. The Standing Commission reaffirmed its recommendation on the "substantial time" principle in its report no. 28 of January 1992.

3. Until 1993 when Civil Service Bureau (CSB) delegated the authority to approve the payment of new Hardship Allowance to departmental management, we had consistently applied the guideline that the obnoxious duties had to amount to at least half of an officer's working time to justify the payment of JRAs. When CSB delegated the approving authority for Hardship Allowance to Heads of Departments (HoDs) in 1993, HoDs were required to ensure that all the JRA governing principles, including the "substantial time" principle were observed.

4. One of the review recommendations made by the Standing Commission in its report no. 38 on JRA review of June 2000 was to delete the "substantial time" principle due to difficulty in maintaining consistency in its

¹ The staff bodies include the Staff Side of the Model Scale 1 Staff Consultative Council, Food and Environmental Hygiene Department Foreman Grade Staff General Union, Government Employees Solidarity Union, Government Employees Association, Government Model Scale 1 Staff General Union, Hong Kong Chinese Civil Servants' Association, Hong Kong Food and Environmental Hygiene Department Management and Law Enforcement Staff Association, Hong Kong Food and Environmental Hygiene Supervisory Staffs Union, and Hospital Authority Employees General Union.

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. CSB considers 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 consultations with the staff sides of the central consultative councils and departmental management on the Standing Commission's recommendations arising from the review of the JRA system, there were concerns that the deletion of the principle might result in ambiguity and arguments over whether a minor ad hoc duty should attract JRA. CSB therefore decided that instead of deleting the "substantial time" 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 thus reads -

"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."

We have informed the Standing Commission of the above modification made by the Administration.

5. As recommended by the Standing Commission and accepted by the Administration, under the revised JRA review mechanism, the payment of all JRAs (including Hardship Allowance) is subject to CSB's approval and in making such approvals, CSB should seek to maintain service-wide consistency in standards. Insofar as Hardship Allowance is concerned, as a general guideline and taking account of the concerns previously raised by the Director of Audit and the Public Accounts Committee (PAC) about accountability for public expenditure, CSB considers it reasonable, where service need and operational efficiency allow, to pay an allowance for obnoxious or dangerous duties only where the concerned staff are engaged in such duties for at least half of their normal working time. We have applied the same guideline in approving the payment of Hardship Allowance in different departments under all three phases of the JRA review and we look to the departmental management to assess, based on the updated job description, whether the obnoxious or dangerous duties to be performed by the post-holder would

amount to at least half of his/her normal working time. For example, under the phase three review, Food and Environmental Hygiene Department (FEHD) has recommended that if a certain post is designated for the JRA-attracting duty (e.g. dead removal) on a full-time basis, Hardship Allowance will be payable irrespective of how much time is actually spent on handling the JRA-attracting duties in a particular month. CSB shares the department's view that the actual time spent on the JRA-attracting duties would vary from one month to another subject to service demand and is often beyond the control of the management or the staff concerned, and therefore approves the department's recommendation.

The distinction between “direct handling of obnoxious matters” and “exposure to an obnoxious environment”

6. JRAs are payable only if operationally justified. FEHD notes that for those duties that currently attract the payment of Hardship Allowance, there is a noticeable difference in the degree of hardship involved depending on whether or not the staff concerned are required to handle the obnoxious matters directly. The department considers that where the concerned posts are required to directly handle obnoxious matters (e.g. litter picking, beat sweeping, pest control, dead removal, exhumation, etc.) for a substantial amount (i.e. at least 50%) of the normal working time, the full rate should be payable. Where the concerned staff are not required to directly handle obnoxious matters, but are nevertheless exposed to an obnoxious environment (e.g. supervision of cleansing services, supervision of pest control, management of markets, etc.) for a substantial amount (i.e. at least 50%) of the normal working time, FEHD considers that only half rate should be payable. CSB agrees with FEHD's recommendations as the different allowance rates reflect the different degrees of hardship in different posts. We consider this in line with the PAC's recommendation that the Administration should take into account, among other factors, accountability for public expenditure when deciding on the payment of allowances.

Cessation of JRAs following sharing of obnoxious duties

7. One of the JRA governing principles stipulates that 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. It is therefore incumbent upon the departmental management to consider whether it is feasible and operationally practicable to share out the obnoxious duties, among other options. The departmental management will ensure that the sharing out of duties is implemented in a reasonable and fair manner, having regard to the smooth provision of public services. Where operationally practicable, we also consider that the sharing of obnoxious duties is fair for all staff concerned.

Dangerous elements in performance of duties

8. In conducting the phase three review, departmental management has taken into account the dangerous elements in the performance of duties. While Hardship Allowance is to compensate for duties performed in a 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, the management has to assess, in each individual case, whether the specified condition is met having regard to the operational requirements (such as the need to carry out law enforcement duties and possible confrontation with agitated members of the public, any health risk arising from carrying out of duties, etc.) and whether all the JRA governing principles are satisfied in deciding whether the payment of Hardship Allowance is justified.

