

ITEM FOR FINANCE COMMITTEE

HEAD 162 - RATING AND VALUATION DEPARTMENT Subhead 106 Temporary staff

Members are invited to approve revised rates of honoraria for new trainees under the Valuation Surveying Graduate Training Scheme pegged to the Civil Service benchmark for Qualification Group 13 – Degree and Related Grades with effect from 1 August 2000.

PROBLEM

With the revision of starting salaries in the Civil Service which came into effect on 1 April 2000, new Valuation Surveying Graduate (VSG) trainees recruited by the Rating and Valuation Department (RVD), if paid under the existing rates of honoraria, would receive a starting pay higher than that of civil servants with similar qualifications. This is not acceptable as a pay policy of the Department.

PROPOSAL

2. The Commissioner of Rating and Valuation (CRV) proposes to lower the rates of honoraria for new VSG trainees to bring them in line with the Civil Service benchmark and entry pay for civil servants with similar qualifications. Specifically, CRV proposes that the honorarium for first-year trainees should be pegged to the Civil Service benchmark for Qualification Group 13 - Degree and Related Grades, and that for trainees in their second year and after, one point above the benchmark on the Master Pay Scale (MPS).

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3. On 18 February 2000, Members approved, *vide* FCR(1999-2000)63, the Administration's proposal to lower the benchmarks and starting salaries of the Civil Service with effect from 1 April 2000.

4. As a result, the benchmark for Qualification Group 13 - Degree and Related Grades has been lowered from MPS 16 (\$21,010) to MPS 11 (\$16,095). This benchmark falls below the current honoraria rates payable to the VSG trainees, i.e. \$17,460 and \$18,480 for the first and second years of training respectively, and \$19,450 for the third and fourth years of training. CRV considers this not acceptable since both civil servants in Qualification Group 13 and VSG trainees (who are not professional surveyors) have the same entry qualifications. Moreover, if the current honoraria rates remain unchanged, we would have a situation of a VSG trainee in his or her second year of training receiving a higher pay than an Assistant Valuation Surveyor (AVS) recruited to the Civil Service, since the starting pay of the latter has been lowered to MPS 13 (\$18,140) in the starting pay review exercise.

5. At the same time, the benchmarks for various Qualification Groups, including Qualification Group 13 - Degree and Related Grades, will be delinked from the annual pay trend adjustment so as to ensure the continuing broad comparability between Civil Service entry pay and pay in the private sector for similar qualifications. The Administration will conduct benchmark reviews every three to four years to ensure the benchmarks are kept in line with private sector pay in future, with an annual updating in the interim to ascertain the continuing broad comparability of Civil Service entry salaries with the private sector pay and to provide a trigger for the formal review at the three or four-year intervals. According to the approved mechanism, the dollar value of the benchmark/starting pay points will remain the same between reviews (unless there is clear survey evidence that pay in the private sector for recruits possessing similar qualifications has changed significantly) and the new recruits will be remunerated at the next higher pay point in their respective Pay Scales (which is adjusted annually in accordance with the pay trend) in their second year and will then move along the relevant increment scale in subsequent years.

6. In view of the above changes in the system of benchmark and starting pay of the Civil Service, and to maintain the relativity between the honoraria for VSG trainees and the pay for related grades in the Civil Service, CRV proposes to peg the rates of honoraria for new VSG trainees to the Civil Service benchmark for Qualification Group 13 - Degree and Related Grades, with effect from 1 August 2000. The rates of honoraria for VSG trainees will be revised as follows –

/First

- First year : The benchmark for Qualification Group 13 – Degree and Related Grades, which is MPS 11 (\$16,095) at present
- Second year and after (up to the fourth year) : One point higher than the above benchmark on the MPS, which is MPS 12 (\$17,100) at present

7. CRV proposes no increments for VSG trainees for their third and fourth years. This is because if the third-year and fourth-year VSG trainees were to receive increments, they would have received an honorarium rate at MPS 13 (\$18,140) and 14 (\$19,055) respectively. The rates will either be the same as, or higher than the entry pay of new AVS recruits which is currently pitched at MPS 13. This is not acceptable in terms of the Department's pay policy, as AVS posts are filled by candidates with more relevant working experience, and their duties involve heavier responsibilities than that of the VSG trainees.

8. As VSG trainees are normally recruited upon their graduation annually, we propose the new rates to take effect from 1 August 2000.

FINANCIAL IMPLICATIONS

9. At the proposed rates, each batch of four new VSG trainees will generate annual savings of around \$69,000 in their first year of training, \$70,000 in the second year, and \$118,000 in each subsequent year of training.

BACKGROUND INFORMATION

10. Surveying graduates have to undergo at least two years' practical training under supervision for obtaining professional membership of relevant professional bodies. At present, RVD operates a VSG Training Scheme with a view to promoting localisation in the professional disciplines. In view of the stringent requirements of the professional bodies, RVD allows VSG trainees to continue their training in the Department for up to a maximum of four years in total. There are a total of 12 places for VSG trainees in RVD. These trainees do not occupy Civil Service posts. No obligation is placed on the trainees to join the Civil Service. Nor is the Government committed to providing them employment on completion of their training.

11. Prior to 1986, the rates of honorarium for the VSG trainees were the same as the pay for Civil Service ranks requiring graduates. In 1986, these rates were delinked from the Civil Service pay scale and were determined having regard to the latest pay information from the relevant professional bodies. This mechanism of pegging the rates with market pay continued until 1992-93 when Members endorsed that in order to maintain the relativity between the rates of honoraria payable to the trainees and the pay in the assistant professional ranks in the Civil Service, the rates of honoraria for graduate trainees should be raised in line with the annual Civil Service pay revisions. Since then, the dollar values are revised automatically in line with the Civil Service salary revisions.

Finance Bureau
May 2000

