

ITEM FOR FINANCE COMMITTEE

HEAD 56 - GOVERNMENT SECRETARIAT : PLANNING AND LANDS BUREAU AND WORKS BUREAU

Subhead 106 Temporary staff

Members are invited to approve revised rates of honoraria for new trainees under the Works Bureau 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 the starting salaries in the Civil Service which came into effect from 1 April 2000, new graduate trainees recruited under the Works Bureau Graduate Training Scheme (the Scheme), if paid under the existing rates of honoraria, would receive a pay higher than that of civil servants with similar qualifications. This is not acceptable as a pay policy.

PROPOSAL

2. The Secretary for Works (S for W) proposes to lower the rates of honoraria for new graduate trainees under the Scheme to bring them in line with the Civil Service benchmark and entry pay for civil servants with similar qualifications. Specifically, it is proposed that –

- (a) the honorarium for first year trainees should be pegged to the Civil Service benchmark for Qualification Group 13 - Degree and Related Grades with effect from 1 August 2000; and
- (b) the honoraria for the second and third year trainees should be set at one point and two points above the benchmark on the Master Pay Scale (MPS).

/JUSTIFICATION

JUSTIFICATION

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 graduate trainees under the Scheme, ranging from \$17,460 to \$21,935¹. S for W considers this not desirable since both civil servants in Qualification Group 13 and graduate trainees (who are not professionals yet) have the same entry qualifications. Moreover, if the current honoraria rates remain unchanged, we would have a situation of a graduate trainee under training receiving a higher pay than a civil service recruit in the assistant professional rank in that same discipline, since the starting pay of the latter has been lowered to either MPS 13 (\$18,140) or MPS 14 (\$19,055) in the starting pay review exercise.

5. At the same time, the benchmarks for various Qualification Groups 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. All graduate trainees are holders of a recognised degree or an equivalent qualification. 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 the graduate trainees and the pay for related grades in the Civil Service, S for W proposes that the starting rates of honoraria should be pegged to the Civil Service benchmark for Qualification Group 13 - Degree and

/Related

¹ The respective rates for the non-architectural streams are \$17,460, \$18,480 and \$19,450 for the first, second and third year of training respectively whereas the current honoraria rates for the architectural stream are \$20,920 and \$21,935 for the first and second year of training, respectively.

Related Grades, with effect from 1 August 2000. The rates of honoraria for graduate trainees will be revised as follows –

- First year : The benchmark for Qualification Group 13 - Degree and Related Grades, which is MPS 11(\$16,095) at present
- Second year : One point higher than the above benchmark on the MPS, which is MPS 12 (\$17,100) at present
- Third year : Two points higher than the above benchmark on the MPS, which is MPS 13 (\$18,140) at present

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

FINANCIAL IMPLICATIONS

8. We estimate that the proposal will generate savings as follows –

	\$ million			
	2000-01	2001-02	2002-03	From 2003-04 onwards (full term effect)
Savings in recurrent expenditure for the Graduate Training Scheme	1.33	3.56	4.93	5.24

BACKGROUND INFORMATION

9. Graduate trainees are holders of a recognised degree or an equivalent qualification who have to undergo two to three years' practical training under supervision in order to acquire corporate membership of relevant professional bodies. They acquire experience through on-the-job training and make contributions to the work of the professional teams they attach to. At present, Government provides a total of 307 places for graduate trainees under the central management of the Works Bureau of the Government Secretariat. These graduate trainees do not occupy Civil Service posts but are paid an honorarium during the period of training. They are under no obligation to join the Government service on completion of their training; nor is the Government committed to providing employment for them after they have completed training under the Scheme.

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10. Prior to 1986, the rates were the same as the pay for Civil Service ranks requiring a degree. In 1986, these rates were delinked from the Civil Service pay scale and were determined having regard to the latest pay information from a separate pay level survey conducted on related trades. As a result, the pay for graduate trainees in the architectural stream was on a scale slightly higher than that for graduate trainees in the engineering and surveying streams. 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 adjusted 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.

11. The Graduate Training Scheme has recently been extended to include the landscape architectural stream. University graduates in relevant subjects may now be recruited as Landscape Architectural Graduates instead of as Assistant Landscape Architects in previous years. Therefore, corresponding upgrading of both the appointment requirements and the pay for Assistant Landscape Architects are being processed with a view to bringing the appointment requirements and the pay in par with those for other similar assistant professional posts in the Civil Service. As the current pay for Assistant Landscape Architects, starting on MPS 11, overlaps with the new honoraria now proposed for graduate trainees, it is considered not appropriate to propose the same new rates of honoraria for graduate trainees in the landscape architectural stream at this stage. We will freeze the recruitment of Landscape Architect graduates and a separate submission will be made in respect of honoraria for graduate trainees in the landscape architectural stream as soon as the appropriate upgrading of the pay for Assistant Landscape Architects has been endorsed.

Works Bureau
May 2000