

CHAPTER 3

OTHER MAJOR ACTIVITIES OF THE COMMISSION

Review of the Standing Commission's Terms of Reference

3.1 The Terms of Reference of the Standing Commission were last revised in July 1982 to enable it to advise on fringe benefits, other than salaries, which were relevant to the determination of the civil service remuneration package.

3.2 However, a number of developments had taken place since 1982 which made it necessary for the Commission's Terms of Reference to be further revised: During the latter half of 1982, the Police Force Council and the Model Scale 1 Staff Consultative Council were formed: In December 1982, the administrative control of "the Pay Investigation Unit" was transferred from the Government Secretariat to the Standing Commission and the Unit was subsequently renamed "the Pay Survey and Research Unit". In the same year, the "1968 Agreement between the Hong Kong Government and the Main Staff Associations" was revised and was retitled as "the 1968 Agreement between the Hong Kong Government and the Main Staff Associations (1982 Revised Version)".

3.3 To take account of these developments, four clauses of the Terms of Reference of the Commission, namely, Clause I(c), Clause V, Clause VI and Clause VII, needed to be revised.

3.4 Revised Terms of Reference were drawn up and were conveyed to His Excellency the Acting Governor in a letter dated 22 January 1987. The revised Terms of Reference were accepted by the Acting Governor and, as already indicated in paragraph 1.2, they are set out in Appendix I. A copy of our letter of 22 January 1987 is at Appendix IV.

The New Pension Scheme

3.5 During the year, we were informed that the Administration had completed a review of the pension arrangements in the civil service. We were asked to consider whether a proposed new pension scheme should be adopted in the civil service. The main proposals of the new pension scheme presented to us included : -

- (a) normal retirement age to be extended to 60, but serving officers to be allowed to retire at any time after the age of 55;

- (b) there would be a common pension factor of 1/675 for pensionable and non-pensionable staff, although, in respect of service of non-pensionable staff prior to the introduction of the common factor, the factor of 1/800 would be used; the maximum pension payable to remain two-thirds of salary;
- (c) officers resigning from the service after completing not less than 10 years' service to be eligible for a deferred pension;
- (d) an option to commute up to 50% of pension at a commutation factor of 14;
- (e) the rank and file of the Disciplined Services to be eligible to retire with their pension benefits at the age of 50 and the Officer ranks at the age of 55;
- (f) the heads of the Disciplined Services to be empowered to prescribe that any grade, rank or category of officer in the Disciplined Services should retire on or after reaching the age of 55 on operational grounds and officers so retired should receive an enhanced pension;
- (g) officers on 90% pensionability transferring to the new scheme to be given a second opportunity to opt for 100% pensionability tied to a reduction in their vacation leave rate as from a current date;
- (h) levels of benefits payable under the Widows' and Children's Pension Scheme to remain at their present level;
- (i) pensions to be made a right; and
- (j) the maximum length of service qualifying for an enhancement of pension benefits in the case of officers invalidated from the service with service of five years or more should be raised from 20 years to 22½ years.

3.6 We endorsed these proposals in principle. However, we felt that it was necessary to establish the value of the new scheme vis-a-vis the existing scheme from the point of view of employees, i.e. the recipients of the benefit. This method of assessing the value of a benefit from the point of view of the employee was stated in our Report No. 16 and subsequently applied as part of our overall methodology for the 1986 Pay Level Survey. For consistency, we engaged Hay Management Consultants (Hong Kong) Ltd., which was previously commissioned to conduct the 1986 Pay Level Survey, to undertake a study on the subject, applying the same method of valuation of pension benefits as was used in the 1986 Pay Level Survey. The results of the

study showed that the proposed new scheme would result in a range of 0.2% to 3.9% reduction in the value of pension benefits in the civil service. Having examined these findings, we supported the implementation of the proposed new scheme.

