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Panel on Public Service Meeting on 20 April 2015

Updated background brief on grade structure reviews

Purpose

This paper provides background information on grade structure reviews ("GSRs") and summarizes the views and concerns expressed by the Panel on Public Service ("the Panel") at previous discussions on the subject.

Background

The Government's civil service pay policy

- 2. According to the Administration, the Government's civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and to ensure that civil service remuneration is regarded as fair by both civil servants and the public they serve through maintaining broad comparability between civil service and private sector pay.
- 3. To implement the afore-mentioned civil service pay policy, the Executive Council endorsed an Improved Civil Service Pay Adjustment Mechanism in 2007. Under the Mechanism, civil service pay is compared with private sector pay on a regular basis through three separate surveys, namely:
 - (a) an annual Pay Trend Survey ("PTS") to ascertain year-on-year pay adjustments in the private sector;
 - (b) a Starting Salaries Survey ("SSS") every three years to compare the starting salaries of non-directorate civilian civil service grades with the entry pay of jobs in the private sector requiring similar qualifications; and

(c) a Pay Level Survey ("PLS") every six years to ascertain whether civil service pay remains broadly comparable with private sector pay.

Criteria for assessing GSR requests

- 4. According to the Administration, the criteria in assessing requests for conduct of GSRs from non-directorate civilian grades are as follows
 - (a) to address proven and persistent recruitment and retention difficulties of a specific non-directorate civilian grade, which cannot be resolved through the regular pay surveys under the Improved Civil Service Pay Adjustment Mechanism; or
 - (b) to enable a specific non-directorate civilian grade to function effectively on a sustainable basis in the face of fundamental changes to its job nature, job complexity and level of responsibilities.

Grade structure reviews in 2007

- 5. The 2006 PLS did not cover the directorate and the disciplined services grades because the methodology adopted for the PLS was not appropriate for the directorate grades¹ and there was a lack of market comparators for the disciplined service grades. After consultation with the relevant advisory bodies on civil service salaries and conditions of service, the Chief Executive-in-Council ("CE-in-Couincil") decided that the results of the 2006 PLS should be applied to these grades using the existing set of internal relativities. The Administration considers that the validity and propriety of this set of internal relativities should be ascertained through the conduct of GSRs for the disciplined services and the directorate grades².
- 6. While the broad comparability of the pay level of non-directorate civilian grades have been established in the 2006 PLS, the Administration was aware that some grades and ranks were facing recruitment and retention

According to the Administration, the survey methodology used in the 2006 PLS, which emphasized on "broad comparability" rather than specific responsibilities of the jobs, was not suitable for application to the directorate grades.

Similar reviews were conducted in the past. The last comprehensive review for disciplined services grades was conducted in 1988 by a Review Committee on Disciplined Services Pay and Conditions of Service. The Standing Committee on Disciplined Services Salaries and Conditions of Service has also conducted a number of reviews on a much smaller scale on particular disciplined services grades and ranks since its establishment in 1989. The last comprehensive grade structure review for the directorate grades was conducted in 1989.

difficulties, and such problems had not been and could not be addressed through the service-wide PLS. The Administration therefore considered it also necessary to conduct GSRs for selected non-directorate civilian grades with proven serious recruitment and retention difficulties.

- 7. In end 2007, the Administration invited
 - (a) the Standing Committee on Directorate Salaries and Conditions of Service ("Directorate Committee") to conduct a GSR for the directorate grades;
 - (b) the Standing Committee on Disciplined Services Salaries and Conditions of Services ("SCDS") to conduct a GSR for the disciplined service grades; and
 - (c) the Standing Commission on Civil Service Salaries and Conditions of Service ("Standing Commission") to conduct a GSR for selected non-directorate civilian grades facing recruitment and retention difficulties, namely the Government Counsel grade and the Veterinary Officer grade 4.
- 8. The Directorate Committee, SCDS and the Standing Commission submitted their respective GSR reports to the Chief Executive on 27 November 2008. The Civil Service Bureau ("CSB") was tasked to study the findings and recommendations of the three GSR reports and consult relevant parties. CSB conducted extensive consultations with the stakeholders from December 2008 to June 2009.
- 9. On 20 October 2009, the CE-in-Council announced its decision taken on the GSR reports on the directorate, the seven disciplined services and specific civilian grades. In gist, the CE-in-Council decided that -
 - (a) the recommendations of the Directorate Committee in its GSR report on the civilian directorate should be accepted, subject to a refinement of the recommendation on the frequency of future reviews;

The Government Counsel grade comprises two ranks at the non-directorate level, namely the Government Counsel rank and the Senior Government Counsel rank, serving mainly in the Department of Justice. As the Government Counsel grade has identical rank structure with the Legal Aid Counsel grade and the Solicitor grade, the Standing Commission, at the invitation of the Administration, has also included the two latter grades in the course of conducting GSR for the Government Counsel grade.

