

EIGHTH REPORT OF THE STANDING COMMITTEE ON
DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

INTRODUCTION

----- Our terms of reference, set out in full in Appendix I to this report, require us to conduct an overall review at such time as the Committee determines. In late 1981 we decided to conduct a further review, principally to consider the structure of the directorate and the grouping of departments in the light of the new Government machinery for dealing with land, public works, transport and district administration. As on previous occasions, Heads of Department were asked to make submissions, which we have considered in their entirety. This review, the eighth in the series, was conducted in February and March 1982, and our recommendations were submitted to the Governor in April 1982.

2. Our recommendations cover the following areas :-

Directorate Salaries (paragraph 3);

The Overall Directorate Structure (paragraphs 4 to 6);

Grouping of Departments (paragraphs 7 to 18);

The Judicial/Legal Group (paragraphs 19 to 23);

Personal Ranking (paragraph 24);

Ranking of Directorate Posts (paragraphs 25 to 32);

Agencies (paragraphs 33 to 36);

Conditions of Service and Miscellaneous Matters
(paragraphs 37 to 49).

----- If our recommendations on the grouping of departments and the ranking of individual posts are accepted, the overall directorate structure and ranks would be as set out in Appendices V and VI.

DIRECTORATE SALARIES

3. In the course of our review we were informed that it was proposed to increase the non-directorate pay scales by 15% in the light of private sector pay trend evidence. From our knowledge of private sector salaries we can say that an adjustment of this order would broadly maintain the present relationship between the Government's directorate salaries and equivalent salary levels in the private sector. We have therefore already recommended, separately, an increase of about

15% to all points on the directorate pay scales. Changes in the Directorate Pay Scales since our last review are set out in Appendix II. In the circumstances, we saw no need on this occasion to conduct a survey of pay rates in the private sector. We shall, however, bear in mind the need for such a survey when the circumstances so warrant.

THE OVERALL DIRECTORATE STRUCTURE

4. In our last review we recommended a reduction in the number of points on the directorate pay scales for two reasons : first, to achieve a greater degree of broadbanding and secondly, to facilitate movement across different career streams. The first objective has been largely achieved, in that the ranking of individual posts has become more straightforward and arguments over relativities have been much reduced. With regard to the second point, we believe that the revised directorate scales do provide a basic framework within which the open directorate concept, to which we attach importance, can be further pursued.

5. In essence, the open directorate concept means greater mobility between the general administrative directorate and the more specialised departmental streams. The limited movement that has taken place so far has mostly involved generalist officers being posted into departmental positions on an ad hoc basis. We would like to see a greater effort made to encourage suitable departmental officers to join the Administrative Service. This two-way movement should enhance the promotion prospects of the better officers in all career streams. We recognise, however, that the open directorate concept does have limitations in that various posts involving the exercise of professional judgement must be filled by officers with the appropriate professional qualifications. However, the fact that an officer is a professional occupying a specialist post should not prevent him from being considered for an administrative position if he shows promise in that direction.

6. Within the legal group of departments, comprising the Legal Department, the Registrar General's Department and the Legal Aid Department, there are already arrangements for the interchange of staff. We recommend that consideration should now be given to taking these arrangements one step further by the creation of a common directorate cadre for this group. This should enable the best use of available staff resources and even out promotion opportunities. We recognise that there is a need for judicial officers to remain, and be seen to remain, independent of the Administration. For this reason, our recommendation does not extend to posts in the Judiciary.

GROUPING OF DEPARTMENTS

The Grading Factor System

7. Departments are classified into three groups for the purposes of ranking directorate posts. A department's classification is determined by reference to a number of grading factors, which are set out in Appendix III. This grading factor system was devised by the Committee during its first overall review in 1964 and has been in use since then. On this occasion we have taken the opportunity to re-examine the relevance of this system to present-day circumstances. While different views were expressed in the submissions we received on the relative importance of different factors, there was no suggestion that the system itself was invalid. We have therefore concluded that the system, which has worked reasonably well over the past 18 years, should continue.

