

Chapter 1

Introduction

The Standing Committee

1.1 The Standing Committee on Disciplined Services Salaries and Conditions of Service (the Standing Committee) is an independent advisory body appointed by the Chief Executive to advise on the pay and conditions of service as well as the grade, rank and salary structures of the Disciplined Services. The Standing Committee's terms of reference and membership are at **Appendices 1 and 2**.

1.2 The Disciplined Services cover seven departments or agencies namely, the Correctional Services Department (CSD), the Customs and Excise Department (C&ED), the Fire Services Department (FSD), the Government Flying Service (GFS), the Hong Kong Police Force (HKPF), the Immigration Department (ImmD) and the Independent Commission Against Corruption (ICAC).

Grade Structure Review

1.3 In 2006, the Administration conducted a Pay Level Survey (PLS) for the civil service. The disciplined services grades were not covered in view of the absence of market comparators. The results of the PLS were applied to the Disciplined Services on the basis of their prevailing pay relativities with the civilian grades. In November 2007, the Standing Committee accepted the Administration's invitation to conduct a grade structure review (GSR) for the Disciplined Services to examine whether this set of relativities is still valid and appropriate.

Scope of the Grade Structure Review

1.4 Having accepted the invitation from the Administration, the Standing Committee has decided that the GSR would focus primarily on the appropriate pay scale for each of the grades and ranks in the Disciplined Services, including the Rank and File, the Officer cadre and the directorate ranks below the Heads of Disciplined Services. Where relevant, the Committee has also examined the structure for individual disciplined services grades, such as whether the existing grades and/or the number of ranks in a grade are appropriate.

1.5 Allowances and benefits are outside the scope of the GSR as the Administration has recently completed a comprehensive review on Job-related Allowances (e.g. Extra Duties Allowance) and implemented a revised package on fringe benefit type of allowances (e.g. education allowance and passage allowance). During the GSR, we have come across some issues that are not within the ambit of the Review but are nonetheless of relevance to the effective and efficient management of the Disciplined Services. We have also examined these issues to offer our comments to the Administration for attention or follow up, where appropriate.

Approach

1.6 The GSR was conducted through a combination of historical review, fact-finding, examination of written submissions, visits to and briefings by the Disciplined Services, discussions and informal meetings with the departmental management and staff representatives, and a series of Standing Committee and Sub-Committee meetings.

1.7 As stipulated in its terms of reference, the Standing Committee operates through three Sub-Committees, namely the General Disciplined Services Sub-Committee (covering the CSD, C&ED, FSD, GFS and ImmD), the Police Sub-Committee and the ICAC Sub-Committee. We follow this established practice in the GSR, with the Standing Committee providing overall steer and moderation for the Sub-Committees in examining the respective Disciplined Services.

1.8 During the GSR, the management and staff are given ample opportunities to express their views in writing or during informal meetings. As with previous reviews, we invited submissions from the Disciplined Services' management and staff. As at 15 November 2008, we received 441 submissions from different parties, a list of which is set out at **Appendix 3**. Among them, there are a submission containing 3 615 signatures of staff members of the FSD, a submission containing 11 373 signatures of members of the five General Disciplined Services, and a submission enclosing 19 220 letters from staff members of the Police Force. All submissions were considered in their entirety, and where appropriate, additional information and clarification were sought.

1.9 During the GSR, the three Sub-Committees conducted a total of 16 visits to the seven Disciplined Services (**Appendix 4**). The visits facilitated us in understanding more about their challenges at work and provided opportunities for us to meet with the frontline staff to listen to their views.

1.10 We conducted 37 informal meetings with the management of the seven Disciplined Services and staff representatives, including the Police Force Council Staff Side, the Disciplined Services Consultative Council Staff Side and the ICAC Departmental Grades Staff Committee; as well as other major service-wide unions such as the Government Disciplined Services General Union and departmental staff unions.