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The Veterinary Officer grade comprises two ranks, namely the Veterinary Officer rank and the Senior Veterinary Officer rank, working mainly in the Agricultural, Fisheries and Conservation Department and the Food and Environmental Hygiene Department.

- (b) the recommendations of SCDS in its GSR report on the disciplined services should be accepted, subject to refinement of the recommendations on the frequency of future reviews and the maximum pay point of the Sergeant rank of the Police Force and comparable ranks in the other disciplined services;
- (c) the recommendations of the Standing Commission in its GSR report on the Veterinary Officer grade and the non-directorate ranks of the legal grades should be accepted in full;
- (d) subject to the approval of the Finance Committee ("FC"), the recommendations relating to salary and increment should be implemented with retrospective effect from 1 April 2009. The other recommendations on job-related allowances and conditioned hours of work should be implemented from a prospective date when the necessary arrangements were put in place; and
- (e) subject to the approval of FC, a special arrangement should be put in place for calculating the pension benefits of those civil servants covered by the three GSR reports who retired/resigned/passed away during the period between 27 November 2008 and 31 March 2009, or who were injured/died on duty with additional/dependant pension during the aforesaid period of time.

The above salary and increment-related recommendations and refinement were recommended by the Establishment Subcommittee and approved by FC on 4 December 2009.

Major views and concerns expressed by the Panel

10. The Administration briefed the Panel on the proposed GSRs for the directorate, disciplined services and selected non-directorate civilian grades at the meetings on 19 November 2007 and 21 January 2008. After the three GSR reports were submitted to the Chief Executive in November 2008, the Panel discussed the three GSR reports on 15 December 2008 and 19 January 2009, including receiving views from representatives of civil service bodies. After that, the Administration briefed the Panel on the criteria in assessing requests for conduct of GSRs from non-directorate civilian grades on 21 June 2010 and 18 April 2011. Views from civil service unions/associations were

also received at the meeting on 18 April 2011. The major views and concerns expressed by Panel members during these meetings are summarized in the ensuing paragraphs.

Purpose and implications of GSRs

- 11. Members considered that the Administration should not use GSRs as a means to make way for upward pay adjustments. GSRs must be conducted with thorough consultation with the staff concerned and with safeguards against possible implications detrimental to civil service stability, as some civil servants were concerned that the reviews might result in the deletion of certain grades or ranks and hence affecting the promotion opportunities of the officers concerned.
- 12. The Administration advised that it was undesirable and inappropriate to speculate or pre-empt the outcome of the reviews, such as an upward pay adjustment, as GSRs would be conducted independently by the relevant advisory committees based on their self-determined methodology.

Need to review criteria in assessing GSR requests

- 13. Members opined that the two criteria in assessing GSR requests as mentioned in paragraph 4 above had been adopted by the Administration for a long time and there was a need to review and revise the criteria. The Administration responded that the criteria had been consistently applied in the consideration of requests for conduct of GSRs. The Administration had striven to ensure that the assessment of such requests was made objectively as far as practicable.
- 14. Responding to the request for providing quantifiable guidelines to facilitate objective assessment on what constituted fundamental changes to justify conduct of GSRs, the Administration responded that it was difficult to provide quantifiable guidelines for applying the fundamental change criterion as every GSR request would be assessed on its own merits. The Administration advised that although nearly all civil service grades had undergone different degree of changes in job nature, job complexity and level of responsibilities as a result of social changes, enactment of new legislation, and rising public aspiration for better quality public services, only a few grade reviews had been conducted in the past 20 years with details as follows
 - (a) a comprehensive review of the Amenities Officer ("AO") and Recreation and Sport Officer ("RSO") grades was conducted in 2001 to rationalize the distinct but closely related

responsibilities of the two grades. At the time, the AO grade was responsible for the management of recreation venues and facilities (the "hardware"), while the RSO grade was responsible for the promotion and organization of recreational activities and public sports programmes a (the "software"). In view of the close operational inter-action between the "hardware" and the "software", the need to enhance efficiency and productivity, and public demand for one-stop service with respect to the delivery of leisure services, the Administration considered a new mode of operation necessary and conducted a fundamental review of the two grades. As a result, the two grades were merged into one and replaced by a new Leisure Services Manager grade; and

(b) two GSRs had been conducted in 2008-2009 for the Veterinary Officer grade, and the Government Counsel grade and the related Legal Aid Counsel and Solicitor grades respectively. In both cases, the concerned grades had faced proven and persistent recruitment and retention difficulties but no fundamental changes to job nature.

