

## **ITEM FOR FINANCE COMMITTEE**

**HEAD 138 – GOVERNMENT SECRETARIAT :  
HOUSING, PLANNING AND LANDS BUREAU  
(PLANNING AND LANDS BRANCH)**

**Subhead 000 Operational expenses**

**HEAD 159 – GOVERNMENT SECRETARIAT :  
ENVIRONMENT, TRANSPORT AND WORKS BUREAU  
(WORKS BRANCH)**

**Subhead 000 Operational expenses**

Members are invited to approve the removal of the current linkages between the honoraria for new trainees under the Graduate Training Scheme and the Undergraduate Training Scheme for the Environment, Transport and Works Bureau and the Housing, Planning and Lands Bureau and the civil service pay.

### **PROBLEM**

The rates of honoraria for trainees under the Graduate Training Scheme (GTS) for the Environment, Transport and Works Bureau (ETWB) and the Housing, Planning and Lands Bureau (HPLB) and the Undergraduate Training Scheme (UTS) for ETWB are generally much higher than the salaries of graduate and undergraduate trainees in the private sector.

### **PROPOSAL**

2. We propose to remove the current linkages between the honoraria for new trainees under GTS and UTS and the civil service pay by un-pegging the honorarium for the first year trainees under GTS from the Civil Service benchmark for Qualification Group 9 – Degree and Related Grade which is point 11 (\$16,095) of the delinked Master Pay Scale (MPS), and by de-linking the revision of the rates of honoraria for new trainees under UTS from the civil service pay adjustment in the comparable pay bracket.

**/JUSTIFICATION .....**

**JUSTIFICATION**

3. Currently the starting honorarium for graduate trainees is pegged to the Civil Service benchmark for Qualification Group 9 - Degree and Related Grades. As for the UTS, the honorarium for undergraduate trainees is adjusted in accordance with civil service pay adjustments. Removing such linkages with civil service pay will allow us to be more responsive in making adjustments in line with salary movements in the private sector. This will help achieve comparability in honoraria between the private sector and GTS and UTS. It will also allow us to better utilize the available resources.

4. Subject to approval of the proposed change, the Secretary for the Environment, Transport and Works will revise the rates of honoraria under the GTS and UTS having regard to the results of annual salary surveys of graduate and undergraduate trainees in the private sector and other relevant factors. We have made reference to the salary survey conducted by the Vocational Training Council (VTC) in the first quarter of 2003 for graduates in the engineering discipline. The VTC survey<sup>Note</sup> covers over 130 employers who provide the Hong Kong Institution of Engineers Scheme "A" training and has obtained a weighted mean of \$10,711 per month.

Encl. 1 5. We have separately carried out a salary survey for graduate trainees in May 2003. Details of the survey results are at Enclosure 1. The results are supportive of the VTC survey mentioned in paragraph 4 above.

6. For the graduate trainees to be recruited in 2003, we plan to set the starting honoraria for all the 17 disciplines under GTS at \$10,700 per month in the first year of training to achieve broad consistency. On completion of each year of training, an increment on the honorarium may be granted to reflect the experience gained and the increasing level of responsibility of the work to be performed by the trainees. In determining the increment, we will take suitable account of the increment granted to the graduate trainees in the private sector.

7. We shall fix the rates of honoraria in future years by making reference to the VTC survey mentioned in paragraph 4 above or similar surveys. We will also undertake salary surveys if necessary.

/8. ....

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<sup>Note</sup> VTC carries out annual surveys on the salaries likely to be offered by employers participating in the Council's Engineering Graduate Training Scheme in order to determine the subsidy rates under the Scheme.

8. Upon revision, we plan to utilize the savings from the reduction in honoraria to achieve the following –

- (a) extend the training period for new engineering graduate trainees to the minimum period required for their professional examinations; and
- (b) where appropriate, increase the number of training places.

9. We shall also adjust downwards the honorarium for the new undergraduate trainees to be engaged under UTS to \$6,380 per month. Reference has been made to the rate of honorarium adopted for “sandwich” trainees under the VTC Engineering Graduate Training Scheme.

#### **Extending the training period for new engineering graduate trainees**

10. The GTS currently only provides two to three years’ training to the graduates meeting the basic training requirements of the relevant professional institutions. Trainees in all the engineering disciplines would however need to acquire one to two years of responsible experience, after completion of their training under GTS making up a total of four years, before they become eligible to sit for the professional examinations.

11. In the past, the above was not a problem as graduate trainees could either be retained in the Government and employed as assistant professionals or could easily secure employment elsewhere after training under GTS. However, under the current economic climate, many engineering graduate trainees will not be eligible to take their professional examinations after completion of their two to three years’ training because they lack the requisite one to two years of post-training responsible experience.

12. Extending the training period to cover the period of responsible experience required by the engineering institution would allow the trainees to acquire all necessary experience for sitting the professional examinations and avoid the embarrassing situation of being left in the vacuum between completion of training and attaining eligibility for the professional examinations. During the extended training period, the engineering graduate trainees can apply for the non-civil service contract assistant professional posts in government departments, if available, or similar posts in the private sector.

**/Increasing .....**

### Increasing the number of training places for graduate trainees

13. Increasing the number of training places will help provide necessary training to young members of the profession which is essential to sustaining manpower development in the Hong Kong Special Administrative Region's professional services. The increase will also create more training opportunities for the young graduates, particularly under the present economic situation.

