

## CHAPTER 5

### RATES OF JOB-RELATED ALLOWANCES

5.1 This Chapter deals with our views and recommendations on the general principles governing the rates of JRAs as set out in Chapter 4 of the Commission's 1986 Review Report (i.e. Report No. 15).

#### **Background**

5.2 In the 1986 Review, the Commission noted that the rates for JRAs at the time were set in various ways. While those for standard allowances were set having regard to Point 1 of the Master Pay Scale (MPS), those for non-standard allowances were set mainly as percentages of Point 1 of the MPS; as fixed sums; or as additional increments.

5.3 The question of whether Point 1 of the MPS should continue to be used to determine the rates for JRAs or whether it would be more appropriate to pay fixed sums or to tie the rates to the recipient's salary were then considered by the Commission.

5.4 The Commission's conclusion was that "it seems to be only fair that two officers who are required to carry out the same extra duties or are subjected to the same element of hardship should be paid the same allowance, since the difference in their level of responsibilities should have been reflected in their basic salaries" (para 4.3 of Report No. 15). The Commission therefore recommended that "the same allowance should be paid for the same extra duties regardless of the rank and basic salary of the officer concerned."

5.5 The Commission then considered whether the JRA rates should be expressed in the form of fixed sums subject to periodic review or as percentages of a point on a pay scale which would be automatically adjusted when the pay scale was revised.

5.6 The Commission's conclusion was that "in order to keep the allowance system simple and easy to administer, it would be best to continue to

broadband the rates for standard allowances and to relate them to a certain point on a pay scale”. Since the use of the MPS had been generally accepted in the past, the Commission recommended that the rates for standard allowances should continue to be broadbanded and to have regard to Point 1 of the MPS.

5.7 As regards the rates for non-standard allowances, the Commission recommended that they should, wherever practicable, have regard to Point 1 of the MPS. The Commission accepted that while there might be a need for the rates for particular non-standard allowances to be expressed in the form of a fixed sum, the practice of expressing some non-standard allowances in other forms such as increments should cease and that their rates should be converted into percentages of Point 1 of the MPS. However, on re-examining this principle in 1991, the Commission considered that where the extra duties would subject staff to different elements or degrees of hardship or level of responsibility, such extra duties should not be regarded as “same extra duty”, and the rates of allowance should have regard to a recipient’s salary (e.g. in the form of increments).

5.8 The current system of JRA rates based on the Commission’s recommendations in the 1986 Review and the follow up review in 1991 is set out in the table at Appendix VI. The full list of JRAs under the standard and non-standard rates is at Appendices II to V.

### **The present review**

5.9 In the present review, we have examined these principles again to see whether they are still applicable in the present day circumstances. We have looked at the current system of JRA rates with specific emphasis on how the system could be simplified in tune with the simplification of the JRA categories as set out in Chapter 4. We have also explored the feasibility of introducing an internal benchmarking system as a means of establishing the rate for any new JRA payment in future. Our views and recommendations on these issues are set out in the following paragraphs.

### **Principles**

5.10 There are two key principles involved viz. (a) same allowance for same extra duties; and (b) the rates for the allowances to be set having regard to MPS 1.

5.11 We have no difficulty with (a) which is fair and equitable. With regard to (b), it should be noted that MPS 1 was chosen as the point of reference in determining the rate for the JRAs by the Commission in the 1986 Review because it represented the first (also the bottom) point on the MPS. The intention was to keep the system simple and easy to administer. Now that this point has been lowered to MPS 0 as recommended by the Commission in the 1999 Civil Service Starting Salaries Review, the question arises as to whether, and if so, how the reference point for the determination of the JRA rates should be adjusted.

5.12 We are concerned with two problems viz. (a) the possibility of the bottom point of the MPS becoming rather unstable, given that the Administration will undertake more frequent surveys of starting salaries with a view to adjusting the civil service qualification benchmarks every three to four years; and (b) the reduction in the dollar value of the current rates each time the bottom point of the MPS is lowered. The combined effect of these two problems is that the future administration of the JRA rates system will become rather cumbersome and controversial due to the frequent fluctuations of the rates and staff dissatisfaction over such changes. This is not conducive to making the JRA system simple and easy to administer.

5.13 We recommend, therefore, that as a first step, the validity of all current JRA rates should be reviewed and re-affirmed by HoDs, taking into account the adequacy of the rates to meet operational needs and morale of staff. Thereafter, the dollar value of the re-affirmed rates should be preserved by pegging them to the rate of annual salary adjustment for the Lower Band civil servants. In effect this means that the re-affirmed rates will be de-linked from any reference point on the MPS and thus immune to possible changes at the bottom point. In contrast to re-setting the current JRA rates by reference to the bottom point of the MPS, the new system would be more stable and simpler to administer.

### **Current system of JRA rates**

5.14 The current system of JRA rates is shown in the table at Appendix VI. Three issues came to our attention : (a) whether a distinction should continue to be made between standard and non-standard rates; (b) how should the rates be expressed : whether as a percentage of MPS 1; as a fixed sum;

or tied to a recipient's salary or rank; and (c) how should individual rates be determined. These issues are dealt with in the following paragraphs.

