

STANDING COMMISSION ON CIVIL SERVICE SALARIES AND
CONDITIONS OF SERVICE

PRINCIPLES AND PRACTICES GOVERNING THE SALARY STRUCTURE
OF THE CIVIL SERVICE

I Introduction

Previous Salaries Commissions have conducted their reviews and produced their reports, leaving it to the Government to implement those recommendations which could be practically introduced. As its name implies the Standing Commission on Civil Service Salaries and Conditions of Service is different. It is a continuing organisation whose task is not only to review civil service salaries and conditions of service, having regard to the situation which exists at present, but to keep them under review in the light of future developments.

2. As a Standing Commission, it has no obligation to produce a single comprehensive report. Indeed to attempt to do so would only lead to delay and to the lack of adequate consultation which has been the subject of so much complaint by civil servants in the past. The Commission therefore intends to conduct its review in stages and to report on particular aspects of civil service salaries and conditions of service as soon as it is satisfied that such aspects have been thoroughly examined and that adequate consultation with staff and management has taken place.

3. The Standing Commission has now considered all the representations received on the key principles and practices governing the salary structure of the civil service. These representations have raised a number of issues on which the Commission feels staff and management should have a further opportunity to comment before the Commission makes its recommendations to government. The purpose of this document is briefly to outline these issues and to seek any further views which staff and management may have before the Commission reaches its conclusions.

II The Principle of Fair Comparison

4. The principle of fair comparison, first formulated by the 1965 Salaries Commission, is the major principle governing civil service pay. This principle aims at achieving fair pay for civil servants by paying them at rates broadly comparable to those paid by the private sector for similar work after making due allowance for the differences in private sector and civil service pay methods, fringe benefits, prospects for advancement and conditions of service generally. Relativities within the civil service are a secondary consideration and are taken into account if, and only if, job comparison with the private sector is impossible.

5. One of the Commission's first considerations must be whether or not comparability with the private sector should continue to be the first principle governing civil service pay. The principle of fair comparison has considerable advantages in that :-

- (a) it permits civil service pay to be regulated in line with rates paid by other employers competing in the same labour market, thus taking account of the economic well-being of Hong Kong as a whole;
- (b) it enables civil servants to enjoy the benefits of any real increase in the wealth of the community;
- (c) it provides a means of determining civil service salaries which is likely to be seen as fair by the general public; an essential requirement if the aims of the Hong Kong government's policy "to maintain a civil service which is recognised as efficient and staffed by members whose conditions of service are regarded as fair both by themselves and by the public which they serve"* are to be met;
- (d) it allows flexibility in adjusting civil service pay (whether up or down) in line with market demands.

6. The problems with the principle of fair comparison arise largely from the lack of effective machinery for its implementation. The method adopted by the 1971 Salaries Commission, which was to divide the civil service into occupational classes in the belief that within each class a range of comparable work would exist in the private sector, has proved unsatisfactory, mainly because :-

/(a) for

* Statement of Principles and Aims of Civil Service Remuneration - 1968

- (a) for only relatively few occupational classes has it been possible to find a reasonable sample of comparable work in the private sector;
- (b) in a number of cases differences in private sector pay methods make the basis for comparison difficult to agree.

In addition the application of private sector comparability to the occupational classes as presently constructed can lead to the disturbance of long standing internal relativities.

7. In its deliberations on the principle of fair comparison the Commission has carefully studied the representations which it has received. These are both for and against the retention of the principle. Those for retaining the principle draw attention to its advantages and to the absence of an alternative principle which would meet the test of public acceptability referred to in sub-paragraph 5(c). Those against tend to refer to the inapplicability of the principle to their particular circumstances or to differences in private sector practices which make comparison with the civil service difficult, but generally stop short of proposing an alternative principle which could be applied to the civil service as a whole. Thus it appears to the Commission that many of those recommending the abandonment of the principle of fair comparison do so largely from dissatisfaction with the manner in which the principle is presently implemented rather than with the principle itself. For this reason the Commission would appreciate views on whether or not objections to the principle of fair comparison might be overcome by the introduction of an effective and acceptable method for linking civil service and private sector pay. In particular the Commission would welcome comments on the two methods referred to in paras. 8 to 10 and 11 to 13 below which it has already been asked to consider.

