

**Legislative Council Panel on Public Service  
Meeting on 19 June 2000**

**Conversion of Model Scale I (MOD I) Civil Servants  
From Category B to Category A**

**Purpose**

The purpose of this paper is to brief Members on the request from the Staff Sides of the MOD I Staff Consultative Council to convert MOD I civil servants to Category A status and on the Administration's views on this issue.

**Introduction**

2. Representatives of the staff sides of the MOD I Staff Consultative Council met Duty Roster Members on 23 May. During the meeting, they put forward a request that MOD I civil servants be converted to Category A status.

**Background**

3. Civil servants are appointed to the civil service on different terms of appointment, including agreement terms, permanent terms and month-to-month terms. An officer who is appointed on permanent terms and confirmed in an established office<sup>note 1</sup> on the permanent establishment is known as a Category A officer. On the other hand, an officer who is appointed to a non-established office on month-to-month terms, or who is appointed to an established office on agreement terms (i.e. not confirmed in the established office), is known as a Category B officer. All MOD I posts are non-established office and staff are appointed to these posts on month-to-month terms. All MOD I staff are therefore Category B officers.

4. MOD I staff have their own pay scale and dedicated terms, fringe benefits and disciplinary arrangements. The terms and conditions of appointment, just like all civil service terms and conditions of service, are made having regard to those of the appropriate private sector analogues and are reviewed from time to time.

5. The Staff Side of the MOD I Staff Consultative Council's current request must be considered against the fact that they have consistently sought

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<sup>note 1</sup> An Established Office means an office declared to be an established office by an Order made by the Chief Executive and published in the Gazette. (Such an office was previously known as pensionable office.)

amalgamation of the MOD I pay scale with the Master Pay Scale (MPS). If the amalgamation were to proceed, the MOD I posts will become established offices thus MOD I staff will gain Category A status and be converted to permanent terms. The main reasons put forward in support of their request have been that the distinction between staff on MOD I pay scale and those on the MPS is discriminatory; that the practice of comparing their terms and conditions with those in the private sector should not apply because the nature of work in the civil service differs from that in the private sector; and that the “month-to-month” terms of employment deprive them of job security.

6. The issue has been examined by the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) on three occasions: first in 1979/80 and again in 1987. Members of the Standing Commission concluded on both those occasions that MOD I should remain as a separate group. The subject was most recently considered by the Standing Commission in 1989. At that time, Members noted that the private sector still differentiated between the terms and conditions of service of employees comparable to MOD I staff and those comparable to MPS staff. They concluded that the arrangement of having two separate pay scales should continue .

### **The Administration’s Views**

7. As a matter of principle, we accept that Government staff may be appointed on different terms, pay scales and conditions of service. Pay and conditions of service have always been set by reference to the appropriate private sector analogues taking into account the nature of the work.

8. It is worthwhile pointing out that over the years, where circumstances permit, the Administration has taken steps to narrow the gap between the terms of service of MOD I staff and those on MPS. For example: the conditioned hours of MOD I staff have been reduced from 48 to 45 net per week; the leave earning rates of MOD I staff with less than 10 years of service have been increased from 12.5 days to 14 days per year; and under the new fringe benefits package for recruits which has just been introduced, the leave earning rates for junior MPS staff and MOD I staff are now the same.

### **Implications of the Conversion from Category B to Category A Status**

9. The direct results of conversion from Category B to Category A would be an increase in the pension factor in respect of the first 25 years of service for those on Old Pension Scheme (estimated to give rise to financial implications of around HK\$3.4 million per annum) and extending to the MOD I staff the disciplinary procedures applicable for Category A officers.

10. On disciplinary procedures, it is true that MOD I staff may be

summarily fined for minor offences such as unpunctuality or absence without reasonable excuse, and is liable to summary dismissal if he is on prolonged unauthorised absence, or wilfully refuses or omits to perform his duty. However, such action cannot be taken arbitrarily or without good reasons. Each case is carefully considered on its own circumstances before a decision is made and any termination may only be effected with the authority of the Head of Department. In other disciplinary cases, a MOD I staff is entitled to the same investigative proceedings as other Category A staff. The process is fair and exhaustive, during which the officer is given ample opportunity to make representations or to state his case. He may also appeal through the various channels which are available to all civil servants irrespective of employment status.

### Implications of amalgamation of pay scales

11. We note that in their recent submission to LegCo, the Staff Side of the MOD I Staff Consultative Council has proposed that conversion should not lead to additional financial commitment by Government. Nevertheless, we feel we should highlight the following implications since they had been raised by the Staff Side before and since the Staff Side has not specifically stated that these will not be further pursued in the future.

12. If we were to amalgamate the MOD I into the MPS, there would have to be changes to the pay scale, leave earning rates and eligibility for Overseas Education Allowance (OEA) for those converted.

13. As the pay increment structure of MPS is different from MOD I pay scale, the amalgamation would entail additional expenditure of about HK\$83 million per annum<sup>note 2</sup>.

14. On leave earning rates, existing MOD I staff currently earn 14 days (for those with less than 10 years' service) and 22 days (for those with 10 years of service or more) per year. The corresponding rates for junior MPS staff are 22 and 31. Standardising the MOD I leave earning rate by bringing it in line with the MPS equivalent is estimated to cost an additional HK\$83 million per annum.

15. On OEA, MOD I staff currently are not eligible for OEA. Including MOD I into MPS thereby rendering them eligible for OEA will have financial implications in the region of HK\$ 77 million per annum.

### **Way Forward**

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<sup>note 2</sup> If the MOD I and the MPS pay scale were to be amalgamated, it will mean converting each pay point of the MOD I pay scale to an MPS point of nearest dollar value but which is no less than the existing one. In most cases this will result in a pay increase.

16. We are well aware of the Staff Sides position on this issue and maintain an open dialogue with them to ensure they understand our position. We have assured them that we shall review this matter as and when appropriate. We will continue to maintain a dialogue with the Staff Sides.

Civil Service Bureau  
June 2000

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