GSRs for directorate grades

- 15. Some members were of the view that as the directorate grades posts were mainly filled by internal promotions, and currently there were no recruitment and retention difficulties, GSRs for the directorate grades were not necessary. In this connection, the Panel noted the Administration's advice that as all the three pay surveys (i.e. PLS, SSS and PTS) did not cover the directorate grades, a GSR was considered necessary to keep the grade structure and the terms and conditions of service for directorate officers abreast of the market situation.
- 16. Some members doubted whether it was appropriate to compare civil service directorate posts with the supervisory or managerial posts in the private sector, in view of the difference in job security and income stability.

GSRs for selected non-directorate civilian grades

17. Some members were concerned about the objectivity in the selection of non-directorate civilian grades for review, since Heads of Grade / Heads of Department had the discretion to recommend grades for review. The Administration advised that the Standing Commission, being an independent body, could on its own volition conduct a review on the structure of any civil service grade.

- 18. Some members queried the propriety of proposing a GSR purely based on the unnatural wastage rate of a civil service grade. The Administration advised that in proposing a GSR for a civil service grade, the Government had taken into consideration not only the unnatural wastage rate, but also the recruitment situation.
- 19. On the suggestion of introducing a new Government Lifeguard grade in recognition of the professional nature of the work of lifeguards, the Administration advised that that government lifeguards were placed under the Artisan grade and this should not be perceived as a derogatory treatment as the duties performed by civil servants in the Artisan grade were equally important and respectable. The Administration further advised that no recruitment and retention difficulties were evidenced for the Artisan (Beach/Swimming Pool) stream.
- 20. A member expressed concern about the case of the Liaison Officer ("LO") grade of the Home Affairs Department, which had been calling for a GSR on grounds that there was a need for higher entry requirements in response to the changes in the grade's job duties, which had become much more complicated than before.
- 21. The Administration responded that the Administration had examined the justifications from the LO grade and was of the view that the problem faced by the LO grade was more related to the workload and could not be resolved through upgrading the entry requirement. The Administration advised that the GSR mechanism was not a panacea for all kinds of manpower-related issues. To cope with changes in work demands faced by any civil service grade, the Administration would enhance training and provide additional manpower where justified so as to equip the staff concerned with the required skills and knowledge to meet new service needs.

Frequency of future GSRs

22. After a decision was taken by the CE-in-Council on the three GSR reports on 20 October 2009, the Panel held a further meeting on 2 November 2009 to discuss the decision and received views from deputations. Regarding the frequency of future reviews for the disciplined services, some members noted with concern that, while SCDS recommended that "the grade structure and pay levels of the disciplined services should be reviewed on a regular basis, say, on a six-yearly basis", the CE-in-Council had decided that, for greater flexibility, GSRs should be conducted as and when necessary in the light of significant changes in the job nature, responsibilities, proven recruitment and retention problems, etc. of the disciplined services. The

CE-in-Council further decided that the Administration, or departmental management concerned, or the staff side of each disciplined services could request the conduct of a GSR with justifications. The request should be put to SCDS for advice and then submitted to the CE-in-Council for decision.

- 23. Some members considered that the new requirement of submitting requests for the conduct of a GSR to SCDS for advice and then to the CE-in-Council for decision was too harsh. The Administration, however, considered it fair to place the decision to conduct a GSR in the hands of the CE-in-Council, as GSR reports were all subject to the approval of the CE-in-Council in the end. The Administration also considered it appropriate to seek SCDS's advice because any GSRs on the disciplined services were to be conducted by SCDS.
- 24. The Panel Chairman suggested that SCDS, instead of the Executive Council, should be authorized to consider and approve requests for the conduct of a GSR from the disciplined services. The Administration advised that the CE-in-Council would also decide whether to accede to a request for the conduct of GSRs for the disciplined services in the light of SCDS's advice.