The "Core Grade" Method

8. Under this arrangement a number of civil service jobs which could be fully and fairly compared with jobs in the private sector would first be identified. The grades for these jobs would become "core grades" to which all other civil service grades would be linked. The pay in the private sector for the jobs comparable with the "core grades" would then set the civil service pay for those grades and all related grades.

9. The advantages of the "core grade" method is :-

- (a) it recognises the limited extent to which private sector comparisons can be made;

/(b) it

- (b) it reduces the number of private sector jobs in respect of which a pay investigation will be needed to obtain information for assessing external relativities;
- (c) it permits account to be taken of historical relativities within the civil service as one of the factors determining linkage to the "core grades".

10. The main disadvantage of the "core grade" method is that the jobs which should form the "core grades" and the linkage of other grades to those "core grades" could take a considerable time to negotiate and agree. In addition the reduced number of private sector samples which are required, means that emoluments in the private sector for certain occupations would not be fully reflected in the civil service.

The Qualifications Method

11. Educational qualifications already play a large part in setting civil service starting rates of pay and this proposal is to use such qualifications also as a means of achieving overall comparability with the private sector. Groups of jobs for which a stated educational qualification is a normal requirement for appointment in the private sector would be identified. The average pay for these jobs would then be reflected in the pay of all civil service grades for which similar qualifications are a requirement for appointment. Thus both internal and external relativities would be established on the basis of the educational qualifications required for the job.

12. The qualifications method has the following advantages :-

- (a) it relates comparability to the particular manpower pool from which both the civil service and the private sector recruit;
- (b) it enables account to be taken of historical internal relativities based on educational qualifications;
- (c) it permits a limited degree of flexibility in regulating civil service pay;
- (d) since educational qualifications already play a large part in determining civil service pay, it could be implemented quickly.

13. As with the "core grade" method one disadvantage of the qualifications method is that comparability with the private sector would be applied to a wide range of not necessarily comparable jobs, but on the evidence available the Commission accepts that total comparability with the private sector is impossible.

14. The principle of fair comparison provides for civil service pay to follow rather than lead the private sector and it could be argued that any general departure from this practice would be economically undesirable. However, figures provided by the Census and Statistics Department and the Pay Investigation Unit suggest that, in the case of lower paid civil servants, salaries currently lead the private sector. The Commission would welcome views on whether, as a matter of social policy, an exception should be made to the principle that civil service pay should follow that in the private sector in the case of the lower paid, at least until such time as market forces lead to increases in pay rates generally.

III The Pay Investigation Unit

15. Implementation of the principle of fair comparison in whatever form and by whatever means depends to a large extent on the work of the Pay Investigation Unit. This Unit, which was established in 1969, has as its primary function the collection and presentation of information on private sector pay and conditions of service. It is an independent unit, although it works closely with the Pay and Structure Division of the Civil Service Branch which is involved both in the planning of the Unit's work programme and the implementation of its findings.

16. Representations regarding the operation of the Pay Investigation Unit have been few. In most instances staff representatives have said that they know too little about the work of the Unit for them to comment meaningfully. In the Commission's opinion there is an early requirement, therefore, to provide staff with more and better information on the Unit's work. If it is to play a major role in determining civil service pay it is essential that its work and method of operation be clearly understood by those affected.

17. Among those who have commented more specifically on the Pay Investigation Unit, a number have expressed doubts as to its independence. As far as the Commission has been able to ascertain, the Unit does its work fairly and objectively and the doubts expressed are unfounded. Nevertheless, while it remains so closely linked to the Pay and Structure Division

of the Civil Service Branch, such doubts are understandable and are likely to continue to be expressed. The Commission would therefore welcome views on how the independence of the Pay Investigation Unit might be more clearly demonstrated.

IV Starting Rates of Pay

18. If the principle of fair comparison is to be retained in any form other criteria are necessary to establish grade pay relativities within the civil service between comparable and non-comparable grades. Even if the principle of fair comparison is to be abandoned there would be a need for criteria to determine internal relativities.

