

**Follow up to the Legislative Council Panel on Public Service  
Meeting on 19 April 2004**

**Outcome of reviews conducted in recent years  
on allowances payable to civil servants**

At the meeting of the Panel on Public Service held on 19 April 2004, the Administration undertook to provide information on the outcome of reviews conducted in recent years on allowances payable to civil servants, including those related to the performance of duties and those provided as fringe benefits.

2. Attached is a table summarising the outcome of major reviews conducted since 1990 on various civil service allowances. For duty-related allowances, we have been conducting reviews from time to time to rationalise their control and administration and to keep them in line with present day circumstances. For fringe benefit type of allowances we have ceased those allowances that are considered outdated for new recruits and, where considered appropriate, for officers who have not yet attained eligibility for the allowance. Following these reviews, the package of fringe benefits available to officers offered appointment on or after 1 June 2000 has been substantially trimmed down.

Civil Service Bureau  
May 2004

### Outcome of reviews conducted in recent years on allowances payable to civil servants

Allowance	Date	Review outcome	Justifications/Remarks
<b>Duty-related Allowances</b>			
Acting Allowance	17 January 2000	<ul style="list-style-type: none"> <li>- Revised the minimum qualifying period for granting acting allowance to 30 days.</li>   <li>- Ceased granting acting allowance for doubling-down appointments.</li> </ul>	<p>The period when an officer shoulders additional duties and responsibilities should be sufficiently long to justify the granting of acting allowance.</p> <p>It should be the responsibility of officers at the supervisory level to plan for staff deployment and to ensure that the duties of their subordinates are appropriately covered, including covering such duties by themselves.</p>
	mid-2004	<ul style="list-style-type: none"> <li>- We have earlier reviewed the acting arrangements and consulted the staff sides and the departmental management on our proposals. A separate paper reporting on the outcome of the consultation and our final decision will be submitted to the Panel for information separately.</li> </ul>	
Overtime and related allowances	1 May 1995	<ul style="list-style-type: none"> <li>- Introduced the on-call duty allowance.</li> </ul>	To compensate officers who are required to be immediately available for duty if called upon to do so during any period beyond their conditioned hours of work.

Allowance	Date	Review outcome	Justifications/Remarks
	8 May 1998	- Issued revised guidelines on the administration of overtime, including approval, allocation, supervision and compensation for overtime work.	To tighten up the control and administration of overtime.
	12 December 1998	- Implemented a standard ratio for compensating standby duty with time off in lieu, i.e. three hours of standby duty to be compensated by two hours of time off.	To standardise the compensation ratio to ensure consistency across departments.
	1 December 2000	- Implemented revised guidelines on the control and administration of overtime. Examples of measures include: introducing a ceiling of 60 hours of overtime which an officer may be asked to work in a month, and a ceiling of 180 hours of uncompensated overtime hours which an officer may accumulate at any time. The ceilings may only be exceeded with the approval of a directorate officer. Heads of Departments must review the overtime situation at least annually with a view to identifying any problem areas and taking rectification measures.	To improve the administration and control of overtime.

Allowance	Date	Review outcome	Justifications/Remarks
Job-related Allowances (JRAs)	mid-2000	<p>- At the invitation of the Administration, the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (the Standing Committee) completed a review of the JRA policy and system in respect of the civilian grades and the disciplined services grades respectively. The Standing Commission recommended, inter alia, that some of the governing principles of the JRA system be modified or deleted, and that a moratorium should be imposed to facilitate the Administration to undertake reviews on the payment of individual JRAs. It also recommended tightening up future control and monitoring through a central approval system. The Standing Committee considered that the existing governing principles continued to be valid and that a central monitoring mechanism established by the Administration might have a useful role as an additional safeguard.</p>	<p>The invitation for the Standing Commission and Standing Committee to conduct another review was made having regard to the lapse of time since the last comprehensive JRA review, which took place prior to 1990.</p>