Changes in Departmental Groupings

8. The three groups in which departments have been placed are :-

- (a) Group I accommodating a few major departments;
- (b) a basic Group III to which all other departments belong, except for
- (c) those departments which lie somewhere between (a) and (b). These form an intermediate Group II.

Some changes in composition have occurred over the years and at the time of this review there were 6 departments in Group I, 9 in Group II and 16 in Group III, as set out in Appendix IV.

9. The directorate structure of the departments in each group is normally as follows :-

<u>Group I</u>	:	Director - D6 Deputy Director - D4 Senior Assistant Director - D3 Assistant Director - D2
<u>Group II</u>	:	Director - D5 Deputy Director - D3 Assistant Director - D2
<u>Group III</u>	:	Director - D4 #Deputy Director - D3 Assistant Director - D2

Only one post of Deputy Director is permitted in a Group III department.

10. From time to time we have considered the possibility of increasing or decreasing the number of groups. The difficulty, however, is to reconcile the principle of broadbanding with the need to avoid too great a range of responsibility within each group. We have looked into this question again and conclude that the present three-group system is generally satisfactory and should be maintained.

11. We have again examined carefully the classification of departments in the three groups. While the responsibilities and levels of activity of most departments have undoubtedly increased in absolute terms since our last review, we conclude that there have been few significant changes in the grading factors as between one department and another. There is, however, one case where we consider a change is justified, namely the Fire Services Department.

Fire Services Department

12. We have felt for some time that having regard to the grading factors the Fire Services Department was at the top of the Group III departments. We have now come to the conclusion that the department has reached a stage in its development where it would no longer be appropriate to retain it in Group III. We therefore recommend that the Fire Services Department be placed in Group II.

Works Departments

13. Following the Government's decision that the sub-departments of the Public Works Department (previously Group I) should be established as departments in their own right as from 1 April 1982, we were asked to advise on the appropriate grouping of the new departments. Having regard to the general level of their responsibilities, we recommend that all four, namely the Building Development Department, the Engineering Development Department, the New Territories Development Department and the Water Supplies Department should be placed in Group II.

14. We have also been informed that it is the intention to detach the Electrical and Mechanical Office from the Engineering Development Department to form a new independent department. Should this be done, we recommend that the new Electrical and Mechanical department be placed in Group III. This does not affect the position of the Engineering Development Department.

Lands Department

15. To facilitate the reorganisation of Government's machinery for dealing with land policy and administration, it was decided to establish a new Lands Department, with effect from 1 April 1982, by

merging the Lands, Survey and Town Planning Department of the Public Works Department with the Lands Division of the New Territories Administration. We consider that the new department should be placed in Group II.

Technical Education and Industrial Training Department

16. We were informed that a new department of Technical Education and Industrial Training would be created with effect from 1 April 1982. We recommend that this department be placed in Group III.

Trade Industry and Customs Department

17. The Director of Trade Industry and Customs proposed to us that his three sub-departments should become separate departments. The Administration will need to reach conclusions on the organisational aspects of this proposal before we can consider the associated grading matters.

City and New Territories Administration

18. The City and New Territories Administration was formed recently by the merger of the Home Affairs Department and the New Territories Administration, both previously in Group II. While the new organisation has relinquished its executive responsibility for land management in the New Territories, it has acquired a territory-wide responsibility for district administration. It is a hybrid in that it is part of the apparatus of Central Government but is organised territorially. Its structure does not conform with the established departmental pattern and we have therefore decided not to place it in any departmental group.

THE JUDICIAL/LEGAL GROUP

General

19. We have always considered the ranking of directorate posts in the Judicial/Legal Group separately from the rest of the Directorate, although their salary levels are with one exception identical. The ranking of these posts is assessed in terms of status, responsibility and the level of judicial/legal experience required. With some exceptions, the administrative job content of this group of posts does not play a significant part in the determination of their ranking. We have considered carefully the submissions received from the Judiciary, the Attorney General, the Registrar General and the Director of Legal Aid, and comment on them below.

