

CHAPTER 2

THE ROLE OF JOB-RELATED ALLOWANCES IN THE CIVIL SERVICE

2.1 This Chapter deals with our views and recommendations on the role of JRAs as set out in the Commission's 1986 Review Report (i.e. Report No. 15).

The Role of JRAs as perceived by the Commission in the 1986 Review

2.2 Paragraph 2.2 of Report No. 15 sets out in a summary form the views of departmental management, staff associations, the Administration and the private sector on the role of JRAs in the remuneration system in the civil service and the private sector. This is reproduced below –

“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 An idea mooted by the Commission at that time was that “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 JRAs, particularly where allowances are paid regularly and become part of the total remuneration for the job” (para 2.3 of Report No. 15). Such an idea, if implemented, would in effect abolish JRAs in the civil service.

2.4 However, this was termed by the Commission as an “ideal” situation and following further examination, the Commission concluded that the idea was not achievable and, for the reasons set out below, confirmed in the 1986 Review the continued role of JRAs in the civil service remuneration system. These reasons include –

- (a) Incorporation of JRAs into pay or creation of new posts not cost-effective

Unlike most organisations in the private sector, the civil service had a complex and rigid structure covering about 400 grades and 1,200 ranks then (the respective figures now are 406 grades and 1,131 ranks). Given the broadbanded structure of civil service grades, it would not be cost-effective or practicable to incorporate JRAs into the pay scales of various ranks or grades. Neither would it be cost-effective to create new ranks or grades to accommodate those posts which involved extra or additional work for which JRAs were paid.

- (b) Structural needs for JRAs

The Commission recommended in paragraph 38 of Report No. 1 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 should be reflected in adjustments to pay scales where they applied to a minimum of 75% of staff in the rank. Where any of these factors applied to less than 75% of the rank, consideration might be given to the payment of an allowance. There was, therefore, a structural need for JRAs in the civil service.

- (c) Special consideration for Model Scale 1 grades

In accordance with the recommendations in the Commission’s Report No. 5, the pay scales of all Model Scale 1 grades had been broadbanded into four groups. Grades in each of the group shared the same pay scale with a narrow range of salary progression. Although members in these groups were required to do different jobs in various departments, their broadbanded pay scales did not

reflect the different duties performed in individual departments. Hence, JRAs would be a more practical form of compensation than overall adjustment of pay scale.

On account of these considerations, the Commission did not pursue the idea of abolishing JRAs in the civil service. Instead, it recommended in the 1986 Review that the need for some form of JRA system for the civil service should be accepted. The function of the system was to remunerate staff for carrying out extra duties without recourse to adjustments in pay scales or to the creation of new grades.

The present review

2.5 In the course of the present review, we have re-examined the validity of the Commission's main considerations in the 1986 Review against developments in the civil service and the private sector in the intervening years. A key issue we considered was whether it would be possible to abolish all JRA payments in the civil service.

2.6 The 1986 Review noted that by incorporating allowances into pay, as far as possible, the private sector salary system was simpler to administer and more flexible. In considering this point in the present review, we have noted that although the dispensation of JRAs is not a popular practice in the private sector, JRAs are nonetheless paid to employees under specific circumstances as extra motivation or reward. Furthermore, notwithstanding the Administration's recent effort in adopting the total remuneration concept (a popular trend in the private sector) in designing the pay and fringe benefits package for new recruits, it seems unlikely, in the foreseeable future, for the salary system of the entire civil service to operate in the same way as that in the private sector.

2.7 Given this situation and the structural issues mentioned in paragraph 2.4 above, our recommendation, similar to the Commission's recommendation in the 1986 Review, is that there will continue to be a role for JRAs in the civil service remuneration system.

2.8 Having re-affirmed the role of JRAs, it does not mean to say that all of the existing JRA payments are appropriate. The civil service has undergone tremendous changes over the past few years with heightened concern for,

amongst other things, efficiency and productivity in the delivery of public services. Such efforts are typified by the implementation of the Enhanced Productivity Programme, the introduction of multi-skilling in the clerical and secretarial grades and the release of the Civil Service Reform Consultation Document in March 1999. In a way, these efforts are synonymous with the re-engineering and structural changes that companies in the private sector are going through to improve efficiency and to stay competitive. Central to all these changes is the Administration's paramount concern for service delivery. Since JRAs are closely related to work performances, they must play a proper role in the civil service salary administration system in keeping with the spirit of reform in the other civil service management initiatives now being rolled out.

2.9 This has led us to the conclusion that the starting place for a review of the present JRA system must be the job descriptions of the posts concerned for which JRA payments are made at present. The other factors that should be taken account of in the review are the special job factors such as hardship, danger, etc. affecting staff in their respective working environment for which JRAs are paid at the moment. The impact of these special factors on civil service jobs and their relative importance may vary as circumstances giving rise to their existence change. For example what used to be dangerous or obnoxious working environments may no longer be so as a result of the application of new technology or improvement to the working environment.

2.10 As far as the current review of JRAs is concerned, since the Commission is not mandated to look at the dispensation of JRAs at the micro (i.e. departmental) level, we are unable to say whether any of the above factors accounting for the award of JRAs in the civil service in the past remains valid today. This must be the task of Heads of Department (HoDs), in consultation with CSB. For this reason, we recommend that a critical review be undertaken by HoDs of all JRA payments under their jurisdiction as soon as possible after the Administration has accepted our recommendations set out in this report. The review should aim to establish (a) whether the factors or circumstances giving rise to the need for the original payments still exist; and (b) whether the job descriptions of civil service posts have been updated to ensure that only the performance of duties extraneous to the job descriptions should be eligible for the JRAs and payments which do not meet with these conditions should cease with immediate effect.