

APPENDIX VII

28 October 1988

His Excellency Sir David Wilson, K.C.M.G.,
Governor of Hong Kong.

Your Excellency,

Review Committee on Disciplined Services
Pay and Conditions of Service

We forwarded the Final Report of the Review Committee on Disciplined Services Pay and Conditions of Service to Your Excellency on 6 October 1988. We now wish to submit our comments on the findings and recommendations made by the Review Committee in the Report.

2. We note that the Review Committee has followed the general approach taken by the Edmund-Davies Committee in 1977-78 in determining the remuneration of the disciplined services. This is the same approach as that adopted by us in our last overall review of the disciplined services in 1979, and we endorse it. Whilst we believe that we set the appropriate pay for the disciplined services in the 1979 review, which took account of stress amongst other factors, we accept that there may be a need to adjust the weights attached to the various factors affecting pay determination in the light of developments in the social, economic and political environment of Hong Kong over recent years.

3. Without the benefit of seeing how the various factors are evaluated, we are not in a position to comment on the appropriateness or otherwise of the new pay scales proposed. We are, however, in some doubts regarding the conclusion of the Review Committee (paragraph 10.22 of the Final Report) that the proposed pay scales for the disciplined services are 'the appropriate levels of remuneration in relation to the rest of the civil service'. In the Final Report, the Review Committee states (paragraph 4.11) that cross-bearings have been taken using the existing relationships between the pay points of each disciplined service on the existing Disciplined Services Pay Scale and the Master Pay Scale (MPS), and comparing them with the new relationships between the proposed new scales and the MPS, so as to satisfy the Committee that the new relationships are appropriate. Since the comparisons have not been detailed in

the Report, we do not know if these have been made with specific grades and ranks outside the disciplined services, and we find the meaning of the expression "cross-bearing" far from clear.

4. In the absence of full comparisons with specific grades, conclusions cannot be drawn on whether or not the proposed new scales are at the appropriate level in relation to the rest of the civil service. Indeed, even if full comparisons have been made, given that the Review Committee has carried out an overall review of the disciplined services in the light of developments since 1979, there would be a requirement for a similar review, preferably by the same body, of all the grades with which comparisons have been made. This procedure is necessary in order to see if changes to the pay levels of these grades are warranted (again, because of developments since 1979), before one could justifiably claim that the true internal relativity between the disciplined services and the rest of the civil service as represented by these grades has been established. Similarly, the proposal to base future annual pay adjustments for the disciplined services on the results of the Pay Trend Survey will be meaningful only if such relativity can be established.

5. In recommending the setting up of separate machinery to review the pay and conditions of service of the disciplined services, the Review Committee suggests (paragraph 8.4 of the Final Report) that, as a result of our wide remit which requires us to take a broad view of the needs of the civil service as a whole, the increases in responsibilities and workload of the disciplined services since 1979 have not been adequately reflected in our advice to Your Excellency. This observation is incorrect and may be based on a misunderstanding regarding the role of the Standing Commission. It is the normal practice for heads of department, who constantly keep under review the appropriateness of salary and grade structures of their staff, having regard to changes in workload and responsibilities, to put forward proposals to the Civil Service Branch for consideration in the first place. The Administration will then consider whether the particular proposals should be supported and, if so, refer them to us for advice. In tendering such advice, we must of course take a broad view of the needs of the civil service as a whole and give due weight to the wider community interest.

6. We have always accepted that the disciplined services occupy a special place within the civil service. We consider that the extent to which they are subject to the special conditions of their work, such as strict disciplinary codes, dangerous, distasteful and unpopular work etc., is of

a sufficiently greater degree to warrant their forming a separate group within the civil service, and we have always treated them as such. The Review Committee has proposed (paragraphs 8.5 and 8.15 of the Final Report) that separate machinery should be established to deal with this group of civil servants on the grounds that it would be much easier for a separate body to look objectively at the needs of the disciplined services and advise the Government (sic) on how they can best be met, even though a significant minority who gave evidence to the Committee favoured the continuation of the present arrangements, in some cases with the formation of a Disciplined Services Sub-Committee within the Standing Commission framework. We would not oppose the Review Committee's proposal but consider that it is far from being ideal.