3.7 We were also asked to consider a representation from the staff associations of the Police Force which requested that the Police should be exceptionally allowed to retain their current premature retirement ages set at 45 for the rank and file and at 50 for the Officer ranks (instead of at 50 for the rank and file and at 55 for the Officer ranks as proposed under the new scheme). Having regard to the fact that this proposal would have wider implications for the rest of the Disciplined Services, together with the fact that any change would mean a re-examination of the package as a whole, and that serving officers who wished to retain the earlier retirement ages could remain on the existing pension scheme, we endorsed the Administration's view that there should be no change to the new package.

3.8 We were given to understand by the Administration that pensions would not be an absolute right because there would still be limited circumstances under which pensions might be withdrawn or reduced. We therefore recommended that the Administration should make the staff fully aware of such circumstances.

3.9 Furthermore, we endorsed the Administration's proposal to dispense with the term 'non-pensionable staff' in the new pension legislation so as to remove the current anomalous position in which 'non-pensionable staff' also received pensions. The terms 'pensionable officers' and 'non-pensionable officers' were subsequently changed to 'Category A officers' and 'Category B officers' respectively.

3.10 Our recommendations are set out in full in our letter of 11 May 1987 to His Excellency the Governor (Appendix V).

Review of Leave and Passages

3.11 We began our review of leave and passage arrangements in respect of serving officers in the civil service in 1985. Because of the complexity and the scope of the issues involved, we decided to examine the proposals in two stages. In the first stage, we studied those proposals which involved no major increase in the value of leave and passage benefits and in the second stage, we examined the remaining proposals which entailed either an increase in the value of benefits in the case of serving civil servants, or revised benefits in the case of new appointees. We

completed the first stage of the review towards the end of 1985 and our recommendations were submitted to His Excellency the Governor in a letter dated 30 December 1985.

3.12 In Report No. 17, we mentioned that we commenced the second stage of the review at the end of 1985 and submitted our recommendations to His Excellency the Governor in a letter dated 17 February 1986. Towards the end of 1986 the Administration, after extensive consultation with the three main staff councils on the recommendations which we had submitted to His Excellency the Governor, informed us that the Administration and the staff councils had accepted most of our recommendations. However, we were asked to advise on proposed modifications to two of our recommendations, namely, (a) slightly higher leave-earning rates for serving local officers to compensate them for the consequential reduction in leave upon the combination of casual leave with vacation leave; and (b) a revised version of the modified Annual Leave Scheme for serving overseas officers on MPS 38 - 47 or equivalent.

3.13 After examining the proposed modifications carefully, we felt that, as a compromise and for the sake of good staff relations, we should not object to them. Accordingly, we tendered our further advice to His Excellency the Acting Governor in a letter dated 28 January 1987.

3.14 All our findings and recommendations made in the two stages of the review were subsequently consolidated in our Report No. 19 on Leave and Passage Arrangements for Serving Officers in the Civil Service, which was submitted to His Excellency the Governor on 6 July 1987. In the report, we pointed out that recommendations on leave and passage arrangements for new appointees to the civil service were not being made at that time. Although we had preliminary views on the subject, we were not yet in a position to formulate a final view because we felt that our recommendations on leave and passage arrangements for new appointees should have regard to the revised leave and passage arrangements for serving civil servants to be considered by the Government. We intend to examine further the arrangements for new appointees in 1988 upon the completion of the implementation of the revised arrangements for serving officers by the Administration.

Review of Civil Service Consultative Machinery

3.15 We last reviewed the civil service consultative machinery in 1980 and formulated our recommendations in our Report on Consultative Machinery in the Civil Service (Report No. 4), published in September 1980. These

recommendations were accepted and implemented by the Government in accordance with a phased programme which was completed in 1982.

3.16 In paragraph 9.3 of Report No. 4, we indicated that we would monitor developments and would further review the civil service consultative machinery in the light of experience. As the recommendations in Report No. 4 were implemented more than four years ago, and as requests had been received from the Administration and staff association members to undertake a comprehensive review of the existing system to see how it could be further improved, we began to examine this subject again towards the end of 1986.