Guiding Principles and Considerations

1.11 We are conscious that the GSR is a long-awaited exercise. Expectations are high; interests and views, diverse and often conflicting. Some expect no less than a fundamental overhaul of the pay and grade structure. Others are inclined to maintain the status quo with minimal changes. All of them expect some improvements in various forms and to varying degrees. It becomes apparent to us from the very beginning that the GSR is a challenging exercise, and the issues are many and varied. We are committed to conducting the GSR in an open, fair and independent manner. Our objective is to strike a fine balance, after taking into account all relevant facts, views and considerations.

1.12 In conducting the GSR, we are guided by our terms of reference and have adopted a common set of guiding principles and parameters for consistent application across the Disciplined Services. We have given due regard to all relevant considerations, including the following factors as suggested in the invitation from the Administration –

- (a) it is the Government's pay policy for the civil service to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with effective and efficient services; and to ensure the civil service remuneration is regarded as fair by both civil servants and the public they serve; and
- (b) the Disciplined Services are an integral part of the civil service of the Hong Kong Special Administrative Region.

1.13 We have also paid special attention to the following considerations –

- (a) changes in the work nature, job duties, responsibilities and workload of each Disciplined Service and public expectation, consequential upon the evolving social, economic and political landscapes since the 1988 Rennie Review and the subsequent reviews conducted by the Standing Committee in the 1990s;
- (b) the recruitment, retention and career progression situation of each grade and rank in the Disciplined Services;
- (c) staff management and morale considerations of each Disciplined Service; and
- (d) any wider community interests, including financial and economic considerations, which in the Standing Committee's views are relevant.

1.14 In addition to the above, we have taken into account a host of other relevant considerations, some of which are highlighted in the following paragraphs.

Established Principles and Structure

1.15 The Disciplined Services have a long history dating back to the birth of Hong Kong. Their existing grade and rank structures and pay and conditions of service reflect the outcomes of detailed deliberations of previous reviews, notably the 1988 Rennie Review and the subsequent reviews conducted by the Standing Committee in the 1990s. The exemplary achievements of the Disciplined Services over the past decades demonstrated that the current system have generally functioned smoothly. To enable the Disciplined Services to build on their success, we consider it appropriate and pragmatic to use the existing pay and grade structures as the starting point, then identify areas for improvement and recommend targeted solutions.

Relativities and Comparison

1.16 During the review process, a recurring theme in the written submissions and discussions is the issue of internal relativities or comparisons within the Disciplined Services and between the Disciplined Services and the civilian grades.

1.17 We are conscious that a key mandate of the GSR is to examine whether the existing set of relativities between the civilian grades and the Disciplined Services is still valid and appropriate. In this connection, we have sought the Administration's clarifications on the concept of "internal relativities". We are advised that –

- (a) "Internal relativities" is a factual description of the relationship (expressed in terms of difference in pay points, dollar value or percentages, as the case may be) among the benchmark pay for the different Qualification Groups¹ (QGs), or among the pay of grades in the same QG, or among various pay scales

¹ Civil service salaries at the entry level are set having regard primarily to academic qualifications and to the entry pay for comparable academic qualifications in the private sector. Different entry ranks in the civilian grades are grouped into various academic QGs. There are currently twelve QGs. This issue is discussed in greater detail in Chapter 3.

(e.g. Master Pay Scale versus the Directorate Pay Scale). The phrase is neutral and carries no policy intention.

- (b) “Internal relativities” takes on meaning in policy terms only in the context of the implementation of the relevant pay policies, such as the broadbanding policy; the conduct of Starting Salaries Surveys (SSS) and implementation of the results to the civilian and disciplined services grades; and the conduct of grade structure reviews and implementation of grade-specific or sector-specific pay recommendations (such as pay improvements recommended for the Disciplined Services as a result of the 1988 Rennie Review).