7. We are most concerned with the proliferation of separate bodies advising on the pay and conditions of service for various sections of the civil service, as we have previously indicated in our letter of 22 January 1988 to Your Excellency, and we wish to reiterate that such proliferation could lead to material difficulties in ensuring continued consistency in the determination of pay and conditions of service for the civil service as a whole, with due regard for appropriate standards and relativities. Our observations on other matters included in the Final Report set out in the annex to this letter (see paragraph 9 below) are an indication of the difficulties that will arise in the future in this area of continued consistency, if separate machinery is set up to deal with the pay and conditions of service of the disciplined services.

8. We agree that there are good grounds to strengthen the existing system of consultative machinery, particularly in respect of the non-Police disciplined services. This is one of the conclusions which we have reached in a separate review of the civil service consultative machinery. We are pleased to note that the Review Committee has proposed the establishment of a separate consultative body for the non-Police disciplined services, as we have recommended in our letter of 16 June 1988 to Your Excellency.

9. We also have some observations on a number of other points connected with the recommendations made in the Report. These have been put in the annex to this letter. Certain of these recommendations by the Review Committee, such as the inclusion of quarters as a factor in pay determination (paragraph 3.11 of the Final Report), the re-introduction of incremental jumps in the proposed pay scales for the disciplined services (paragraphs 4.15 - 4.16, 5.22 - 5.23 of the Final Report) and the proposed pay increases for senior officers in the disciplined services who are currently at the

same level of pay as officers in the top band of the Master Pay Scale (Points 48 - 51), would involve abandoning well established principles in the pay policy of the civil service. We trust the Administration will study fully the implications which the implementation of these recommendations would have for the rest of the civil service.

We have the honour to be
Your Excellency's obedient servants,

(Sidney Gordon)
Chairman

Kim Y.S. Cham

Therese H.C. Chan

Stanley G. Elliott

Alice Lam

Gordon M. Macwhinnie

David A. Morris

Andrew K.W. So

Tang Kwai-nang

Encls.

Annex

The Standing Commission's Comments on
Other Recommendations in the Final Report

The following paragraphs set out our comments on the Review Committee's other findings and recommendations.

Workload and Responsibilities
(Paragraph 2.24 of the Final Report)

2. In paragraph 2.24 of the Final Report, the Review Committee has identified four key factors that have affected the responsibilities and workload of the disciplined services, namely,

- (a) greater public expectations and demands of the services and a greater degree of accountability for their staff;
- (b) the enactment of more legislation on a variety of subjects as the administration of Hong Kong keeps abreast of its social and commercial progress and of developing problems;
- (c) the modernisation and development of the built environment; and
- (d) the increasing international importance of Hong Kong that has resulted from large increases in all kinds of traffic and trade and has brought about major developments in infrastructure.

3. We consider that these four factors also apply to the rest of the civil service to a greater or lesser extent.

Recruitment and Wastage
(Paragraphs 2.38 - 2.47 of the Final Report)

4. The current general shortage of labour in Hong Kong and the 1997 'brain drain' may well have contributed to the present difficulties faced by the disciplined services. In other words, the problem may be more universal, experienced by both the civil service and private sector in Hong Kong, than just a unique problem faced by the disciplined services alone. In the civil service, the shortage of legal officers, medical doctors, and social workers readily comes to mind. We find the Review Committee's reasons for not comparing

recent recruitment statistics in the disciplined services with other areas of the civil service unconvincing (paragraph 2.40 of the Final Report refers).

