

9 November 1993

The Hon Sir David Ford, KBE, LVO, JP
Deputy to the Governor
Chief Secretary's Office
Hong Kong

Dear Sir,

Proposed Creation of New Ranks in
Taxation Officer Grade

We have been invited by the Administration to advise, under clause 1(b) of our Terms of Reference, on its proposal to create two new ranks of Assistant Taxation Officer and Senior Taxation Officer in the Taxation Officer grade of the Inland Revenue Department.

Background

2. The Taxation Officer (MPS 16-21) grade is a one-rank grade in the Inland Revenue Department (IRD) which is responsible for raising and collecting revenue through the administration of various taxation ordinances. The duties of Taxation Officers (TO) include document processing, tax-related computer functions, assisting in tax assessment and recovery and handling enquiries on taxation matters. In discharging these duties, they must have knowledge of accounting procedures, commercial and legal documents and requirements set out in taxation ordinances and departmental instructions.

3. Posts in the TO grade are filled through the in-service appointment of Clerical Officers (CO) II (MPS 3-15) who have at least six years' service in the rank with satisfactory performance. TOs do not have any direct promotion avenue, but they are eligible for in-service appointment to a number of Senior Clerical Officer (Taxation) (SCO(T)) (MPS 22-27) posts deployed on taxation work in IRD. TOs are supervised by members of the Assessor grade and Senior Clerical Officers (SCO). They are underpinned by CO IIs and Clerical Assistants (CA) (MPS 1-10).

Appendix D(ii) (Cont'd)

4. The Clerical Officer (CO) grade is a general grade comprising the three ranks of CO II (MPS 3-15), CO I (MPS 16-21) and SCO (MPS 22-27). Members of the grade are normally deployed on clerical duties in various departments. The Administration has informed us that as at June 1993 there were 1361 CO II, 43 CO I and 44 SCO posts in IRD. They were engaged in the following duties:

- (a) 463 CO IIs, all 43 CO Is and 21 SCOs were responsible for conventional clerical work and non-specialised taxation work such as initial screening of returns, updating computer records, maintaining registers and manning shroff offices; and
- (b) The remaining 898 CO IIs and 23 SCO(T)s were deployed on specialised taxation-oriented duties similar to those carried out by TOs but at different levels of responsibility. SCO(T)s were responsible for heading a large section or a sub-office for tax collection, supervising TOs and clerical staff on taxation work, performing computer related duties, and carrying out specific taxation duties. CO IIs performed taxation-oriented duties under the supervision of TOs.

5. The Administration has advised us that in performing the duties described in para 4(b) above, the officers concerned had to have a good working knowledge and understanding of the relevant legislation and to observe working procedures laid down in the statutory requirements and departmental instructions. CO IIs deployed on these duties were required to undergo a departmental training programme. The SCO posts in this category were open to both TOs in IRD and CO Is throughout the service. However, all SCOs were appointed to specific posts and they could not be transferred even to other posts within the same department.

6. The Administration considers the existing arrangement unsatisfactory from both the operational and staff management points of view for the following reasons:

- (a) Work of a similar nature is being performed by two different grades. While TO is a departmental grade, the Commissioner of Inland Revenue is restricted in his ability to deploy and utilise CO IIs and SCOs to meet his operational needs since they are under the administrative control of the Director of General

Appendix D(ii) (Cont'd)

Grades;

- (b) The loss of experienced CO IIs who were transferred out of the department has disrupted the operational efficiency of IRD and resulted in the wastage of training resources; and
- (c) The existing in-service appointment system for the TO grade reduces management's scope for selecting candidates from a wider field. At the same time, TOs are frustrated by the lack of a direct promotion avenue while COs are unhappy with what is perceived to be a dilution of their promotion prospects at the SCO level.

The Administration's proposal

7. To resolve the management problems identified in para 6 above, to recognise the specialised nature of the work now being performed by a large number of CO IIs and SCOs and to provide a career structure for the TO grade, the Administration has proposed the creation of two new ranks of Assistant Taxation Officer (ATO) and Senior Taxation Officer (STO) in the TO grade. As a first step, the Administration will regrade 898 CO II and 23 SCO(T) posts now involved in taxation work as ATO and STO posts respectively.

8. The proposed new structure of the TO grade is as follows:

<u>Rank</u>	<u>Proposed Pay Scale</u>
Assistant Taxation Officer (<u>new rank</u>)	MPS 3-15
Taxation Officer (existing rank)	MPS 16-21
Senior Taxation Officer (<u>new rank</u>)	MPS 22-27

ATO will be the basic recruitment rank of the grade. The existing TO rank will become the middle/promotion rank for ATOs and STO the promotion rank for TOs. The pay scales for the new

Appendix D(ii) (Cont'd)

ATO and STO ranks will be identical to those for CO II and SCO and the restructured grade will remain a School Certificate grade.

Commission's views and recommendation

9. We agree with the Administration that a large number of CO IIs and SCOs in IRD are engaged in duties similar to TOs albeit at different levels and that on staff management grounds it is more appropriate for these duties to be performed by the same grade. Having regard to the specialised nature of these duties, we support the conversion of the CO posts concerned to the TO grade. We share the Administration's view that this will give the department greater flexibility in the deployment and management of resources and improve retention of experienced staff. We note that in the past three years, the average number of external transfers of CO II was 175 representing 12.8% of the establishment in the department. The existing arrangement of appointing SCOs to specific posts has also limited the department's flexibility in the deployment of staff resources.

10. We are aware that over the years, TOs have repeatedly requested improvement in their advancement opportunities. We have considered a number of options which could not be pursued because of opposition from one group of staff or another. The proposed restructuring will provide a career structure for the grade and address its primary concern.

11. We have been advised by the Administration that the proposed restructuring would not result in any redundancy. SCOs affected will be given an option to regrade as STOs. Those who do not wish to do so will be allowed to remain in their present post and rank. The incumbents of the CO II posts affected will be invited to apply for transfer to the ATO rank. There will be sufficient vacancies in the service to accommodate those who do not wish to be regraded or whose applications for regrading are unsuccessful.

12. The Administration has informed us that with the exception of the Clerical Grades Civil Servants General Union (CGCSGU), staff associations representing TOs and COs had not expressed any objection to the proposed restructuring. CGCSGU has written to us on the subject. Its main concern is the impact of the proposal on the advancement opportunities of CAs. To address this concern, the Administration has decided to adopt an one-off concessionary arrangement of allowing qualified CAs in IRD to apply for ATO posts if sufficient CO IIs were not

Appendix D(ii) (Cont'd)

available to fill these vacancies. We consider the special arrangement reasonable. The Administration has also assured us that the proposal could be implemented without strong opposition from staff.

13. Having regard to the considerations outlined in para 9-11 above, we support the Administration's proposal to create the new ranks of ATO and STO in the TO grade. Since members of the new ranks will perform duties now being carried out by CO IIs and SCOs and no other job factors have to be reflected in the pay scales, we agree that their pay scales should be set at the same level as CO II (MPS 3-15) and SCO (MPS 22-27). We further agree that the entry qualification for the restructured TO grade should remain at the School Certificate level as its duties and responsibilities are comparable to those of the CO grade.

14. In conclusion, we recommend the creation of two new ranks of Assistant Taxation Officer (MPS 3-15) and Senior Taxation Officer (MPS 22-27) in the Taxation Officer grade.

Yours sincerely,

(Sidney Gordon)
Chairman
For and on behalf of
Members of the Standing Commission