

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

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INTRODUCTION

Scope and Timeframe of the Civil Service Starting Salaries Review (the Review)

1. The scope of the Review is confined to the civil service Qualification Benchmarks (Benchmarks) and the starting salaries for individual grades within the various Qualification Groups (QGs). The Commission has been asked to complete the pay comparison survey and submit recommendations to the Government by mid-1999. 1.5 - 1.6

GENERAL PRINCIPLES

Qualification Groups and Internal Relativities

2. The existing QGs and the established relativities between the QGs and among grades within the various QGs in use for the past decade or more have been adhered to, as far as possible, unless overridden by the findings of the pay comparison survey. 2.2

Salaries beyond Entry Level

3. Since the present Review is confined to starting salaries, the Commission is precluded from undertaking any review of civil service salaries beyond the entry level. Any recommendations on the new Benchmarks and starting salaries arising from this Review will apply only to future recruits and the entitlements of existing staff will not be affected. 2.3

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Survey Methodology

4. The Educational Qualification Method of pay survey used in the 1989 Review should continue to be used in the present Review. 2.5 - 2.6

Survey Period

5. Given that the objective of the pay survey is to draw comparisons with the latest trend in the private sector and not past trends, the survey period should cover the past 12 months only. 2.7

Third Quartile Level

6. In view of the Government having confirmed its policy of keeping in step with remuneration practices of the larger and more established companies in the private sector, the third quartile level of private sector pay data has been used in the present Review as a reference for determining the new Benchmarks for the QGs. 2.8

**RECOMMENDATIONS ON THE NEW
CIVIL SERVICE QUALIFICATION
BENCHMARKS AND STARTING SALARIES**

Benchmarks

7. In the case of QGs where private sector benchmark salaries could be identified in the pay comparison survey, the new Benchmarks should be worked out by adjusting the present Benchmarks as close to the benchmark salaries as possible and pegging them to a nearest pay point on the Master Pay Scale. In the case of QGs where no benchmark salaries could be identified, the new Benchmarks for the QGs concerned should be worked out by reference to their established relativities with other QGs where data are available. 4.2 - 4.3

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8. The new Benchmarks for the following QGs should be –	
(a) QG 1 (Grades not requiring a full School Certificate) from MPS 1 (\$8,625) to new MPS 0 (\$8,125)	4.5
(b) QG 2 (Group I of School Certificate Grades) from MPS 3 (\$9,785) to MPS 2 (\$9,180)	4.6
(c) QG 4 (Group I of Higher Diploma, Diploma and Related Grades) from MPS 13 (\$18,140) to MPS 11 (\$16,095)	4.8
(d) QG 5 (Group II of Higher Diploma, Diploma and Related Grades) from MPS 10 (\$15,160) to MPS 6 (\$11,820)	4.9
(e) QG 6 (Group III of Higher Diploma, Diploma and Related Grades) from MPS 7 (\$12,595) to MPS 3 (\$9,785)	4.10
(f) QG 7 (Technical Inspectorate and Related Grades) from MPS 13 (\$18,140) to MPS 11 (\$16,095)	4.11
(g) QG 9 (Group II of Technician, Supervisory and Related Grades) from MPS 6 (\$11,820) to MPS 5 (\$11,115)	4.13
(h) QG 10 (Matriculation Grades) from MPS 10 (\$15,160) to MPS 4 (\$10,420)	4.14
(i) QG 11 (Group I of Professional and Related Grades) from MPS 27 (\$35,285) to MPS 22 (\$28,075)	4.15 - 4.16

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(j) QG 12 (Group II of Professional and Related Grades) from MPS 27 (\$35,285) to MPS 22 (\$28,075)	4.17
(k) QG 13 (Degree and Related Grades) from MPS 16 (\$21,010) to MPS 11 (\$16,095)	4.18
(l) QG 14 (Model Scale 1 Grades) from MS 1 (\$9,785) to new MS 0 (\$8,615)	4.20
9. The new Benchmark for the following QG should remain the same as the present Benchmark –	
QG 8 (Group I of Technician, Supervisory and Related Grades) at MPS 6 (\$11,820)	4.12
10. No Benchmark should be set for the following QGs –	
(a) QG 3 (Group II of School Certificate Grades)	4.7
(b) QG 15 (Education Grades)	4.26 - 4.28
(c) QG 16 (Other Grades)	4.30 - 4.32