Judiciary

20. The various regrading proposals submitted by the Judiciary would have the effect of disturbing long-established relativities within the Judicial/Legal Group. After careful examination, we conclude that the case for these regradings has not yet been made.

Attorney General's Chambers

21. While generally sympathetic towards the retention problems in the Attorney General's Chambers, we are not convinced that the upgradings proposed by the Attorney General are the proper answer, especially as they would cause other relativity problems. In paragraph 6 we have recommended that consideration should be given to the creation of a common directorate cadre in the legal group of departments. The problems of the Attorney General's Chambers should be borne in mind in this context.

Registrar General's Department

22. We note that the position in the long term of the Lands Division of the Registrar General's Department is still undecided. As regards the Assistant Registrar General posts, we do not consider that a case has been made for changing the present ranking of DJL 3.

Legal Aid Department

23. We recommend that the post of Deputy Director of Legal Aid should be graded at the DJL 3 level. This would bring it into line with the deputy head of a Group III department. The Director of Legal Aid has also proposed the creation of a new rank of Deputy Principal Legal Aid Officer (DJL 2). We consider that this requires detailed examination in the context of the directorate structure of the Department, and also in the context of our suggestion for a common directorate cadre for the legal group of departments.

PERSONAL RANKING

24. The grading factor system which we have re-affirmed as being appropriate for the determination of departmental groups is not designed to recognise individual merit. While senior officers in the administrative cadre generally have prospects of advancement through postings within the open directorate, a long-serving and meritorious departmental officer at the Head of Department or Agency level may be unable to advance further unless his organisation happens to be upgraded. It may be possible for him to achieve advancement through appointment to a higher ranking post elsewhere in the service, but this is rare in practice. Moreover it may be in the public interest for the Head concerned to be retained in his present post. In these circumstances

we recommend that consideration should be given, exceptionally, to appointing the officer substantively to a higher rank on a personal basis. This, however, should not affect the normal ranking of the post he is occupying, and when he leaves, his successor would be appointed to the normal rank of the post. We wish to stress that the personal ranking approach should be used sparingly, that it should not be a normal avenue for advancement and that it would not be open to application by any officer. In other words, the initiative for considering a personal rank would rest with this Committee or the Administration.

RANKING OF DIRECTORATE POSTS

General

25. Among the submissions received by the Committee were many proposals for the upgrading of individual posts. In a number of cases they require further study and therefore cannot be dealt with in the context of this overall review. We have accordingly made no recommendation on such proposals. We comment below only where we recommend changes, or where we wish to record observations for future reference.

Royal Hong Kong Police Force

26. We have been advised by the Commissioner of Police of his outline plans for the reorganisation of the directorate structure of the Police Force. The reorganisation itself will fall to be considered by the Administration in the first instance : we shall then advise on individual posts.

Deputy Secretary Posts, Government Secretariat

27. In our last review, we concluded that a case existed for the Deputy Secretary posts to be upgraded to the D4 rank. We therefore asked to see an assessment of the effects that such upgradings might have on the overall career progression of the directorate in view of the number of posts involved.

28. We have now seen an assessment of the effects of upgrading all the Deputy Secretary posts to D4 on the structure of the Administrative Service, which is the principal group involved. If implemented in full, this would result in an unbalanced grade structure, with more posts in the Administrative Officer Staff Grade B1 (D4) rank than in the Administrative Officer Staff Grade B (D3) rank. In addition, we have been informed of the conclusion of a study by the Administration that in the majority of cases a D3 ranking for Deputy Secretaries is more appropriate.

29. We have therefore re-considered our previous recommendation in the light of these further studies, and on balance we agree with the Administration that the D3 rank should remain the basic rank for Deputy Secretaries. However, we recommend that a Deputy Secretary post be ranked at D4 in the following exceptional circumstances :-

- (a) where the area of responsibility of a Secretariat Branch is so wide and the issues involved so complex, that one of the Deputy Secretaries needs for organisational reasons to be charged with responsibility for co-ordination within the branch; or
- (b) where, regardless whether there is one or more Deputy Secretary posts in the Branch, the responsibility of a particular Deputy Secretary post is significantly heavier than the norm.

