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Royal Government of Bhutan

PRIME MINISTER

C-2/9/153

13 November, 2013

[Translated Text]

GOVERNMENT ORDER

Sub: Establishment of the Second Pay Commission

As provided under Article 30 of the Constitution of the Kingdom of Bhutan and as approved by His Majesty the King on the recommendation of the *Lhengye Zhungtshog*, the Royal Government is pleased to establish a time-bound autonomous Pay Commission with immediate effect. Its structure, membership and terms of reference shall be as specified hereunder:

1. *Dasho* Chhewang Rinzin, Chief Executive Officer, DGPC : Chairperson
2. Mr. Lam Dorji, Secretary, MoF : Member
3. Mr. Tshering Dorji, Secretary, MoHCA : Member
4. Mr. Karma Tshiteem, Secretary, GNH Commission : Member
5. Mr. Dubthob Wangchu, CEO, NPPF : Member
6. Mr. Ugyen Norbu, Chief Research Officer, NSB : Member
7. Mr. Kunzang Dechen, Jajin Consultancy Services : Member

a) Time Frame

The Commission shall be in place for an initial period of three months from the date of appointment. It shall remain dissolved from the date of submission of the Report to the *Lhengye Zhungtshog* or completion of its term, whichever is earlier.

b) Frequency of Meetings

The number and frequency of the meetings shall be decided by the Commission. In order to complete the task within the given time frame, the Commission may be required to work even during weekends and holidays.



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Royal Government of Bhutan

PRIME MINISTER

c) Terms of Reference

As provided under Article 30, Section 2 of the Constitution, the Commission shall recommend to the Government revisions in the structure of the salary, allowances, benefits and other emoluments of the civil servants, the judiciary, members of Parliament and Local Governments, the holders and members of constitutional offices and all other public servants with due regard to the economy of the Kingdom and other provisions of the Constitution.

Specifically, the Pay Commission shall review and submit recommendations in respect of the following areas:

- i) *Introducing housing allowance for civil servants;*
- ii) *Revising the salary and other benefits of local government officials;*
- iii) *Introducing rural posting allowance for civil servants, especially teachers;*
- iv) *Reviewing the foreign service entitlement rules;*
- v) *Reviewing the feasibility and implications of discontinuing the government pool vehicle system and replacing it with a system of allowances;*
- vi) *Lifting the pool vehicle quota for all civil servants and alternatives thereto; and*
- vii) *Reviewing the recommendations of the First Parliament with regard to the revised pay scale for the Prime Minister and Ministers.*

d) Principles

While the basic principle of any raise shall be to attract, retain and motivate the best and brightest, in reviewing the various cases and drawing up the recommendations, the Pay Commission shall take into account the following principles:

- i) *Due regard should be given to the sustainability of the fiscal position, the economy of the country and relevant provisions of the Constitution. Increases should largely be met through cost cutting and other measures by streamlining*



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PRIME MINISTER

government expenditures and other fiscal operations for which the Commission shall submit concrete proposals;

- ii) *Be mindful of the spiraling effect on the salaries of the private, corporate and other sectors in the country;*
- iii) *Take into consideration impact of the recommendations on inflation, reserves and balance of payments; and*
- iv) *Consider ways to inculcate a culture of savings and investment among the public servants.*

e) Secretariat for the Commission

The Ministry of Finance shall designate three officers with analytical and report writing skills to function as the Secretariat of the Commission and assist in its works.

f) Sitting Fees

The members of the Commission shall be paid a sitting fee of Nu.5,000/- per sitting, while the Secretariat staff shall be paid 50% of the fees of a member.

g) Implementation

As provided under Article 30, Section 3 of the Constitution, the recommendations of the Commission shall be implemented only upon the approval of the *Lhengye Zhungtshog* and subject to such conditions and modifications as may be made by Parliament.

This Government Order has reference to the 9th *Lhengye Zhungtshog* held on 1 October, 2013 and shall come into immediate effect.

Sd/-

(Tshering Tobgay)