

5 May 1989

His Excellency Sir David Wilson, K.C.M.G.,
Governor of Hong Kong.

Your Excellency,

Standing Commission's Terms of Reference

Since the establishment of the Standing Commission in 1979, our terms of reference have been revised twice. The first revision was effected in 1982 mainly to enable the Commission to advise on fringe benefits which were relevant to the determination of the civil service remuneration package. In 1987 the terms of reference were updated to take account of developments since 1982, including the formation of the Police Force Council and the Model Scale 1 Staff Consultative Council.

2. Since 1987, a number of developments have taken place. They include the transfer of responsibilities for matters relating to salaries and conditions of service of the Judiciary and the Disciplined Services from the Commission to two separate standing committees respectively. Consequently, there is a need for further updating our terms of reference.

3. We have taken the opportunity also to suggest changes to several clauses which either have become obsolete, or could be reworded to define the Commission's responsibilities in a better and more precise manner.

4. The existing terms of reference of the Commission
---- are reproduced at Annex I for ease of reference.

Proposed Amendments to Clause I

5. Clause I spells out the specific functions of the Standing Commission. These functions are subject to conditions stated in other clauses of the Commission's terms of reference. For instance, the first part of Clause VII

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provides that the Directorate is excluded from the scope of responsibility of the Commission. Since matters relating to salaries and conditions of service of the Judiciary and the Disciplined Services are now also outside the Commission's purview, we consider it appropriate that Clause I should be revised to include a preamble setting out those branches of the civil service for which the Commission takes responsibility. This will obviate the need for repeating in other clauses the exclusion of the Directorate, the Judiciary and the Disciplined Services.

Proposed Preamble of Clause I, Clause I(a) and Clause I(b)

"I. To advise and make recommendations to the Governor in respect of the non-Directorate Civil Service, other than the Judiciary and the Disciplined Services, on :-

(a) the principles and practices governing grade, rank and salary structure;

(b) the salary and structure of individual grades;"

6. Under Clause I(c), the Commission is charged with the responsibility to advise on whether overall reviews of the non-Directorate pay scales (i.e. civil service annual pay adjustments) should be based on surveys of pay trends in the private sector. The second part of Clause VII stipulates that unless the Commission has advised otherwise under Clause I(c), overall reviews should continue to be based on such surveys. Both clauses include a proviso on the need for consultation with staff.

7. The two clauses are not completely in line with the existing practice. Firstly, while we continue to discharge our duty under Clause I(c) in advising annually whether overall reviews of the non-Directorate pay scales should be based on pay trend surveys, we have been making recommendations also on the way these surveys should be carried out. The latter duty is not expressly stated in our terms of reference.

8. The second problem is associated with the consultative arrangements for such overall reviews. Currently, there are two stages of consultation with staff in the annual pay adjustment exercise. The first is connected with how the pay trend survey should be carried out and the validation of the results of the survey. Consultation at this stage is conducted in the forum of the Pay Trend Survey Committee, which comprises representatives from the Standing Commission, the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Staff Sides of the staff consultative councils and the Administration. Besides commissioning the annual survey and validating its findings, this Committee also advises the Standing Commission on matters relating to the pay trend survey methodology. Based on the Committee's advice, the

Standing Commission then makes its recommendations to Your Excellency. These consultative arrangements have not been properly reflected in the Commission's terms of reference.

9. The second stage of consultation focuses on the amount of civil service pay adjustment that should be made on the basis of the results of the pay trend survey. This is solely a matter for the Administration to decide in consultation with the Staff Sides of the three staff consultative councils. The Standing Commission is not involved. We therefore consider it inappropriate to stipulate the consultative arrangements at this stage in our terms of reference.

10. Thirdly, since Clause I(c) and the second part of Clause VII are related to each other, it is desirable to bring them together under one clause.

11. Having regard to the problems set out in paragraphs 7 to 10, we propose that Clause I(c) and the second part of Clause VII should be replaced by two new sub-clauses under Clause I that will precisely define the existing consultative arrangements and the role played by the Commission in respect of the pay trend survey, as follows :-

Proposed Clause I(c)

"(c) whether overall reviews of pay scales (as opposed to reviews of the salary of individual grades) should continue to be based on surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, or whether some other mechanism should be substituted;"

Proposed Clause I(d) (new sub-clause)

"(d) the methodology for surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, subject to advice under I(c) and having regard to the advice of the Pay Trend Survey Committee;"

12. We note that the Rennie Committee considers in para. 8.20 of its final report that the Standing Committee on Disciplined Services Salaries and Conditions of Service cannot have the function of advising Your Excellency on the subject of the annual overall reviews of non-Directorate pay scales, as we do under Clause I(c) of our terms of reference. In fact, the Rennie Committee has assumed that this function should remain with the Standing Commission. We feel however that since we have relinquished our responsibilities for the Disciplined Services in all other respects, it would be inappropriate for us to tender advice on whether overall reviews of their pay scales should be based similarly on the pay trend survey. There are of course good reasons for all non-Directorate pay scales, including those of the Disciplined Services, to be reviewed

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on the same basis annually, and we have no objection to the continuation of such practice. But if the Government considers it right that Disciplined Services pay scales should be based on the pay trend survey, we feel it would be more appropriate for such provision to be included in the terms of reference of the committee taking responsibility for the Disciplined Services. We have therefore not included the Disciplined Services pay scales in the Commission's scope of responsibility under the revised Clause I(c).