We do not see a case for any Deputy Secretary post being ranked higher than D4.

Ranking of Deputy Directors

30. Several of the submissions we have received referred to the fact that no distinction is made in the ranking of Deputy Directors in Group II and Group III departments, both being ranked at the D3 level. This is a consequence of our recommending in our seventh review that the old D4 and D5 pay points be combined to form the present D3 pay point. We consider that the case for making a distinction in rank between Deputy Directors in Group II and Group III departments is not strong and we recommend no change.

The Chief Professional Rank (D1)

31. Several submissions we received have argued that the Chief Professional rank at D1 is undergraded. We consider that there is a functional need for the Chief Professional rank (D1), and that most posts at this level are properly graded. However, where the responsibility of individual posts at this level has grown to such an extent that a D2 ranking is merited, regrading of the posts concerned could be considered outside the context of an overall review.

Chief Ambulance Officer, Fire Services Department

32. The Director of Fire Services has made proposals for the regrading of directorate posts in the territorial fire and ambulance commands. We consider that the proposals in respect of the fire commands require detailed study by the Administration before any conclusion can be reached. As for the Chief Ambulance Officer (D1) rank, we recommend that it should be upgraded to D2 in recognition of its territory-wide responsibility.

AGENCIES

General

33. We referred to this group of organisation in our seventh review as "small, semi-autonomous organisations". We understand that the description "semi-autonomous" has caused misunderstanding, and some heads of these organisations have argued that they are no less autonomous than departments. We therefore consider that they should be simply termed Agencies.

34. In our last review, we also concluded that the ranking of posts in these organisations should be determined by an assessment of the weight of the job in question, and that they could be ranked on any of the first three points on the directorate pay scale. We have reviewed this guideline and confirm that for the present it remains appropriate. We do not consider that any existing head of agency should be ranked higher than the D3 level at this stage. Should the development of any of these agencies reach a stage where the top post merits a higher grading than D3, this could be considered and the guideline duly amended.

Controller, Government Land Transport

35. We recommend that in view of the additional responsibilities which have been assumed by this post since our last review, the Controller, Government Land Transport should be graded at D2.

Government Laboratory

36. To recognise the quality of work involved and their level of responsibility, we recommend that the two Chief Chemist posts in the Government Laboratory should be graded at D2.

CONDITIONS OF SERVICE AND MISCELLANEOUS MATTERS

General

37. We received submissions from a number of Heads of Department, jointly and individually, on conditions of service and miscellaneous matters. We have given these very careful consideration. On the whole we are of the opinion that the conditions of service for directorate officers compare favourably with those in the private sector. Except where stated in the following paragraphs, therefore, we recommend no change.

Leave and Passage Arrangements

38. There are certain features of the present leave and passage arrangements which we feel are unsatisfactory. First, Government's leave-earning rates are very generous in comparison with the private sector. Secondly, the degree of flexibility in Government's leave and passage arrangements is more restricted. Thirdly, there is a significant difference in leave-earning rates between local officers and overseas officers.

39. We consider that there is a need to rationalise leave and passage arrangements with the aim of bringing them more in line with private sector practice. We therefore recommend that consideration should be given to a reduction of leave-earning rates, coupled with a more flexible passage arrangement which allows an officer to pay for any number of passages a year within a cash limit.

40. In our last review, we considered the question of first class air travel for directorate officers going on leave. We recommended no change to the existing arrangements until the situation in respect of the classification of seating arrangements (i.e. the introduction of the Club Class) had been clarified. We are now informed that all Government officers, irrespective of rank, are entitled to travel Club Class whilst on leave. It has been argued that, in the circumstances, there may be a case for extending eligibility for first class leave passage to all Heads of Department and officers of equivalent level (i.e. D4 and above). We could be more sympathetic with this argument if it were coupled with a realistic revision of leave-earning rates.