19. At present, for the majority of civil servants, the first among such criteria is the use of educational qualifications as benchmarks for setting starting rates of pay. Thus grades for which the minimum entry requirement is a school certificate have their starting pay related to one point in the Master Pay Scale, grades requiring matriculation to another point in the Scale, grades requiring a degree to yet another, and so on. After taking account of educational qualifications (including professional, technical and trade qualifications) grade pay rates may then be adjusted to reflect other factors such as the nature of the job, additional qualifications and relevant experience.

20. The Commission would appreciate views on whether or not educational qualifications should continue to be the principal factor in setting starting rates of pay. It also invites comments on whether present differentials in starting rates for particular qualifications are appropriate and if not on what changes should be made. For example School Certificate usually attracts entry point 5 on the Master Pay Scale, Polytechnic or Technical College Higher Certificate of Diploma entry point 7, Matriculation entry point 16 (or 18 if the job equates with an executive officer) a degree entry point 20 and certain professional qualifications entry point 31.

21. The use of educational qualifications as benchmark for starting rates of pay has the following advantages :-

- (a) it is consistent with civil service tradition and with existing practices;
- (b) it is a method which takes account of external considerations rather than internal judgements;
- (c) it encourages and rewards educational attainment.

22. The disadvantages of using educational qualifications to determine starting rates are :-

- (a) too much weight may be given to educational achievement and too little to job content and practical experience;
- (b) efforts may be made to upgrade minimum educational requirements for a particular grade beyond those strictly necessary, as a means of enhancing the pay of that grade.

V Other Factors Affecting Grade Pay

23. Apart from educational qualifications there are a number of other factors which may be taken into account in determining pay. Where these factors apply to a substantial majority of a grade, they may lead to the grant of additional increments in the grade pay scale, either at the bottom or the top, or both. When these factors apply to a minority of a grade they may be compensated by the payment of an allowance.

24. The factors which may presently lead to additional pay are set out below. The Commission would appreciate views on whether or not these factors should attract extra pay, whether there are any other factors which should be taken into account and whether these factors should be acknowledged by adjustments to the pay scale or by the payment of an allowance.

(a) Shift Work

Shift work involves working during evenings, nights and at weekends and can therefore lead to disruption of normal family life.

(b) Enforcement Duties

Enforcement duties involving confrontation with the public can result in social stigma and strain.

(c) Dangerous or Obnoxious Duties

These are duties where the work is generally recognised as being distasteful or dangerous, for example working in a mortuary or with explosives.

(d) Requirement to work on public holidays and weekends

There are a number of jobs requiring regular public holiday and weekend working, but not on shift. This may be regarded as disrupting family life. Such work is usually compensated for by overtime or adequate time off in lieu.

/(e) Requirement

(e) Requirement to wear uniform

It is possible for the wearing of uniform to be regarded as involving an officer in higher maintenance costs in achieving the required standard of smartness. However, it can be argued that such costs might be more than offset by the saving in wear and tear on civilian clothes. It may also be argued that the wearing of uniform involves some loss of status but there is little evidence to support this. Any stigma attached to a uniform usually arises from the enforcement duties attached to the job. (See (b))

(f) Outside Work in All Weathers

There is some work which must be undertaken in practically all weathers with consequent discomfort.

(g) Previous Experience

There are certain grades where recruitment difficulties may require that a value be placed on relevant experience. In these grades such experience may be rewarded by the grant of additional increments. In the majority of grades entry is at the starting point in the scale irrespective of previous experience.

(h) Age

There are some jobs where a minimum age requirement has been set on the grounds that they cannot be successfully performed by a young and inexperienced officer. In such jobs, age may be rewarded by the grant of increments for each year by which the minimum age requirement exceeds the normal age of entry to similarly graded jobs. (The normal practice is that increments may be given for age or relevant experience but not both).

(i) Competitive Entry

Where entry to a grade is subject to success in a competitive examination, the starting pay of the grade may be set at one increment above the normal. The reason for this practice is obscure. It could be said that where it is possible to limit entry to a grade by competitive examination there can be no shortage of candidates and additional pay is therefore unjustified.

(j) Recruitment and Retention Difficulties

From time to time difficulties arise in recruiting and retaining officers in certain jobs or grades because rates of pay have become uncompetitive.