Allowance	Date	Review outcome	Justifications/Remarks
	December 2002 to November 2003	- The Administration completed two phases of review of JRAs payable to civilian grades. Certain allowances that are considered no longer justified because of changing circumstances have been ceased; and for allowances that may continue to be paid, areas of improvements (e.g. payment criteria) have been identified where appropriate. The third phase of review to be completed by November 2004.	Following the recommendation of the Standing Commission, the Administration has conducted two phases of review to examine all individual JRAs payable to civilian staff, having regard to factors such as the original justification for the allowance concerned, the Director of Audit's concern, value-for-money considerations, accountability for public expenditure, prevailing human resource management practices in the private sector, present day circumstances and staff reaction.
	2004	- Review on JRAs payable to disciplined services grades is underway.	To review the JRAs payable to disciplined services grades regularly and to implement a central approval system, in line with the system for JRAs payable to civilian grades.
Travelling Allowances	1 April 2000	- Introduced the Supplementary Travel Allowance to replace the former Home-Office Travelling Expenses (HOTE), which was payable in the form of reimbursement, and Home-Office Mileage Allowance (HOMA)	To replace the outdated provision of HOTE and HOMA with a reasonable travel subsidy in line with present day circumstances for officers who are required to work in "designated offices", which are normally located in the outlying islands, the border areas or areas which are relatively less accessible.

<b>Allowance</b>	<b>Date</b>	<b>Review outcome</b>	<b>Justifications/Remarks</b>
	1 January 2003	- Reduced the rates of Duty Mileage Allowance (DMA) and introduced a new formula, which takes into account only the running costs of a vehicle, for determining the allowance rates.	In line with the intention that the DMA provides a fair recompense for eligible officers who, for operational reasons, use their private vehicles for duty purpose.
Allowances for officers posted outside Hong Kong	1 January 1991	- Established a system of allowances for officers posted outside Hong Kong which are determined by reference to the circumstances of Hong Kong and Hong Kong officers.	Before the review, allowances payable to officers posted outside Hong Kong were determined by reference to the allowances payable in the United Kingdom Diplomatic Service. Following the review, the payment of various allowances has been delinked from the UK arrangement.
	1 January 1991	- Ceased payment of Exchange Compensation Allowance to officers posted to the USA.	Since the Hong Kong dollar is pegged to the US dollar, the exchange rate fluctuations between the two currencies are small.
	27 July 2000	- Revised the posting passage arrangement for officers posted outside Hong Kong, and the leave and leave passage entitlement for officers at D4 and above during external postings.	To simplify the leave and leave passage arrangements for officers at D4 and above by aligning them with these officers' leave and passage entitlement whilst in Hong Kong.
	8 March 2002	- Revised the rate-setting mechanism for Special Posting Allowance such that the allowance would comprise two components, namely an incentive element and a cost of living element.	To provide for a more objective and quantifiable method for determining and revising the rates of Special Posting Allowance.

Allowance	Date	Review outcome	Justifications/Remarks
	22 July 2002	<ul style="list-style-type: none"> <li>- Revised the leave and passage arrangements. The rates of Leave Passage Allowance for officers posted outside Hong Kong and their eligible family members have been reduced.</li> </ul>	To bring the terms of provision in line with present day circumstances.
<b>Fringe Benefit Type of Allowances</b>			
Education allowances	1993/94 school year	<ul style="list-style-type: none"> <li>- Revised the rates of Overseas Education Allowance into a two-tier system (i.e. junior school rates and senior school rates).</li> <li>- Lowered the maximum Government subsidy from 100% to 90%.</li> </ul>	To rationalise the system following the changes made to the Overseas Service Aid Scheme in the UK, which was the basis for the Overseas Education Allowance scheme at that time.
	1 August 1996	<ul style="list-style-type: none"> <li>- Ceased payment of Overseas Education Allowance to new recruits offered appointment on or after 1 August 1996.</li> </ul>	To be in line with present day circumstances. In view of the significant improvements in the quality and level of provision of education in Hong Kong over the years, including the expansion of the tertiary education sector and the increase in the number of international schools, the case for providing Overseas Education Allowance to civil servants has diminished.