Quarters as a Factor in Pay Determination
(Paragraph 3.11 of the Final Report)

5. The Review Committee has decided that certain departmental quarters should be taken into consideration in determining basic pay levels. This is a departure from the practice adopted by the Standing Commission throughout the years. The provision of quarters is a fringe benefit to civil servants. As far as we are concerned, it is not taken into consideration in determining basic pay levels. But in assessing the total pay package, the provision of (non-departmental) quarters is taken into account.

Incremental Jumps
(Paragraphs 4.14 - 4.16, 5.22 - 5.23 of the Final Report)

6. The inclusion of incremental jumps in the proposed pay scales for the disciplined services is a reverse step in the development of pay structures for the civil service. Our original review in 1979 recommended that the incremental jumps provided in some scales for the completion of training and on confirmation on grounds of recruitment and retention difficulties be abolished. This was accepted but the removal of these incremental jumps was taken into account in setting the new pay scales in that review.

The Principle of Broadbanding
(Paragraphs 4.13, 5.12 - 5.16 of the Final Report)

7. It is established policy that the major criterion which we have applied in setting the pay scales of higher ranks in a grade is the level of responsibilities exercised : the higher the ranks being dealt with the more broadbanding has been applied. The Review Committee's proposed pay increases for senior officers in the disciplined services who are currently at the same level of pay as officers in the top band of the MPS (Points 48 - 51) will no doubt be seen as a departure from this well established principle. We are concerned with the repercussions it may have on other sections of the civil service.

Special Conversion Arrangements
(Paragraph 6.3 of the Final Report)

8. In our opinion, the conversion arrangements proposed by the Review Committee are inevitable if its recommendations on the new pay scales are accepted by the Government, even though they deviate from established principles and practices.

Overtime Allowance (Paragraph 7.6 of the Final Report)

9. The Review Committee recommends that the existing Disciplined Services Special Allowance (DSSA) should be abolished and replaced by a new Disciplined Services Overtime Allowance (DSOA) to be paid at the rate of 1/175th of monthly salary on the ground that the extra time worked by disciplined services staff is not analogous to that worked by those civilian staff who are ineligible for overtime payment. Honoraria are paid to the latter to compensate them for periods of prolonged overtime occasioned by pressure of work. (At present, they are payable for any overtime in excess of 50 hours in a continuous three months period.) The Review Committee believes that, unlike the civilian case where overtime is more the exception than the rule, overtime work in the disciplined services is a regular phenomenon; thus, an overtime allowance should be paid to the disciplined services instead of an honorarium, which has a lower payment rate. However, as the basic pay has already included some allowance for extra and irregular hours, the Review Committee recommends a compromise rate of payment of allowance for overtime to be set at 1/175th of the officer's monthly salary per hour.

10. The Review Committee also recommends (paragraph 7.8 of the Final Report) that exceptionally, the eligibility for DSOA should be extended to cover the rank of Chief Inspector of Police because it has been found that these officers are regularly required to work overtime in operational duties significantly more than is expected of officers currently remunerated at the same level in other services.

11. It is already an established principle that if over 75 per cent of staff in a grade are paid an allowance, the allowance should be incorporated into the basic pay of all the officers concerned. In the present case, we feel that individual service management should first examine whether overtime work is a regular phenomenon and, if so, whether the normal conditioned hours should be suitably raised and the basic pay of staff correspondingly increased.

12. The proposed new arrangements are claimed to have regard to the fact that an element of overtime work has been included in the basic pay. The suggested rate of 1/175 appears to be the mid-point between the civil service overtime rate of 1/140 and the honorarium rate of 1/210. This is bound to raise questions as to how much overtime work has been included in the rate proposed.

13. The extension of the eligibility criteria to cover the Chief Inspector of Police rank also comes into conflict with the established principle that it is inappropriate for officers with salaries above the present DPS(O) Point 23 (Chief Inspector or above) and equivalent Point 37 on the MPS to be given monetary compensation for extra duties.