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26 May 1999

Secretary General  
Standing Commission on Civil Service Salaries  
and Conditions of Service  
Room 701, 7/F  
Tower II  
Lippo Centre  
89 Queensway  
Hong Kong

*Dear Paul,*

*Review of Job-related Allowances*

I am writing to invite the Standing Commission to conduct a review on job-related allowances.

**Background**

There are a wide range of allowances currently payable to eligible civil servants. Most of these are job-related allowances which are additional payments to compensate staff for work which is not normally expected of their particular grade or rank, and which have not been taken into account in the determination of the pay scales. All allowances have been introduced only after careful consideration of the operational need and on the advice of the Standing Commission.

The last comprehensive review of job-related allowances was completed by the Standing Commission in 1986. The Standing Committee conducted a wide-ranging review of allowances for the disciplined services in 1991. With the lapse of time, we consider it is appropriate now to conduct another major review of job-related allowances.

### **Scope of the Review**

The 1986 review exercise conducted by the Standing Commission established the broad principles governing the eligibility of staff for job-related allowances. At the same time, the Standing Commission also concluded that job-related allowances play an effective role in the civil service remuneration system and give good value for money.

That review was carried out in two stages. In stage one, the role of the allowances in the civil service remuneration system, the principles and practices governing the payment of the allowances as well as eligibility criteria were examined by the Standing Commission. The second stage focussed on different categories of allowance. The broad issues and common problems, and the principles and guidelines relevant to each category were reviewed. Principles governing allowances payable to disciplined services were established by the Standing Committee in its 1991 review after having considered the principles applied to non-disciplined services civil servants at that time.

The 1986 review was a massive exercise which took a number of years to complete. Given that most of the recommendations remain valid and that the current review is part of the Civil Service Reform which we are committed to rolling out initiatives in phases within 18 months, we consider that the current reviews should be modelled on the 1986 review, but modified to take into account changes in circumstance since that exercise. We feel that a comprehensive survey of private sector companies may not be necessary but we accept that some fact finding surveys may be useful. Consultation with departmental management does not appear to be strictly necessary on this occasion, subject to any need for this identified by the Commission during the course of the review. Consultation with the staff side will be essential, although this may be conducted by the Administration when the review is completed.

As with the 1986 review, the payment of individual allowances (e.g. whether a particular job duty warrants the payment of extraneous duty allowances) need not be reviewed. This task will require the detailed examination of individual jobs and can be more appropriately carried out by the Administration in light of your advice on the established principles and any new issues arising from the review.

One issue which we would like the Standing Commission to advise on is the establishment of a central monitoring mechanism to provide us with the means to ensure that all allowances are properly administered. There is at present no system to ensure that HoDs do conduct reviews nor do we monitor the results of any reviews which are undertaken. The effect of the lack of a monitoring system is that either HoDs do not conduct reviews or, to avoid staff objections, the results of any reviews carried

out are not strictly followed.

The Terms of Reference for the review is at **Annex**.

**Timeframe for the Review**

The timeframe of the review should be nine months, starting from the time when the work related to the ongoing review of starting salaries has been completed.

**Advice Sought**

I should be grateful if you could seek the Commission's approval to undertaking the review on job-related allowance in accordance with the Terms of Reference at Annex.

Please let me know if you require any further information from us. On the assumption that members will agree to this request, I would be grateful if you would let me have some indication as to when you will be able to start this exercise.

*Yours ever*  
*Duncan Pescod*

( D W Pescod )  
for Secretary for the Civil Service

c.c. Secretary General  
Standing Committee on Disciplined Services  
Salaries and Conditions of Service