3.17 In order to gather as broad a range of views as possible, and to give staff an opportunity to express their views on the subject, we issued (in early 1987) a consultative document on civil service consultative machinery to departmental management and civil service staff associations for circulation to all concerned, inviting comments and suggestions on the existing consultative machinery and on how it could be further improved. The original deadline set for the submission of written comments and representations on the consultative document was 30 April 1987. This deadline was, however, extended to 30 June 1987 at the request of some interested parties who felt that they needed more time to consider the content of the document.

3.18 At the end of the consultation period, we had received about 100 written submissions from individual staff, staff unions and departmental management. The Administration was also subsequently asked for its views on the consultative document in its capacity as an employer.

3.19 The existing consultative machinery in the civil service operates within the framework of three levels, namely, central, departmental and personal. Comments and suggestions made on each level can be summarised as follows : -

(a) Central Consultative Machinery

Generally, it was considered that the basic framework of the central consultative machinery was working well and should be maintained. However, there was a broad consensus that the system was in need of further refinement. There were various views and suggestions for the setting up of a separate council for the non-Police Disciplined Services; the composition of the Senior Civil Service Council; the introduction of some form of elective element into the

consultative process and the relaxation of the present admission criteria for membership to the Model Scale 1 Staff Consultative Council.

(b) Departmental Consultative Machinery

It was generally accepted that the departmental consultative machinery was working well and helped to facilitate understanding and avoid unnecessary conflicts between management and staff. There were various views on the extent to which the Departmental Consultative Committees should be used for discussion of service-wide issues and whether a 'Central Departmental Consultative Council' should be established for this purpose; the extent to which staff associations should be represented on the Departmental Consultative Committees; the relationship between Departmental Consultative Committees and the central councils and the selection of representatives to the Departmental Consultative Committees.

(c) Consultative Machinery at the Personal Level

The existing practice was considered generally effective in providing the means for individual civil servants to put forward their opinions on matters affecting their interest. There were various suggestions for increased feedback between those who administered the staff suggestions scheme and those who participated in it; better publicity on staff complaints procedures and more contact between departmental management and staff and between the Staff Relations Division of the Civil Service Branch and staff at large.

3.20 All these comments and suggestions will be given careful consideration in the course of our deliberations on this subject. In view of the complexity of the subject we expect that our study in this area will continue into 1988.

Interviews with Staff Associations

3.21 During the year, panels of Commission Members met representatives of the Government Drivers Union, the Hong Kong Government Executive Grade Association and the Association of Liaison Officers, City and New Territories Administration (NT Region). A brief account of the interviews is given in the following paragraphs.

3.22 In early 1987, we received a petition from the Government Drivers Union requesting the transfer of the Motor Driver and Special Driver grades from the Model Scale 1 to

the Master Pay Scale. A panel of four Commission Members subsequently met the representatives of the Union in June 1987 to hear their views. After the meeting, further written representations from the Union on the issue were also received. We considered the Union's request carefully and concluded that there did not appear to be a sufficient case to warrant a revision to the advice tendered to His Excellency the Governor in our Report No. 6 in respect of the Chauffeur, Special Driver and Motor Driver grades.

3.23 The Administration asked us to consider a proposal to merge the Liaison Officer grade into the Executive Officer grade. In view of the strong representations from the Hong Kong Government Executive Grade Association and the Association of Liaison Officers, City and New Territories Administration (NT Region) against the executivisation proposal, a panel of four Commission Members met the representatives of these two staff associations in July 1987. Having considered the views of the staff associations and the case put up by the Administration carefully, we were of the view that we could not support the immediate implementation of the proposal. However, we advised the Administration that we would be prepared to consider the proposal further if the Administration could produce fresh arguments to support the case or if the staff associations concerned decided to withdraw their objections.