Starting Salaries

11. Since the special job factors which accounted for the starting salaries of the majority of civil service grades being pitched above their respective Benchmarks are taken as given assumptions for the purpose of the present Review, any adjustments to the starting salaries should be made in line with changes to the Benchmarks only.	4.22 - 4.23
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| 12. | The new starting salaries for the entry ranks of civil service grades are set out in the following Appendices – | |
| | (a) for the grades under the 14 QGs covered by the pay comparison survey : Appendix XVIII(i) | 4.24 |
| | (b) for the 10 grades under QG 15 (Education Grades) : Appendix XVIII(ii) | 4.28 |
| | (c) for the 36 grades under QG 16 (Other Grades) : Appendix XVIII(iii). | 4.33 |
| 13. | The new starting salaries for all student ranks are set out in Appendix XIX(iii). | 4.37 |
| 14. | The new starting salaries for the Craft Apprentice rank and the Technician Apprentice rank are set out in Appendix XIX(iv). | 4.41 |

**RECOMMENDATIONS ON THE FUTURE
REVIEW MECHANISM**

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| 15. | To ensure that the new Benchmarks and starting salaries stay in line with private sector pay for similar qualifications in future, the Benchmarks and starting salaries should be delinked from the effect of the annual pay trend survey and from the Master Pay Scale (MPS). A review mechanism should also be established to synchronize the movement of the Benchmarks and starting salaries with entry pay in the private sector for similar qualifications. | 5.2 |
| 16. | Delinking means that while the dollar value of all the pay points on the MPS can continue to change on the basis of the annual pay trend survey, the dollar value of the Benchmark points (i.e. MPS 0, MPS 2, MPS 3, MPS 4, MPS 5, MPS 6, MPS 11 and | 5.3 |

MPS 22) and the dollar value of the other pay points used as starting salaries for individual grades should only change if there is clear survey evidence that pay in the private sector for new recruits possessing similar qualifications has changed. If not, the dollar value of the Benchmarks and the related starting salaries should remain static.

17. Under the delinking proposal, the new Benchmarks and starting salaries recommended in this Review will be delinked from the effect of the annual pay trend survey and from the MPS after the first year and become, in effect, a separate scale. 5.4
18. A full Benchmark and starting salaries review should be conducted, say, every three to four years, with annual updating carried out in the interim. Based on the findings of the full review or the annual updating exercise, the Benchmarks for various QGs can be adjusted whenever they deviate from the market rate by a certain level, upwards or downwards, which in the view of the Government justifies changes. Changes to the starting salaries of individual grades can likewise be made in line with the changes to the Benchmarks to which they relate. 5.5

NEW ADMINISTRATIVE ARRANGEMENTS

19. There is a need to create a working group (similar to the current Civil Service Starting Salaries Review Steering Group under the Commission) to undertake the annual updating and the full review; to strengthen the existing staff establishment in the Pay Survey and Research Unit; and to consider arrangements relating to pay progression of new recruits and their pay vis-à-vis that of serving staff. 5.6
20. The Government should work out the details of 5.7

various new administrative arrangements with a view to launching the first updating exercise in the latter half of 2000.

ISSUES FOR FURTHER EXAMINATION

21. The following key issues emerging from the current Review are worthy of further examination –

(A) Structural issues

6.1

- (i) simplification of the present system of QGs by doing away with those QGs that consistently have no comparisons with the private sector;
- (ii) revisiting the rationale and justifications for the established relativities between the QGs to be an integral part of any future major review of civil service pay; and
- (iii) given that there may continue to be concerns about the salary levels of the civil service above the entry level, consideration should be given to whether and how the question of comparability between salaries for the civil service and the private sector above the entry level may be appraised.

(B) Grade issues

a review of the special job factors which, together with other factors, resulted in the starting salaries for certain grades currently being pitched above the Benchmarks. The priority should be to revalue the “recruitment and retention difficulties” factor which seems

inappropriate in the present economic environment.

(C) Private sector pay level

re-examining whether the third quartile level of private sector pay data should continue to be used as a reference in setting civil service Benchmarks and starting salaries; and the implications of such a change.

22. Some of the above issues are more immediate, others are more long-term. Rather than suggesting any concrete time-table, it would be best for the Government to work out how and when these long-term issues should be taken forward and how these may interplay with the proposals in the Civil Service Reform Consultation Document. 6.2