1.18 It is clear to us at the outset that the Disciplined Services are unique without any private sector comparators. The Disciplined Services are very distinct from the civilian grades and have very different operating environment despite commonalities facing the civil service as a whole. Having taken a closer look at individual departments, we are also convinced that each Disciplined Service is unique in its own right. Against this background, we have the following general views –

- (a) Subject to (b) below, direct comparison among the Disciplined Services, or between the Disciplined Services and the civilian counterparts, is neither possible nor appropriate. We should instead focus on individual grades and ranks, having regard to all relevant considerations, particularly their recruitment, retention and career progression. We should not prescribe pay relativity between different grades, whether in terms of pay points, dollar value or percentage. Leaving aside the policy perspective, it is practically difficult to have a uniform relativity, given the differences in rank structure, career progression, pay scales and availability of non-pay-related benefits (e.g. housing).

- (b) During the Standing Committee's review in 1991, the Officer ranks of the Disciplined Services, except the entry ranks, were considered broadly comparable. Henceforth, these ranks are broadbanded in their pay and rank structure. The same practice also applies to the directorate ranks. This is consistent with the "broadbanding" principle as currently applied to the civil service as a whole. Under this principle, senior ranks in different grades are broadbanded because their command and managerial responsibilities are the most important aspects of their duties and they tend to outweigh other features of individual grades. Having examined the duties and responsibilities of the Officer grades in the Disciplined Services, we observe that the job weights of the Officer and directorate grades among the Disciplined Services beyond the entry ranks are, taken overall, broadly comparable. We therefore consider it appropriate to continue to adopt the broadbanding principle in determining the pay and rank structure of the Officer and directorate grades beyond the entry rank. Differences that have already existed due to uniqueness of individual grades should however be respected.
- (c) Whilst we do not consider it appropriate to prescribe pay relativity between grades, it is apparent to us throughout the exercise that the prevailing relativities among the Disciplined Services represent a fine balance after thorough deliberations over the years and are respected by the stakeholders. They should only be changed when supported by strong justifications.

1.19 We appreciate that the Disciplined Services would be concerned as to whether, and if so how, the relationship (or internal relativities) between the Disciplined Services and the civilian grades should be taken into account in applying the results of civil service-wide surveys, such as the SSS scheduled for 2009. As in the case of the 1999 Review on Civil Service Starting Salaries and the 2006 SSS, the Standing Committee would be pleased to consider this issue in the appropriate context, if our advice is sought in this regard.

Job Factors, Special Factors and Changes since Last Reviews

1.20 At the last reviews, the Rennie Committee and the Standing Committee had a comprehensive assessment of the individual grades and ranks of the Disciplined Services, having regard to their job factors and special factors prevailing at that time. These factors were –

Six job factors

- (a) qualifications;
- (b) skills and knowledge;
- (c) physical requirements;
- (d) individual responsibilities;
- (e) scope and complexity of work; and
- (f) discretion/freedom to act.

Eleven special factors

- (a) stress;
- (b) hardship;
- (c) danger;
- (d) discipline;
- (e) restriction on freedom;
- (f) social segregation;
- (g) hours of work;
- (h) unpredictable calls;
- (i) shift patterns;
- (j) intensity of effort; and
- (k) problems related to the future (referring to staff's perception at that time on uncertainties concerning Reunification in 1997).

1.21 The pay level of individual ranks of the Disciplined Services was adjusted and certain allowances revised or subsumed in pay in previous reviews, having taken into account the above factors. Building on these past reviews, we have focused on the changes since the last reviews in work nature, job duties, responsibilities and workload upon the changing social, economic and political landscapes. We have also paid attention to recruitment, retention, career progression, staff management and morale situation in the Disciplined Services. The job factors and special factors were examined using an averaging approach. The remuneration of the Disciplined Services would continue to be determined in the light of all relevant considerations, including the job factors and special factors.

Human Resource Management

1.22 As evident in past reviews, we cannot maintain an effective and efficient civil service solely by pursuing an appropriate remuneration policy. Other aspects of human resource management are pivotal. These include staff recognition, sufficient manpower resources, positive staff relations, robust performance management system, progressive and systematic staff training, proper career development and effective management system and practices. As we will highlight later in this Report, our recommendations on pay and grade structure are but one part of the package that enables the management and staff to face their challenges.