### **Standard and non-standard rates**

5.15 The demarcation between standard and non-standard rates signifies two things : (a) the existence of two different approving authority viz. HoDs in the case of standard rates and CSB in the case of most non-standard rates; and (b) the different ways in which the rates are expressed e.g. while the standard rates are expressed as a percentage of MPS 1, the non-standard rates are expressed differently, either as a percentage of MPS 1, as a fixed sum or tied to a recipient's salary or rank.

5.16 On (a), our view is that the existence of two approving authorities, which was intended to provide flexibility to HoDs, has not served its purposes and may have contributed inadvertently to the laxity of monitoring under the current system. We, therefore, propose that the demarcation between standard and non-standard rates should be abolished. In line with our proposals on the respective roles of HoDs and CSB in the administration of the JRA system (vide Chapter 6), we recommend that the authority to approve all new JRA payments or the continuation of existing payments should in future be vested in CSB while HoDs will be responsible for reviewing the need for JRA payments in their respective department and submitting their recommendations to CSB for approval.

5.17 On (b), we note that the different ways in which the rates are currently expressed (whether as a percentage of MPS 1; as a fixed sum or tied to a recipient's salary or rank) met with the approval of the Commission in the 1986 Review and in the subsequent review in 1991. While the majority of the current rates are expressed as a percentage of MPS 1, an examination of the JRA payments at Appendices II to V indicates that there may be reasons why some of the rates have to be expressed as a fixed sum or tied to a recipient's salary or rank. (These examples include an Assistant Master taking up deputy headship duties of a primary school, a Pest Control Officer taking charge of the Pest Control Advisory Section, etc.) We see no major problem with the present arrangement. However, as we have recommended in paragraph 5.13 above, the adequacy of the existing rates should first be reviewed by HoDs and thereafter,

the re-affirmed rates should either be expressed as fixed sums on de-linking from the MPS or continue to be tied to a recipient's salary or rank.

### **How should individual rates be determined**

5.18 From information compiled by CSB, we note that the current rates range widely from 4.2% to 18.6% of MPS 1. Despite the existence of sub-categories [e.g. EDA is sub-categorised into EDA (Supplementary Duties) Level 1, Level 2, Level 2 Variations and EDA (Responsibility); and HA into HA (Obnoxious Duties) and HA (Dangerous Duties)] which seem to provide some guidelines on the level of rates, how the individual rates were determined in the past has been a very subjective exercise. The recommendation by the Commission in the 1986 Review was that rates should be determined having regard to MPS 1. The Commission did not specify the exact operation of the term "having regard to".

5.19 Since we are not mandated to review individual payments in the current exercise, we do not think that it would be right to comment on whether the existing rates are appropriate or not. Neither do we consider it appropriate to set the civil service JRA rates by reference to private sector rates. In the first place, this has never been the practice before and, secondly, JRA payments in the private sector are limited, in the majority of cases, to staff working shift or under inclement weather conditions and their rates are not comparable to the JRA rates in the civil service. The only equitable and acceptable method to evaluate the appropriateness of the civil service JRA rates, in the circumstances, would be to compare the rates against each other by reference to a system of internal benchmarking.

### **Internal benchmarking**

5.20 The rates under the respective JRA categories in the civil service bear a certain relationship to each other in terms of, for example, the degree of "hardship" or "skill" or "responsibility" requirement. It is this difference in degree which has accounted for the difference in the JRA rates. The closer their degree of similarity, the closer their rates should be, and vice versa. This is not a scientific method and, therefore, any judgment based on an evaluation of the difference in degree can only be subjective. It provides, nevertheless, a basis on which the various JRA payments and their rates could be compared

whereby the rates for any new JRA payments could be determined or the rates of existing payments re-aligned where they are considered inappropriate.

### **New schedule of JRA payments**

5.21 To establish this system of internal benchmarking, it will be necessary for the Administration to compile a detailed schedule of JRA payments under each of the four principal categories based on the JRA payments currently in force. The schedule will show the individual items of JRA payments and the range of rates currently obtaining. In future, the rates of any new JRA items could be determined by way of internal benchmarking with the rates of comparable payment items in the schedule.

### **The new JRA rates system**

5.22 The new JRA rates system described above can be summed up as follows. Under the new system, the JRA rates are unified by the abolition of the demarcation between “standard” and “non-standard” rates. The authority for the approval of the JRA rates will be vested in CSB. A schedule of current JRA payments should be compiled by CSB in consultation with HoDs. This schedule will contain the full list of individual payments, the justification for such payments and the rates accorded to each of them under the four principal JRA categories. The range of rates within the respective categories, as recorded in the payment schedule, will form an internal benchmarking system by reference to which the rates of payment for any new JRA items would be determined. In deciding on the rates for the civil service JRA payment, there is no need to have regard to the rates in the private sector.