

**For discussion  
on 18 July 2003**

**FCR(2003-04)39**

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 162 – RATING AND VALUATION DEPARTMENT Subhead 000 Operational expenses**

Members are invited to approve the removal of the current linkage between the honoraria under the Valuation Surveying Graduate Training Scheme and civil service pay for new trainees joining the scheme.

#### **PROBLEM**

The rates of honoraria for trainees under the Valuation Surveying Graduate Training Scheme (VSGTS) are generally much higher than the salaries of graduate trainees in the private sector. This does not represent the best use of scarce resources.

#### **PROPOSAL**

2. We propose to remove the current linkage between the honoraria under VSGTS and civil service pay for new trainees joining the scheme. Specifically, we propose to unpeg the honorarium for the first year trainees 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 unpeg the honorarium for the second to fourth years from point 12 on the MPS (\$17,220).

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**JUSTIFICATION**

3. The starting honorarium for trainees under the VSGTS is now pegged to the Civil Service benchmark for Qualification Group 9 – Degree and Related Grade, at Point 11 on the MPS. We also grant one point of increment, i.e. to point 12 on the MPS, to trainees in their second year of training (with no further increments in subsequent years) to reflect the experience gained and the increasing level of responsibility of the work to be performed by the trainees. Delinking the training honoraria from 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 training schemes in the private sector and VSGTS, and allow us to better utilize the available resources. It is also consistent with the proposal of the Secretary for the Environment, Transport and Works (SETW) (FCR(2003-04)38) to delink the training honoraria under the Graduate Training Scheme (GTS) for the Environment, Transport and Works Bureau (ETWB) and Housing, Planning and Lands Bureau (HPLB) from civil service pay.

4. Subject to approval of the proposed delinking, the Secretary for Financial Services and the Treasury will determine the rates of honoraria under VSGTS having regard to the results of annual salary surveys of graduate trainees in the private sector and other relevant factors.

5. At present, the starting honorarium offered for Valuation Surveying Graduates (VSG) under the VSGTS is aligned with that offered for Estate Surveying Graduates (ESG) under the GTS of ETWB and HPLB. Our current thinking is to keep this alignment after delinking, taking into account the fact that both ESG and VSG have the same entry and training requirements required by the Hong Kong Institute of Surveyors. In this regard, SETW's current plan is to determine the starting honorarium for ESG and 16 other disciplines under the GTS with reference to salary surveys conducted regularly by the Vocational Training Council or other similar surveys and relevant factors. According to the latest surveys, a starting honorarium of \$10,700 per month will be offered under the GTS. We intend to adopt the same rate for new trainees under VSGTS. We will make reference to salary surveys and take suitable account of any increment granted to graduate trainees in the private sector when determining whether adjustments to the honorarium should be made during the period of training and the amount thereof.

6. We plan to utilize the savings from the reduction in honoraria to increase the number of training places. If the proposal to delink from civil service pay is approved, we can increase the number of graduate trainees to be recruited in 2003-2006 from 16 to 22. The actual number of trainees to be recruited will depend on various factors including the availability of suitable candidates.

## **FINANCIAL IMPLICATIONS**

7. Based on the existing annual intake of four graduate trainees, a training period of four years, a starting honorarium of \$10,700 per month and an assumed incremental creep in honorarium in the second year (say, 5%, for illustration purposes), we estimate that the proposed delinking will generate the following savings –

	<b>First year</b>	<b>Second year</b>	<b>Third year</b>	<b>Fourth year (full-term effect)</b>
Savings in recurrent expenditure under VSGTS (in \$ million)	0.22	0.47	0.72	0.97

## **CONSULTATION WITH LEGISLATIVE COUNCIL PANEL**

8. We informed the Legislative Council Panel on Financial Affairs of the proposal on the delinking of the rates of honoraria for new trainees under VSGTS by circulation on 7 July 2003.

## **BACKGROUND INFORMATION**

9. Surveying graduates have to undergo practical training under supervision for obtaining professional membership of relevant professional bodies. At present RVD operates the VSGTS with an aggregate of 16 places for such graduates. VSG trainees may continue their training in the Department for up to a maximum of four years. Graduate trainees are not civil servants. There is no guarantee of further engagement in the Government for the graduates upon completion of their training. The existing rates of honoraria and adjustment mechanism were approved by the Finance Committee in May 2000 vide FCR (2000-01)9.

10. 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 for individual applicants are scheduled for July 2003. We will inform applicants of the review on the honorarium.

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Financial Services and the Treasury Bureau  
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