14. If the proposal is approved, we plan to increase the number of graduate trainees to be recruited in 2003 from 115 to 158. The actual number of trainees to be recruited will depend on various factors, including the availability of suitable candidates. The intake for subsequent years is expected to gradually decrease to around 120 by 2006 based on the resources currently planned to be made available for GTS in the next few years.

### FINANCIAL IMPLICATIONS

15. Based on the existing annual intake of 115 graduate trainees and ten undergraduate trainees and an assumed incremental creep of 5% each year for the rates of honoraria, we estimate that the proposal will generate the following savings –

	\$ million		
	First year	Second year	Third year (full-term effect)
Savings in recurrent expenditure under GTS			
- ETWB	4.58	9.69	13.07
- HPLB	1.84	3.90	3.90
	<u>6.42</u>	<u>13.59</u>	<u>16.97</u>
Savings in recurrent expenditure in ETWB under UTS	0.28	0.28	0.28
	<u>6.70</u>	<u>13.87</u>	<u>17.25</u>

16. The additional financial implication to ETWB and HPLB in increasing the number of graduate trainees from 115 to 158 in 2003 is about \$5.8 million. To extend the training period for the engineering graduates to the minimum period required for their professional examinations, the additional financial implication to ETWB is estimated at \$3.3 million in the third year rising to \$12.2 million in the fourth year, assuming that the target intake for engineering graduate trainees for 2003 is 78.

## **CONSULTATION WITH LEGISLATIVE COUNCIL PANEL**

17. We informed the Legislative Council Panel on Planning, Lands and Works of the proposal on the delinking of the rates of honoraria for new trainees under GTS and UTS by circulation on 25 June 2003. Members had no objection to the proposal.

## **BACKGROUND INFORMATION**

### **Graduate Training Scheme**

18. The GTS is administered by ETWB. It covers graduate training in 17 disciplines in architecture, engineering, landscape architecture, surveying and town planning. Thirteen disciplines are within the departments under the purview of ETWB and four under HPLB. A list of the disciplines under GTS is at Encl. 2 Enclosure 2. Currently, there are 82 and 33 first-year graduate trainee places in ETWB and HPLB respectively.

19. Graduate trainees are not civil servants and are currently engaged for a training period between two to three years depending on the graduate training requirements of the professional institutions. There is no guarantee for further engagement of the graduates in the Government upon completion of their training.

20. The starting honorarium for graduate trainees is pegged to the Civil Service benchmark for Qualification Group 9 - Degree and Related Grades, which is point 11 (\$16,095) on the delinked MPS. The honoraria for the second and third years of training are set at one point and two points above the benchmark and are subject to the civil service pay adjustments. The rates of honoraria and adjustment mechanism were approved by the Finance Committee (FC) in May 2000 and June 2001 vide FCR(2000-01)10 and FCR(2001-02)24 respectively.

21. Recruitment for the 2003 intake of graduate trainees is in progress. The advertised starting honorarium is \$16,095 per month with a provision that it would be subject to changes at the time the offer of appointment is made. Offers are scheduled to be made starting from 18 July 2003 after the FC meeting.

**Undergraduate Training Scheme**

22. ETWB also operates UTS, the purpose of which is to provide undergraduates with one year's practical training as part of their academic studies. At present, there are ten training places under UTS. Undergraduate trainees are paid an honorarium of \$9,110 per month. Adjustments to the honorarium are made in accordance with civil service pay adjustments. The adjustment mechanism was approved by FC in July 1992 vide FCR(92-93)47.

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Environment, Transport and Works Bureau  
July 2003

**Results of Salary Survey for Graduate Trainees**

<b>Profession</b>	<b>Weighted Average Basic Starting Salary (Per Month)</b>
Architecture	\$11,585
Engineering	\$11,325
Landscape Architecture	\$13,120
Surveying	\$8,360
Town Planning	\$8,610
<b>Overall</b>	<b>\$10,340</b>

**List of Disciplines under the Graduate Training Scheme**

<b>Profession</b>	<b>Discipline</b>	<b>Managing Department</b>	<b>Bureau</b>
Architecture	Architectural Graduates*	Architectural Services	ETWB
Engineering	Building Services Engineering Graduates*	Electrical & Mechanical Services	
	Civil Engineering Graduates*	Civil Engineering, Drainage Services, Highways, Territory Development & Water Supplies	
	Electrical Engineering Graduates*	Electrical & Mechanical Services	
	Electronics Engineering Graduates	Electrical & Mechanical Services	
	Engineering Geology Graduates	Civil Engineering	
	Environmental Engineering Graduates	Environmental Protection	
	Geotechnical Engineering Graduates	Civil Engineering	
	Mechanical Engineering Graduates*	Electrical & Mechanical Services	
Structural Engineering Graduates	Architectural Services		
Landscape Architecture	Landscape Architectural Graduates	Architectural Services	
Surveying	Building Surveying Graduates	Buildings	HPLB
	Estate Surveying Graduates	Lands	
	Land Surveying Graduates	Lands	
	Maintenance Surveying Graduates	Architectural Services	ETWB
	Quantity Surveying Graduates	Architectural Services	
Town Planning	Town Planning Graduates	Planning	HPLB

**Legend**

ETWB – Environment, Transport and Works Bureau

HPLB – Housing, Planning and Lands Bureau

\*Disciplines also covered under the Undergraduate Training Scheme



