

CHAPTER 2

THE PRESENT ROLE OF JOB-RELATED ALLOWANCES
IN THE CIVIL SERVICE

2.1 In October 1984, some 65,000 separate payments of allowances were made to civil servants at a cost of about \$11.5 million. This represented approximately 1.3% of total civil service expenditure on personal emoluments. An illustration of the distribution of these payments, which are representative of those made in a typical month, is at Appendix V.

2.2 In the Consultative Document views were sought on whether there was a need to retain the present system of job-related allowances in the civil service. Departmental managements and staff associations generally felt that job-related allowances were necessary to compensate staff for aspects of their work not normally expected of their rank and not reflected in their pay. The Administration considered that job-related allowances played a valuable role as they provided a practical and cost-effective means of rewarding extra work without recourse to the employment of additional staff or the creation of additional pay scales. On the other hand, private sector organisations tended to feel that job-related allowances should be incorporated into the basic pay for jobs which should have a job description covering all the duties which staff might be required to perform, thus ensuring maximum flexibility.

2.3 On the one hand, we consider that ideally all the factors which are relevant to the determination of pay in the civil service should be reflected in the pay scales of each rank and grade. Such a system would be simpler and easier to administer and would provide less scope for abuse than a system involving the payment of job-related allowances, particularly where allowances are paid regularly and become part of the total remuneration for the job. On the other hand, we note that unlike most organisations in the private sector, the civil service has a complex and rigid structure covering about 400 grades and 1,200 ranks and that it is necessary to consider whether it is practicable or desirable to abolish job-related allowances and incorporate all the duties expected of a rank or grade in its job description with appropriate adjustments to its pay scale.

2.4 In our examination of the need for job-related allowances in the civil service pay system, we paid special regard to the principles underlying the civil service pay structure particularly the following points : -

- (a) In paragraph 38 of Report No. 1 we recommended that factors such as dangerous or obnoxious duties, enforcement duties, job content and shift work should be taken into account when the pay scales of grades were set. These factors are very often the main justification for the payment of allowances and we considered that they should be reflected in adjustments to pay scales where they apply to a minimum of 75% of staff in the rank. Where any of these factors applies to less than 75% of the rank, consideration may be given to the payment of an allowance.
- (b) The pay scales of Model Scale 1 grades are determined by a factor system which takes account of, amongst other things, skill, knowledge of work, training and the physical effort required, as well as the need to carry out enforcement duties involving confrontation with the public likely to result in bodily harm. In accordance with the recommendations in our Report No. 5, the pay scales of all Model Scale 1 grades have been broadbanded into four groups. Since members of particular grades are required to do somewhat different jobs in one or more departments, job-related allowances may be paid as a form of compensation.

2.5 As an alternative to the payment of job-related allowances to members of the civil service we considered two possible options together with their practicability and their effect on the civil service pay structure. The first option would be to incorporate allowances into the pay scales of various ranks or grades thereby simplifying the civil service pay system. The second option would be to create new ranks or grades to accommodate those posts which involve extra or additional work for which job-related allowances are paid. After careful consideration, we reached the view that neither of these options is viable, as they would not be cost-effective or practicable given the broadbanded structure of civil service grades. Since the shortcomings of these alternatives far outweigh the merits of abolishing the job-related allowance system, we recommend that the need for some form of job-related allowance system for the civil service should be accepted. The function of the system is to remunerate staff for carrying out extra duties without recourse to adjustments in pay scales, or to the creation of new grades.

2.6 We feel that it is important that the allowance system, if it is to be retained, should be administered fairly and consistently. It needs to be rationalised and additional measures are required to ensure that allowances do not proliferate. The system should also be improved by the establishment of a set of clearly defined general principles governing the payment of job-related allowances and eligibility for them and regular reviews of the various schedules of allowances should be carried out to ensure that these principles are being followed.