Allowance	Date	Review outcome	Justifications/Remarks
	1 June 2000	<ul style="list-style-type: none"> <li>- Ceased payment of Local Education Allowance to new recruits offered appointment on or after 1 June 2000.</li> </ul>	<p>To be in line with present day circumstances. Due to the improvements over the years to local education in Hong Kong, the provision of Local Education Allowance to civil servants is no longer justified.</p>
Housing and housing-related allowances	1 October 1990	<ul style="list-style-type: none"> <li>- Ceased payment of Private Tenancy Allowance for new recruits offered appointment on or after 1 October 1990.</li> <li>- Ceased payment of House Allowance for new recruits offered appointment on or after 1 October 1990.</li> <li>- Introduced the Home Financing Allowance for new recruits offered appointment on local terms on or after 1 October 1990.</li> <li>- Introduced the Accommodation Allowance for new recruits offered appointment on overseas terms on or after 1 October 1990.</li> </ul>	<p>To promote home ownership among civil servants and to reduce the Government's long-term expenditure on housing benefits.</p>



Allowance	Date	Review outcome	Justifications/Remarks
	1 January 1999	<ul style="list-style-type: none"> <li>- Ceased payment of Accommodation Allowance for new recruits offered appointment on or after 1 January 1999.</li> <li>- Introduced a Rent Allowance for new recruits offered appointment on common agreement terms on or after 1 January 1999.</li> </ul>	To remove the differences in the terms of provision of housing benefits to officers on local terms and overseas terms.
	1 May 1999	<ul style="list-style-type: none"> <li>- Ceased payment of Furniture and Domestic Appliances Allowances and Hotel Subsistence Allowance for new recruits offered appointment on or after 1 May 1999.</li> <li>- Ceased payment of Air-conditioning Allowance for officers not yet promoted to the directorate rank before 1 May 1999.</li> </ul>	Provision of these allowances is out of step with present day circumstances and the original reasons for providing these allowances are no longer valid.  The allowance is not in line with present day circumstances.
	1 June 2000	<ul style="list-style-type: none"> <li>- Ceased payment of Home Financing Allowance, Home Purchase Allowance and Rent Allowance for new recruits offered appointment on or after 1 June 2000.</li> <li>- Introduced a Non-accountable Cash Allowance for new recruits offered appointment on or after 1 June 2000.</li> </ul>	To simplify the administration of civil service housing benefits and to be more in line with the practice and arrangements in the private sector.

<b>Allowance</b>	<b>Date</b>	<b>Review outcome</b>	<b>Justifications/Remarks</b>
	1 July 2000	- Ceased payment of Furniture and Domestic Appliances Allowances for serving officers not occupying quarters who were offered appointment before 1.5.1999 and who received a substantive salary on MPS Points 34 to 44 (or equivalent) on or after 1.7.2000.	The payment of these allowances is no longer justified under present day circumstances.
Passage and passage-related allowances	1 August 1996	- Ceased payment of School Passage Allowance, and the associated Unaccompanied Air Baggage Allowance and travelling expenses, for new recruits offered appointment on or after 1 August 1996.	Concurrent with the cessation of Overseas Education Allowance for new recruits.
	1 January 1999	- Ceased provision of Sea Baggage Allowance, Unaccompanied Air Baggage Allowance and travelling expenses (which are payable to officers on overseas terms and their family members on their final departure from the service) for new recruits offered appointment on or after 1 January 1999.	Overseas terms were no longer offered and common terms were introduced with effect from 1 January 1999.
	1 June 2000	- Ceased provision of Leave Passage Allowance to family members of officers offered appointment on or after 1 June 2000 when the officers become eligible for the allowance.	New terms were introduced, with the package of fringe benefits substantially trimmed down in step with present day circumstances.

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