

25 November 1999

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**Civil Service Starting Salaries Review 1999 and
New Pay Model for Recruits**

At the Commission's meeting on 18 November 1999, we considered the Administration's proposals on the Civil Service Starting Salaries Review 1999 (the Review) and related proposals on new pay model for recruits. Our views on these proposals are set out below.

The Review

New benchmarks and starting salaries

2. We note the Administration's acceptance of the Commission's recommendations on the new benchmarks and starting salaries for civilian grades which will be implemented when the current freeze on civil service recruitment is lifted.

Grade reviews

3. We agree that it is not an ideal time to carry out an overall grade review while various changes to the civil service are now under consideration. The case-by-case approach proposed by the Administration to deal with any staff request for grade review appears to be a practical way out in the circumstances.

Assistant/Student/Training ranks

4. We see no objection to the Administration's proposal to "grandfather" the finite group of 1,500 serving officers in the assistant/student/training ranks as an exceptional arrangement and to subject those who join after implementation of the revised benchmarks and starting salaries to the pay scales prevailing in the officer's year of promotion to the benchmark operational rank rather than the year of entry to the assistant/student/training rank. We note that under the new arrangement, an officer in the assistant/student/training rank will not, on promotion to the operational rank, have his/her salary reduced should the minimum pay of the operational rank fall below his/her salary. This is a fair arrangement.

5. We also welcome the Administration's acceptance of the Commission's recommendation that the maximum pay point of the assistant ranks should be adjusted in order to preserve the pay relativity between the assistant and the operational rank. In line with the recommendation for serving assistant rank officers, these serving officers will continue to be remunerated at the existing pay scale with no adjustment to the maximum pay point.

Disruption of pay relativity between supervisory and subordinate ranks

6. We concur with the Administration's view that the relativity between supervisors and subordinates lies not in the minimum salary point of the grade/rank. The salary scale as a whole should be taken as the pay for a rank. Factors such as organisational structure and promotion prospects etc. are also relevant. We note that there are already cases in the civil service where the pay relativity between supervisory and subordinate ranks at the entry point is reversed and we believe this sort of situation also exists in the private sector.

Delinking of benchmark from the annual pay trend survey

7. We note the Administration's acceptance of the Commission's recommendation to delink the benchmarks from the annual pay trend adjustment and to implement the delinking at the same time as the new benchmarks and starting salaries are implemented upon the lifting of the current recruitment freeze. We note that the Administration will revert to the Commission for advice on details of the implementation proposals as soon as a decision is made.

Grade specific issues – teaching grades

8. We note that the Administration does not foresee any insurmountable problem in accepting the Commission's recommendation that graduate and non-graduate teaching grades should have the same starting salary point (MPS 12), in accordance with the survey results.

9. As regards the Administration's proposal that serving teachers in the government and aided sectors should be treated as one homogeneous group so that they would not become worse off when they transfer between schools in the respective sectors, such transfer arrangements, strictly speaking, is a matter outside the Commission's jurisdiction. Nonetheless, we see no reason to query that the Administration's proposal is not a practical approach, although there may still be pressure from other grades in the civil service and subvented sector for the same treatment.

New Pay Model

Salary on transfer

10. We agree that the Administration's proposal on "salary on transfer" probably represents the most workable solution albeit that it may lead to representations from individual grades for exceptional treatment. We note the Administration's assessment that there are only a few transfer avenues that might qualify for exceptions and that requests for exceptional treatment, if any, will be handled by CSB centrally.

Standardisation of increment date

11. We note the Administration's decision not to take forward its proposal to standardise the incremental date to 1 April each year, in the context of the Review, but will further explore this in the context of performance-based reward system. Since standardisation is more important if a performance-based reward system is to be introduced, we see no objection to continue with the status quo.

Incremental credit for experience (ICE)

12. We welcome the Administration's decision to conduct another review of ICE. The recruitment and retention factor, in particular, looks dubious in the current circumstances of the employment market. We urge CSB to keep the Commission abreast of the progress of the review. Furthermore, given the new starting salaries, we agree that ICE should be based on the new entry pay scale and not the MPS which applies to serving staff.

Annual updating/benchmark review mechanism

13. We note the Administration's acceptance of the Commission's recommendation to conduct benchmark review every 3 to 4 years and annual updating in the interim. We consider that annual updating is important to assess whether civil service starting pay remains broadly comparable with that in the private sector (i.e. the market rate). Whether adjustments should be introduced based on such annual figures is a matter for the Administration to decide. Another issue that the Administration needs to look at in this context is whether, and if so, how recruits will 'cross over' to the MPS after one (or more) year of service. We note that the Administration will develop proposals on the annual updating/benchmark review mechanism and on other related issues before reverting to the Commission for advice at a later stage of the Review.

Follow-up reviews

14. As regards the other issues identified by the Commission in the Review as requiring further examination, we note the Administration's decision to –

- (a) withhold review of salaries beyond the basic rank, given the present economic situation and strong objection from the Staff Sides;
- (b) follow up with the Commission on the recommendation to simplify the present Qualification Groupings (QG) and do away with those groups that consistently have no comparisons with the private sector;
- (c) revisit the need for a review of the special job factors on recruitment and retention difficulties of particular grades after the lifting of the recruitment freeze;
- (d) review the established internal relativities between the QGs as an integral part of any major review of civil service pay; and
- (e) continue to base pay comparison on the third quartile salary level of the larger and more established companies in the private sector.

15. We think that (a) will continue to be of concern to the private sector but we agree that it is very difficult to proceed with a pay level survey now. As for (c), we think that the review of the recruitment and retention job factor should not be held up for too long. We appreciate that this may trigger requests for individual grade reviews but that should not deter CSB and departmental management from taking a quick look at the above factor either separately or in the context of the ICE review.

Conclusion

16. In conclusion, we endorse the Administration's proposals on the Review and the new pay model for recruits subject to our general comments as set out above.

(Sidney Gordon)
Chairman