

**For discussion
on 18 February 2000**

FCR(1999-2000)65

ITEM FOR FINANCE COMMITTEE

HEAD 92 - DEPARTMENT OF JUSTICE Subhead 149 General departmental expenses

Members are invited to approve revised rates of honoraria for trainees under the Legal Trainee Scheme pegged to the Civil Service benchmark for Qualification Group 11 - Professional and Related Grades Group I with effect from 1 April 2000.

PROBLEM

With the proposed revision of the starting salaries in the Civil Service, new legal trainees recruited by the Department of Justice (D of J), if paid under the existing rates of honoraria, would receive the same starting pay as new Government Counsel recruits. This is not acceptable as a pay policy of the Department.

PROPOSAL

2. The Secretary for Justice proposes to lower the rates of honoraria for new legal trainee intakes to bring them in line with the Civil Service benchmark and entry pay for comparable ranks. Specifically, it is proposed that the honorarium for first year trainees should be fixed at the Civil Service benchmark for Qualification Group 11 - Professional and Related Grades Group I and that for second year trainees at one point above the benchmark on the Master Pay Scale (MPS).

/JUSTIFICATION

JUSTIFICATION

The Legal Trainee Scheme

3. At present, D of J operates a Legal Trainee Scheme (LTS) to help local law graduates qualify as lawyers. Under the LTS, both trainee solicitors and pupil barristers are recruited as legal trainees on equal terms. The period of training for trainees in the barrister stream is one year while that for the solicitor stream is two years. Legal trainees are not civil servants and do not occupy any Civil Service posts in D of J. Instead, they are paid an honorarium during the period of training. The current rates are MPS 27 (\$35,285) and MPS 28 (\$36,940) for their first and second years of training respectively. The rates are pegged to the MPS in order to enable them to be revised automatically in line with general Civil Service salary revisions. Upon completion of their training, legal trainees are under no obligation to join the Civil Service, nor is the Government committed to providing employment for them.

1999 Civil Service Starting Salaries Review

4. In December 1999, the Chief Executive-in-Council accepted, inter alia, the recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) on the new benchmarks and starting salaries. The Establishment Subcommittee (ESC) at its meeting on 26 January 2000 endorsed the Administration's proposal to implement these recommendations with effect from 1 April 2000. The ESC recommendations will be considered by Members at the Finance Committee (FC) meeting on 18 February 2000 *vide* FCR(1999-2000)63.

5. As far as the Government Counsel grade is concerned, it belongs to Qualification Group 11 – Professional and Related Grades Group I. Under the recommendations of the Standing Commission, the benchmark for this Qualification Group will be lowered by five points from MPS 27 (\$35,285) to MPS 22 (\$28,075) and the starting pay for ranks in this group will be correspondingly lowered by five points. Accordingly, the starting pay point for the basic rank of Government Counsel will be lowered from MPS 32 (\$44,395) to MPS 27 (\$35,285).

Need to revise the honoraria for legal trainees

6. As a result of the lowering of the benchmark and the starting pay point for the Government Counsel grade, the rates of honoraria payable to legal trainees would have to be lowered by five points correspondingly in order to maintain the internal pay relativity within D of J. If the rates of honoraria are not

/adjusted

adjusted downwards, new legal trainees (currently remunerated at MPS 27 for the first year of training) would have the same starting pay as new Government Counsel recruits (proposed new starting pay point is MPS 27) upon implementation of the Standing Commission's recommendations.

7. The Standing Commission has also recommended that the benchmarks for various Qualification Groups should 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 Standing Commission's recommendations, 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.

8. In the light of the above and subject to Members' approval of the ESC's recommendations on Civil Service starting salaries contained in FCR(1999-2000)63, we propose that the rates of honoraria for new legal trainee intakes be revised with effect from 1 April 2000 as follows -

First year : The benchmark for Qualification Group 11 - Professional and Related Grades Group I, which will be MPS 22 (\$28,075) with effect from 1 April 2000

Second year : One point higher than the above benchmark on the MPS

The above rates are pegged to the qualification benchmark in order to enable them to be revised automatically in line with the recommendations of future benchmark reviews.

FINANCIAL IMPLICATIONS

9. Based on an annual intake of ten legal trainees, we estimate that the proposal will generate annual savings of about \$865,000.

/BACKGROUND

BACKGROUND INFORMATION

10. On 29 January 1993, having considered FCR(92-93)125, Members approved the rates of honoraria, equivalent to MPS 27 and 28, for the first and second years of training respectively under the LTS. The objectives of the Scheme are -

- (a) to provide a pool of qualified and competent local lawyers who can be selected to join D of J;
- (b) to contribute to the provision of professional training of local Postgraduate Certificate in Laws graduates in line with private sector practice;
- (c) to bring parity of terms for trainees in both the barrister and the solicitor streams; and
- (d) to provide an opportunity for serving officers in the legal-judicial group of departments, who have passed all qualifying examinations on their own, to acquire the necessary practical experience to qualify as lawyers.

11. In order to make the LTS an attractive and competitive scheme, the rates of honoraria payable to the trainees were set with due regard to the remuneration paid by large law firms in the private sector and the pay for the former Assistant Government Counsel rank, which is five points below the entry pay of the Government Counsel rank, at MPS 27 to 29. There has been no more intake into the Assistant Government Counsel rank. Deletion of this rank, amongst others, has been endorsed by ESC on 12 January 2000 and will be considered by Members at the FC meeting on 18 February 2000 *vide* FCR(1999-2000)63.

12. The LTS has been operating successfully and has achieved its objectives. The number of applications, trainees recruited and trainees who were subsequently appointed as Government Counsel after training are at the Enclosure.

Encl.

**Summary of Applications Under the Legal Trainee Scheme (1993 to 2000)
and Information on Appointment of Legal Trainees as Government Counsel**

| Year of entry | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>(a) Number of places</i> | 5 | 10 | 15 | 15 | 15 | 15 | 15 |
| <i>(b) Number of applications</i> | 151 | 226 | 268 | 270 | 237 | 205 | 230 |
| <i>(c) Number engaged as Legal Trainee</i> | 3(S) + 2(B) 5 | 5(S) + 5(B) 10 | 6(S) + 9(B) 15 | 7(S) + 8(B) 15 | 7(S) + 8(B) 15 | 9(S) + 6(B) 15 | 9(S) + 6(B) 15 |
| <i>(d) Number appointed as Government Counsel</i> | 2(S) + 2(B) 4 | 4(S) + 4(B) 8 | 3(S) + 6(B) 9 | 4(S) + 6(B) 10 | 2(S) + 4(B) 6 | 2(B) 2 | |

(S) denotes Legal Trainee (Solicitor) and (B) denotes Legal Trainee (Barrister).