Communication with staff of concerned grades

25. A member enquired whether the Administration would clearly explain to staff whose request for conduct of GSRs for their grade was not acceded to. The Administration advised that as the staff would usually raise their requests with their respective Heads of Department ("HoDs") first, who would submit the requests to the CSB for consideration, the assessment outcome would be relayed to the staff of the grades concerned through their HoDs. The Administration further advised that every request for conduct of GSRs had been carefully assessed and those turned down were due to inadequate justifications.

<u>Others</u>

26. At the meeting on 2 November 2009, the Administration undertook to follow up the request from the Hong Kong Fire Services Department ("FSD") Ambulancemen's Union for incorporating the paramedic allowance into the pay scale of the Ambulancemen grade, which had not been adopted by SCDS in its GSR report on the disciplined services. Some members also called on the Administration to attend to the unresolved requests from the disciplined services grades, i.e. standardizing the pay and grade structures across the disciplined services, reducing the conditioned hours of work for the five

general disciplined services and extending the "through scale arrangement⁵" to the officer grades in the Correctional Services Department, the Customs and Excise Department, the Immigration Department, the Government Flying Service and the Ambulance Officer grade in FSD.

27. The Administration advised that SCDS had considered all the requests from the disciplined services thoroughly and had made clear its position with justifications in its GSR report. The Administration undertook that it would continue to discuss with the staff associations concerned under the existing staff consultation mechanism.

Recent development

- 28. At the Panel meeting held on 9 October 2014, a member suggested to discuss the mechanism adopted by the Administration to conduct a GSR, having regard to the recent strike staged by the Government Lifeguards General Union to protest against the Administration's refusal to conduct a review to separate lifeguards from the artisan grade. A non-panel member wrote to the Panel Chairman on 24 October 2014 proposing to discuss the issue of "Manpower situation, remuneration and grade structure of Government Lifeguards".
- 29. The Administration will brief members on the mechanism for conducting a GSR and the response to the request regarding lifeguards at the Panel meeting on 20 April 2015.

Relevant papers

30. A list of relevant papers is in the **Appendix**.

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<u>Legislative Council Secretariat</u>
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Under through scale arrangements, officers in a junior rank will immediately advance to the next higher rank upon passing the qualifying examination for promotion and having completed a specified period of in-rank service. As the establishment of the two ranks is combined and inter-changeable, advancement is not subject to availability of established posts or vacancies in the higher rank. Furthermore, the rank scale of the junior rank is structured in such a way to cover the whole rank scale of the senior rank. In other words, those officers in the junior rank not having passed the promotion examination can still progress along the long pay scale and reach the same maximum pay point for the senior rank, although at a slower pace when compared to those who enjoy immediate advancement after passing the examination.

Appendix

Panel on Public Service

Grade structure reviews

List of relevant papers

| Date of PS Panel meeting | Paper | LC Paper No. |
|--------------------------|--|---|
| 19.11.2007 | Administration's paper on grade structure reviews | CB(1)206/07-08 (03) http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps1119cb1-206-3-e.pdf |
| | Minutes of meeting (paragraphs 4 to 19) | CB(1)375/07-08 http://www.legco.gov.hk/yr07-08/english/pane ls/ps/minutes/ps071119.pdf |
| | Administration's response to the question raised by the Panel at the meeting held on 19 November 2007 on reforms introduced since 1999 to the management of the civil service | CB(1)444/07-08 (01) http://www.legco.gov.hk/yr07-08/english/pane ls/ps/papers/ps1119cb1-444-1-e.pdf |
| 21.1.2008 | Administration's paper on grade structure reviews for non-directorate civilian grades Minutes of meeting (paragraphs 6 to 22) | CB(1)567/07-08 (03) http://www.legco.gov.hk/yr07-08/english/pane ls/ps/papers/ps0121cb1-567-3-e.pdf CB(1)792/07-08 http://www.legco.gov.hk/yr07-08/english/pane ls/ps/minutes/ps080121.pdf |
| | Administration's response to the question raised at the meeting of the Panel held on 21 January 2008 on the retention and recruitment situations of civil service grades selected for non-directorate civilian grade structure reviews | CB(1)795/07-08 (01) http://www.legco.gov.hk/yr07-08/english/pane ls/ps/papers/ps0121cb1-795-1-e.pdf |