9. We should clarify that the need to carry out law enforcement duties per se does not automatically qualify a certain post for Hardship Allowance. For example, the Foreman grade's involvement in law enforcement duties has already been recognised and reflected in the pay scale of that grade. There is thus no question of paying a separate JRA for the same duties. We should also point out that the Administration attaches importance to enhancement of occupation safety through the implementation of appropriate precautionary measures in order to minimise instances of occupational diseases or injury on duty, e.g. issuing relevant guidelines, providing education and training to staff, provision of personal protective gears such as masks and gloves, etc.

Proposed incorporation of Hardship Allowance into the basic pay of the relevant grades

10. Grades such as Foreman, Workman I and Workman II are common grades. While staff in these common grades work in different departments and are assigned different duties, they are subject to the same pay scales. The payment of JRAs compensates staff for carrying out certain duties that are not otherwise reflected in the pay scales of the parent grade. In considering whether or not Hardship Allowance should be incorporated into the basic pay of the relevant common grades, we cannot refer to the situation in a single department. We need to consider, among other factors, whether the additional/special duties attracting JRAs have become prevalent across different posts in the same grade in different departments and whether a permanent adjustment to the pay scale of the grade is preferable to the payment of JRA, which is more adaptive to changes in operational circumstances and requirements from time to time. These issues could only be properly addressed through a grade structure review.

11. The Administration's immediate priority is to conduct a pay level survey in 2005 to ascertain whether civil service pay is broadly comparable to private sector pay. Any request for grade structure reviews, such as one for the Foreman and Workman I/II grades to consider the proposal of incorporating Hardship Allowance into the pay scales of these common grades, would be looked into only after the completion of the pay level survey and the development of an improved civil service pay adjustment mechanism.

Delinking the rate of Hardship Allowance from the Master Pay Scale (MPS)

12. The rate of Hardship Allowance for the performance of obnoxious duties was previously set by reference to a specified percentage of MPS Point 1 (i.e. 7.6% of MPS Point 1), which was the bottom pay point of the MPS until the introduction of MPS Point 0 in 2000 following the Starting Salaries Review. In view of the possibility of the bottom point of the MPS becoming rather unstable because of the more frequent surveys of starting salaries undertaken by the Administration, the Standing Commission recommended in its report no. 38 on JRA review that the JRA rates should be de-linked from any MPS pay point and be specified in dollar terms instead. In addition, the value of the JRA rates should be maintained by pegging them to the rate of annual salary

adjustment for civil servants in the lower salary band (i.e. below MPS Point 10 or equivalent). CSB has not received any adverse comment on this recommendation when we subsequently consulted the staff sides of the central consultative councils and the departmental management on the Standing Commission's recommendations and accordingly adopted it.

13. The new arrangement for setting and adjusting the JRA rates does not materially affect the rate of Hardship Allowance. Nor do we have any plan to change the dollar values of the allowance rate other than by reference to the rate of the annual civil service pay adjustment.

Whether the reduction or cessation of the Hardship Allowance targets at junior staff and undermines staff morale

14. Generally speaking, only staff engaged in frontline operational duties are eligible for JRAs. We fully recognise their contribution in providing various types of essential public services to the community. However, JRAs are payable only if operationally justified and if the JRA governing principles are met. Departments are duty-bound to ensure that JRA payments are ceased immediately when the original justifications have ceased or become insignificant. All three phases of the current comprehensive review of individual JRAs have been conducted with this objective in mind and in accordance with the same set of JRA governing principles. Indeed, the Director of Audit and the PAC have urged Government to put in place a mechanism to regularly review the justifications for various allowances (including JRAs) and to take early action to abolish allowances that have become outdated or are no longer justified in present day circumstances. Should there be a change in circumstances warranting the payment of JRAs (including Hardship Allowance) to certain posts, the concerned departmental management may, with the support of the relevant bureau, seek CSB's approval.

Whether the reduction or cessation of the Hardship Allowance is consistent with the Basic Law

15. Payment of JRAs has always been liable to reduction or abolition if the original operational justifications cease or become insignificant. This has been our established policy and practice for the payment of JRAs before and

after 1997. For example, the payment of an Extraneous Duties Allowance to Typist for operating word processors was introduced in 1982, on the basis that the skill level used in operating word processors is much higher than that for electric typewriters. The payment was ceased in 1992 on the ground that word processor was fast becoming an item of standard office equipment and it facilitated the performance of the job. Legal advice is that the cessation/reduction of any JRAs that were payable before 1 July 1997 is not in any way inconsistent with the Basic Law. There is thus no need to defer the implementation of the outcome of the third phase review until after the Court of Final Appeal has decided on the appeals regarding the civil service pay reduction legislation, as requested by some of the staff bodies.

Civil Service Bureau

March 2005