

For Information

**LEGISLATIVE COUNCIL
PANEL ON PUBLIC SERVICE**

**The Administration's Response to the Motion
on the Application of the Findings of the 2006 Starting Salaries Survey**

INTRODUCTION

When discussing the application of the findings of the 2006 Starting Salaries Survey (SSS) to the civil service at the Panel meeting on 21 May 2007, Members passed the following motion:-

“That this Panel proposes that the new benchmarks for the 12 qualification groups (QGs) should be further improved, and considering that the conversion arrangements for the civil servants and teachers of aided schools employed on or after 1 April 2000 are neither fair nor reasonable, this Panel urges the Government to review the above arrangements afresh on the basis of the principle that full regard should be given to the length of service and experience of the existing civil servants.”

2. This paper sets out the Administration's response to the above motion.

BENCHMARKS FOR THE 12 QGs

3. Since 1979, the civil service grade structure and pay scale system has been built on the basis of an Educational Qualification Grouping system, under which all the civilian grades in the civil service are grouped into a number of qualification groups (QGs) on the basis of the educational and experience requirement for appointments. At present, all the civilian grades are categorized into 12 QGs. For each QG, there is one (or two) benchmark that serves as the reference for setting starting salaries for the grades in that QG. Specifically, the starting salaries for the grades in a QG are set on par with, or one or more pay point higher than (where justified for reasons of special job requirements or

recruitment difficulties) the benchmark(s) for the QG.

4. Under the established mechanism, the benchmarks are reviewed from time to time in the light of the entry pay for private sector jobs requiring similar educational qualifications and experience, as revealed through the conduct of a SSS. Where no comparable entry pay is found in the private sector for a particular QG, its benchmark is determined through internal relativities with other QGs. This mechanism is in keeping with the Government's well-established pay policy, namely to offer remuneration sufficient to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and such remuneration is to be regarded as fair by both civil servants and by the public they serve. Its consistent application ensures that civil service starting salaries stay closely in line with those of the private sector.

5. The findings of the 2006 SSS reveal that the current benchmarks for three QGs remain comparable with the prevailing entry pay for similar qualification jobs in the private sector jobs and should not be changed. The benchmarks for the remaining nine QGs have to be adjusted upwards as they have fallen below the prevailing entry pay for similar qualification jobs in the private sector.

6. We have considered the Panel's proposal to further improve the benchmarks for the 12 QGs. We cannot find justifications to do so as our recommendation to revise the benchmarks for the nine specific QGs and to maintain the current benchmarks for the three specific QGs is in strict accordance with the findings of the 2006 SSS; and as our recommendation accords with the principle that civil service starting salaries should stay closely in line with those of the private sector.

CONVERSION ARRANGEMENT FOR AFFECTED STAFF

7. We have considered the Panel's view that the Government should review the conversion arrangement afresh on the basis of the principle that full regard should be given to the length of service and experience of the affected serving civil servants.

8. We wish to reiterate that the "normal conversion" arrangement

recommended for affected serving civil servants (as well as teaching and non-teaching staff in the aided school sector) has been recommended by the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) since its reception in 1979. The Standing Commission has re-affirmed its recommendation that the Government should adopt this conversion arrangement in the application of the findings of the 2006 SSS to the civil service.

9. We have earlier advised this Panel that SSS will be conducted on a regular basis in future. This was not the case in the past. There is a span of ten years between the 1999 SSS and the 1989 SSS, and another span of seven years between the 1999 SSS and the 2006 SSS. In view of the rapidly changing landscape of the private sector in respect of starting salaries, a SSS will be conducted at three-yearly interval starting from 2006. That a SSS will be conducted on a regular and frequent basis is an important component of the improved civil service pay adjustment mechanism. In view of this, we have to consider carefully and balance the interests and concerns of the public at large and those of the affected serving staff before deciding what conversion arrangement to adopt for serving staff when starting salaries are revised upwards and downwards.

10. The Government's position, adopted in 2000 when starting salaries were adjusted downwards, is not to reduce the salaries of serving staff to take account of the reduction in starting salaries. When serving staff are protected from a downward revision of starting salaries, we need to ensure an appropriate balance is incorporated into the conversion arrangement for affected serving staff when starting salaries are revised upwards. This is the more necessary when a SSS will be conducted every three years and when the findings of every SSS may cause an upward or downward revision of the starting salaries of some or all or none of the civil service grades. To illustrate, if the Government were to adopt the "full conversion" arrangement for affected serving staff as a result of the increase in starting salaries in 2007, if the findings of the 2009 SSS led to a reduction in starting salaries in 2010 and serving staff were protected from the downward revision in line with the above stated position, the Government would be severely criticized for uneven-handed treatment and for imprudent use of public monies.

11. We value the contributions of serving civil servants and serving teaching and non-teaching staff in the aided school sector. Under the "normal conversion arrangement", some serving staff with experience may be paid on par

with, or just at one pay point higher than, new recruits. However, the longer year(s) of service of the affected serving staff will be fully taken into account when it comes to consideration for promotion and acting appointment. Serving staff's years of service counts for the purpose of determining the contribution rate from the Government for the Civil Service Provident Fund or Grants/Subsidized Schools Provident Fund. In the case of disciplined services, serving civil servants with more years of experience enjoy higher priority when it comes to departmental quarters allocation.

12. Having regard to the above considerations, we remain of the view that it is appropriate to adopt the "normal conversion" arrangement for affected serving civil servants, and affected serving teaching and non-teaching staff in aided schools (subject to a special arrangement for the incremental award of qualification for the teaching grades). We wish to reiterate that we have consulted the staff sides of the four central consultative councils and the representatives of the four service-wide civil service unions on the conversion arrangement for affected serving civil servants. They consider our recommended "normal conversion" arrangement acceptable.

Civil Service Bureau
June 2007