| Date of PS Panel | Paper | LC Paper No. |
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| meeting | Tuper | 20 Tupor No. |
| 15.12.2008 | Administration's paper attaching the following: - a copy each of the reports from the three advisory bodies on civil service salaries and conditions of service on their respective reviews on the directorate grades, the disciplined services, and selected non-directorate civilian grades; and - a copy of the statement by the Secretary for the Civil Service when meeting the media on the above grade structure review reports on 27 November 2008 | CB(1)310/08-09(01) http://www.legco.gov.hk/yr08-09/english/pane ls/ps/papers/ps1215cb1-310-1-e.pdf |
| | Administration's paper on grade structure reviews for directorate, disciplined services and selected non-directorate civilian grades | CB(1)351/08-09(03) http://www.legco.gov.hk/yr08-09/english/panels/ps/papers/ps1215cb1-351-3-e.pdf |
| | Background brief on grade structure reviews (prepared by the Legislative Council Secretariat) | CB(1)352/08-09 http://www.legco.gov.hk/yr08-09/english/pane ls/ps/papers/ps1215cb1-352-e.pdf |
| | Minutes of meeting (Paragraphs 6 to 26) | CB(1)745/08-09 http://www.legco.gov.hk/yr08-09/english/pane ls/ps/minutes/ps20081215.pdf |
| | Administration's response to issues raised at the meeting on 15 December 2008 | CB(1)606/08-09(01) http://www.legco.gov.hk/yr08-09/english/pane ls/ps/papers/ps0119cb1-606-1-e.pdf |

| Date of PS Panel | Paper | LC Paper No. |
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| meeting | | |
| 19.1.2009 | Administration's paper attaching the following: | CB(1)310/08-09(01) |
| | a copy each of the reports from the three advisory bodies on civil service salaries and conditions of service on their respective reviews on the directorate grades, the disciplined services, and selected non-directorate civilian grades; and a copy of the statement by the Secretary for the Civil Service when meeting the media on the above grade structure review reports on 27 November 2008 | http://www.legco.gov.hk/yr08-09/english/pane ls/ps/papers/ps1215cb1-310-1-e.pdf |
| | Minutes of meeting (Paragraphs 7 to 44) | CB(1)1140/08-09 http://www.legco.gov.hk/yr08-09/english/pane ls/ps/minutes/ps20090119.pdf |
| 7.7.2009 | Minutes of meeting | CB(1)148/09-10 |
| | | http://www.legco.gov.hk/yr08-09/english/pane ls/ps/minutes/ps20090707.pdf |
| 2.11.2009 | Administration's paper on grade structure review of | CB(1)189/09-10(03) |
| | the disciplined services: job-related allowances | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps1102cb1-189-3-e.pdf |
| | Administration's paper on the two grade structure review reports on the civilian directorate and the disciplined services | File Ref: CSBCR/PG4-085-001/57-58 http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps1102-csbcrpg40850015758-e.p df |
| | (Legislative Council Brief) Administration's paper on the grade structure review | File Ref: CSBCR/PG4-085-001/59 |
| | the grade structure review report on specific civilian grades (Legislative Council Brief) | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps1102-csbcrpg408500159-e.pdf |
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| meeting | | |
| | Minutes of meeting | CB(1)1132/09-10 |
| | | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/minutes/ps20091102.pdf |
| 21.6.2010 | Administration's paper on assessment criteria for | CB(1)1911/09-10(05) |
| | conduct of grade structure reviews for non-directorate civilian grades | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps0621cb1-1911-5-e.pdf |
| | Updated background brief on grade structure reviews | CB(1)1912/09-10 |
| | (prepared by the Legislative Council Secretariat) | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps0621cb1-1912-e.pdf |
| | Minutes of meeting (Paragraphs 5 to 17) | CB(1)201/10-11 |
| | (curigrapus to serv) | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/minutes/ps20100621.pdf |
| | Administration's response to the issues raised at the | CB(1)2900/09-10(01) |
| | Panel meeting held on 21 June 2010 | http://www.legco.gov.hk/yr09-10/english/pane ls/ps/papers/ps0621cb1-2900-1-e.pdf |
| 18.4.2011 | Administration's paper on grade structure reviews for | CB(1)1858/10-11(03) |
| | non-directorate civilian grades | http://www.legco.gov.hk/yr10-11/english/pane ls/ps/papers/ps0418cb1-1858-3-e.pdf |
| | Minutes of meeting (Paragraphs 9 to 26) | CB(1)2445/10-11 |
| | | http://www.legco.gov.hk/yr10-11/english/pane ls/ps/minutes/ps20110418.pdf |
| | Administration's response to the issues raised at the | CB(1)2946/10-11(01) |
| | Panel meeting held on 18 April 2011 | http://www.legco.gov.hk/yr10-11/english/pane ls/ps/papers/ps0418cb1-2946-1-e.pdf |

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