Pensions

41. We have previously recommended an increase in the 25% maximum commutation level for civil service pensions. We did so in the belief that officers proceeding on retirement should have the means of acquiring a home. This objective is now in sight with the implementation of the Home Purchase and Housing Loans Schemes for civil servants. In addition, present salary levels are such that retirement pensions are worth relatively more than they used to be. In the circumstances we now withdraw our recommendation.

42. We also concluded in our last review that there was a case for increasing the multiplying factor of 12.5 used in calculating the commuted pension gratuity. We believe that this is justified on actuarial grounds, and recommend that this should be further pursued.

Duration of Contracts

43. Our attention has been drawn to the difficulties being experienced in retaining overseas contract staff. It has been proposed that the situation might be ameliorated if such officers were to be allowed to opt for an annual contract after their first tour of duty. We consider that this proposal is worthy of study by the Administration.

Post-Retirement Employment in the Private Sector

44. Some Heads of Department have represented to us that the present rules governing post-retirement private sector employment in Hong Kong for overseas officers at Head of Department level are unnecessarily restrictive. We have been informed that the rules have in practice been applied flexibly, but that nevertheless steps are being taken to rationalise them.

Period of Notice of Retirement

45. It has been represented to us that pensionable officers over the age of 50 should be allowed to retire on giving a shorter period of notice than the present 12 months : a period of 6 months has been suggested. We have studied the rationale for the present rule, and are satisfied that it is administered sympathetically, with exceptions being made in appropriate circumstances. Having regard to all the circumstances of public sector employment we conclude that the existing arrangement should be retained.

Motor Cars

46. We have considered the representations for relaxing the present rules governing the use of official cars, but conclude that there is no case for any change. However, we endorse the view that generally saloon cars should be air-conditioned.

Entertainment Allowances

47. We have received some representations in respect of entertainment allowances. As we observed in our last review, entertainment allowances are not strictly speaking a fringe benefit and the subject does not fall within our terms of reference. We nevertheless suggest that consideration might be given to reimbursing a Head of Department with half the total cost of any discretionary official entertainment not covered by his present entertainment allowance.

Responsibility Allowance for Directorate Officers

48. In the course of our review we were asked to advise whether it would be appropriate to give a cash allowance, on top of salary, to certain directorate officers undertaking "additional" responsibilities. Our view is that in determining an appropriate salary for a particular post, the full range of duties and responsibilities pertaining to it have been taken into account. We do not therefore see a case for the payment of a responsibility allowance to officers at the directorate level.

Use of the Title of Deputy

49. We have noted that in some Group I and Group II departments there is more than one post of the same rank called Deputy Director. This of course reflects the fact that departmental responsibilities have grown over the years and that there is a functional need in these departments to have more than one officer at the Deputy level. While recognising that the diversity of the public service makes it impractical to lay down hard and fast rules, we do think there is logic in the view that a Head of Department should have under him only one officer carrying the title Deputy Director. Certainly it seems to us that a proliferation of Deputy Directors is best avoided if it can be. We therefore recommend that as far as possible posts of Deputy Director be in the singular and that alternative titles be found for other posts.

IMPLEMENTATION

50. The recommendations contained in this report in respect of the grouping of departments and ranking of individual posts should take effect from 1 April 1982.

CHANGES IN MEMBERSHIP

51. In December 1980, the Hon. J.H. Bremridge, OBE, JP, ceased to be a Member after 5 years of service. The Hon. J.J. Swaine, OBE, QC, JP, was appointed a Member in June 1981.

ACKNOWLEDGEMENTS

52. While we decided not to carry out a private sector pay survey in the course of this review, we nevertheless took technical advice from Messrs. D.E. Connolly of Peat, Marwick, Mitchell & Co. and T. Clydesdale of Price, Waterhouse & Co. on the design of a possible survey. We should like to record our appreciation for their assistance in this regard. We would also like to record our thanks to the Hon. Martin Rowlands, Secretary for the Civil Service, who has served as our Adviser ex-officio, and to Mr. Peter Lai, our Secretary.

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