

ITEM FOR FINANCE COMMITTEE

RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE

Encl. 1 Enclosure 1 is the summary of the recommendations of the
Establishment Subcommittee (ESC) agenda items EC(2007-08)5, 6 and 9 made at
Encl. 2 its meetings on 13 and 22 June 2007 respectively. With regard to Enclosure 2,
some ESC Members have requested that the recommendation on EC(2007-08)7
should be submitted to Finance Committee separately to facilitate voting on the
subject.

2. The relevant papers considered by the ESC have previously been
forwarded to all Members and are therefore not enclosed.

3. Members are invited to approve the ESC recommendations.

4. The up-to-date position of the establishment of directorate posts in the
civil service is as follows –

	Permanent	Supernumerary	Total
Position including posts approved by Members as at 22 June 2007	1 481 ^(Note 1)	24	1 505
Item EC(2007-08)5	1	-1 ^(Note 2)	-
Item EC(2007-08)6	-	-	-
Item EC(2007-08)7	-	-	-
Item EC(2007-08)9	-	-	-
Total	1 482	23	1 505

Note 1 - Exclusive of 14 permanent posts in Independent Commission Against Corruption.

Note 2 - The supernumerary post of Assistant Director of Housing (D2) will be made permanent with effect from 15 July 2007.

5. When discussing Item EC(2007-08)7 at the ESC meeting on 13 June 2007, Members passed a motion urging the Administration to link the pay of affected serving civil servants with the proposed new starting salaries in accordance with their years of service. The Administration's response to the motion is at

Encl. 3 Enclosure 3.

Financial Services and the Treasury Bureau
June 2007

**Summary of the Recommendations of the Establishment Subcommittee
discussed at its meetings on 13 and 22 June 2007**

EC Item No.	Head of Expenditure	Recommendation
EC(2007-08)5*	HEAD 62 – HOUSING DEPARTMENT	To recommend to Finance Committee the creation of the following permanent post to head the Independent Checking Unit with effect from 15 July 2007 – 1 Assistant Director of Housing (D2) (\$110,000 - \$116,800)
EC(2007-08)6*	HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE (Land Registry Trading Fund)	To recommend to Finance Committee the retention of the following supernumerary posts for three years with effect from 5 October 2007 to prepare for the commencement of the Land Titles Ordinance and the implementation of the new land title registration system – 1 Senior Principal Executive Officer (D2) (\$110,000 - \$116,800) 1 Principal Land Registration Officer (D1) (\$92,650 - \$98,300) 1 Chief Systems Manager (D1) (\$92,650 - \$98,300) 1 Assistant Principal Solicitor (DL1) (\$92,650 - \$98,300)
EC(2007-08)9#	HEAD 180 – TELEVISION AND ENTERTAINMENT LICENSING AUTHORITY	To recommend to Finance Committee the creation of a non-civil service position of Secretary-General of the Film Development Council at the equivalent rank of D2 (\$110,000 - \$116,800) for a period of two years to strengthen the support for the work of the new Hong Kong Film Development Council

Notes -

* Papers considered by the Establishment Subcommittee on 13 June 2007.

Paper considered by the Establishment Subcommittee on 22 June 2007.

**Summary of the Recommendation of the Establishment Subcommittee
discussed at its meeting on 13 June 2007**

EC Item No.	Head of Expenditure	Recommendation
EC(2007-08)7	APPLICATION OF THE FINDINGS OF THE 2006 STARTING SALARIES SURVEY TO THE CIVIL SERVICE	<p>To recommend to Finance Committee to approve the following with effect from 1 August 2007 –</p> <ul style="list-style-type: none">(a) the revised benchmark pay for nine Qualification Groups (QG);(b) the revised starting salaries of some civilian grades;(c) the revised pay scales of the assistant ranks in QG 8;(d) the revised starting salaries of some disciplined services grades;(e) the conversion arrangement (subject to two technical measures) for affected serving civil servants appointed on or after 1 April 2000, and are still serving on the entry ranks of those grades whose starting salaries will be revised;(f) the special arrangement in respect of incremental award for qualification for affected serving teachers appointed on or after 1 April 2000, and are still serving on entry ranks; and(g) the discontinuation of the delinking arrangement and the abolition of the reference pay scales.

The Motion Relating to Item EC(2007-08)7

Motion passed by the Establishment Subcommittee

At its meeting on 13 June 2007, the Establishment Subcommittee passed the following motion:

“ This Subcommittee requests that the Government, when implementing the revised benchmark pay for the nine Qualification Groups (QGs), should link the pay of the civil servants in these QGs who were appointed on or after 1 April 2000 to the pay of those in the same QGs but appointed after 1 August 2007 in accordance with their years of service.”

The Administration's response

2. The normal conversion arrangement recommended for affected serving civil servants (as well as teaching and non-teaching staff in the aided school sector) has been recommended by the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) since its inception in 1979. The Standing Commission has re-affirmed its recommendation that the Administration should adopt this conversion arrangement in the application of the findings of the 2006 Starting Salaries Survey (SSS) to the civil service.

3. To ensure that starting salaries in the civil service are in line with those in the private sector, the Administration has decided that SSS will be conducted on a regular basis, i.e. once every three years starting from 2006. Therefore, the Administration has to consider carefully and balance the interests and concerns of the public at large and those of the affected serving staff before deciding what conversion arrangement should be adopted for serving staff when starting salaries are revised upwards and downwards.

4. The Administration's position, adopted in 2000 when starting salaries were adjusted downwards, is not to reduce the salaries of serving staff to take account of the reduction in starting salaries. When serving staff are protected from a downward revision of starting salaries, we need to ensure an appropriate balance is incorporated into the conversion arrangement for affected serving staff when starting salaries are revised upwards. This is all the more necessary when a SSS will be conducted every three years and when the findings of every SSS may cause an upward or downward revision of the starting salaries of some or all or none of the

civil service grades. To illustrate, if the Administration were to adopt the full conversion arrangement for affected serving staff as a result of the increase in starting salaries in 2007, if the findings of the 2009 SSS led to a reduction in starting salaries in 2010 and serving staff were protected from the downward revision in line with the above stated position, the Administration would be severely criticized for uneven-handed treatment and for imprudent use of public monies.

5. The Government values the contributions of serving civil servants and serving teaching and non-teaching staff in the aided school sector. Under the normal conversion arrangement, some serving staff with experience may be paid on par with, or just at one pay point higher than, new recruits. However, the longer year(s) of service of the affected serving staff will be fully taken into account when it comes to consideration for promotion and acting appointment. Serving staff's years of service counts for the purpose of determining the contribution rate from the Administration for the Civil Service Provident Fund or Grant/Subsidized Schools Provident Fund. In the case of disciplined services, serving civil servants with more years of experience enjoy higher priority when it comes to departmental quarters allocation.

6. Having regard to the above considerations, the Administration remains of the view that it is appropriate to adopt the normal conversion arrangement for affected serving civil servants, and affected serving teaching and non-teaching staff in aided schools (subject to a special arrangement for the incremental award of qualification for the teaching grades). The staff sides of the four central consultative councils and the representatives of the four service-wide civil service unions have been consulted on the conversion arrangement for affected serving civil servants. They consider the recommended normal conversion arrangement acceptable.
