

30 October 1985

His Excellency Sir Edward Youde, GCMG, MBE
Governor of Hong Kong

Your Excellency,

Under its terms of reference the Standing Commission advises Your Excellency on the pay and conditions of service of civil servants other than those in the Directorate. In the case of the latter Your Excellency is advised by the Standing Committee on Directorate Salaries and Conditions of Service (the Ross Committee). From time to time the existence of two separate bodies has caused embarrassment, particularly where the relationship between the bottom of the Directorate Pay Scale and the top of the Master Pay Scale is concerned. For example, in October 1979 the Standing Commission made recommendations for a revised Master Pay Scale which were accepted by the Government in November 1979. In April 1980 the Ross Committee made separate recommendations for a revision of the Directorate Pay Scale and it was found that the gap between the top of the Master Pay Scale and the bottom of the Directorate Pay Scale was significantly wider than had been envisaged either by the Standing Commission or by non-directorate staff. To remedy this situation it was necessary for the Master Pay Scale to be extended upwards by the creation of three new incremental points with retrospective effect from 1 October 1979 which had the effect of bridging the gap between the two pay scales.

2. A similar situation has arisen as a result of the recommendations in the 9th Report of the Ross Committee which was published in August 1985. Although the recommendations in this report will have a significant effect on the work of the Standing Commission, the Commission was not given an opportunity to comment on them and, in fact, the Commission was not aware that the Ross Committee was carrying out a review until the publication of its report. We consider this to be unfortunate since the recommendations are bound to have repercussions on the work of the Standing Commission and to tie its hands when it considers the pay and conditions of service of non-directorate staff.

3. One possible consequence is that pressure will be put on the Standing Commission to carry out pay level surveys in order to establish whether or not there is a gap between non-directorate pay levels in the private sector and the civil service. In our 7th and 9th Reports we recorded our view, which was accepted by the Government, that future arrangements for determining the general levels of civil service pay should take into account the total package of pay and other benefits in both the civil service and the private sector. We also commented that it will be necessary to carry out surveys of the actual levels of pay and benefits of comparable jobs in the civil service and the private sector. At the same time we drew attention to the fact that it will be a considerable time before such surveys can be introduced. Although a substantial amount of work has been done on the development of a methodology for the valuation of benefits and on the identification of civil service grades for which there are likely to be analogues in the private sector there are still many stages to be completed before pay levels in the public and private sectors can be fairly compared. The most important stage in the process will be discussion and agreement between the Administration and the Staff Associations on the valuation of benefits. In the meantime non-directorate staff may well feel that they are at a disadvantage in comparison with the members of the directorate.

4. On behalf of its Members I am writing to express the concern felt by the Standing Commission about the lack of communication and coordination between the two bodies. Although various ways in which this situation might be remedied have been considered in the past no satisfactory solution has emerged and, in the light of the present situation, we feel very strongly that the only effective solution would be for a single body to be made responsible for reviews of all civil service pay and conditions of service. Such a body would, we believe, be in a position to take into account the consequences, for the civil service as a whole, of changes in the pay and conditions of service of any part of it and the problems created by the present arrangement could then be avoided.

5. I should be grateful if the Commission's views could be given early consideration.

We have the honour to be
Your Excellency's obedient servants,

(S.Y. Chung)
Chairman