13. In view of the proposed insertion of a new Clause I(d), the existing Clauses I(d), I(e), I(f) and I(g) have to be re-numbered as I(e), I(f), I(g) and I(h) respectively. We also propose a minor change to the existing Clause I(e) as set out below.

14. The Commission is required under existing Clause I(e) (to be changed to Clause I(f)) to advise on "suitable procedures to enable staff associations to discuss with management their views on matters within the Commission's terms of reference." Indeed we have conducted two separate reviews of the consultative machinery in the civil service since the Commission's establishment in 1979. However, to make this sub-clause more precise, we recommend that the phrase 'suitable procedures' should be replaced by 'suitable procedures and machinery' and that the phrase 'staff associations (including individual grade associations)' should be amended as 'staff associations and staff'. The revised sub-clause would then read :-

Proposed Clause I(f)

"(f) suitable procedures and machinery to enable staff associations and staff to discuss with management their views on matters within the terms of reference of the Commission;"

15. We do not propose any change to Clauses II to V.

Proposed Amendments to Clause VI

16. Clause VI deals with the staff associations' right of referral to the Standing Commission.

17. The first sentence of this clause stipulates the right of the Official Side and the Staff Side of each staff consultative council jointly to refer to the Commission matters arising under existing Clause I(d) i.e. matters connected with fringe benefits. It originates from the need for the Standing Commission to play the role of a Committee of Inquiry as provided in the original 1968 Agreement made between the Government and the staff associations making up the Staff Side of the Senior Civil Service Council. Under Clause 12 of this agreement, a 'Salaries Commission' should be considered as a Committee of Inquiry for the purpose of the Agreement. As the Standing Commission was set up in

1979 to be a permanent 'Salaries Commission', it fell to be considered as a Committee of Inquiry in terms of Clause 12 of the 1968 Agreement. Since its establishment, the Commission had however repeatedly expressed the view that it should not assume an arbitrator's role in any dispute between the Government and its staff. Hence, when the 1968 Agreement was updated in 1982, Clause 12 was deleted with the agreement of the staff associations concerned. This means that the Commission has now been relieved of the responsibility to serve as a Committee of Inquiry under the 1968 Agreement (1982 Revised Version).

18. In view of the above, the first sentence in Clause VI is no longer relevant to the work of the Commission and we recommend its deletion.

19. The second part of Clause VI expressly confers on the staff associations the right to refer matters relating to civil service fringe benefits to the Commission. Its retention is recommended. There is however a need to revise its wording because the term 'Main Staff Associations' is not defined for the Model Scale 1 Staff Consultative Council. In addition, the reference to the Police Force Council can be deleted, as the Commission has relinquished its responsibilities in respect of the Disciplined Services. We also consider that the staff associations should be permitted to refer to the Commission any matter relating to salaries or conditions of service instead of matters connected with benefits only.

20. We therefore propose that Clause VI should be amended to read -

Proposed Clause VI

"VI. The staff associations making up the Staff Side of the Senior Civil Service Council and the Model Scale 1 Staff Consultative Council may jointly or individually refer matters relating to civil service salaries or conditions of service to the Commission."

Deletion of Clause VII

21. The existing Clause VII can be deleted as it has been subsumed in the revised Clause I.

Proposed Addition of a New Clause

22. Under the existing arrangement made between the Administration and the Commission, proposals made by heads of departments concerning salaries or conditions of service of their staff must be referred to the Civil Service Branch for examination in the first instance. The latter will put forward a formal proposal to the Commission for advice if the matter is supported by the Administration. Quite a number of requests by departments would therefore never reach the Commission. In our opinion, this has prevented

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the Commission from having a full picture of problems at their earlier stages of development at departmental level, and from giving special consideration to individual issues where the Commission may consider necessary. While the existing arrangement has its merits, we consider that heads of departments should be permitted to refer their proposals to the Commission at the same time as they take them up with the Civil Service Branch. Of course normally the Commission would refrain from intervening before the Administration has taken a view on the matter.

23. We therefore recommend that a new Clause VII should be added as follows :-

Proposed New Clause VII

"VII The heads of departments may refer matters relating to the structure, salaries or conditions of service of individual grades to the Commission."

24. We do not propose any change to Clauses VIII to X.

25. The revised terms of reference, incorporating all ---- the changes proposed, are at Annex II to this letter.

26. If our recommendations are accepted, we propose that they should be implemented with immediate effect.

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

(Sidney Gordon)
Chairman
For and on behalf of
Members of the Standing Commission

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

TERMS OF REFERENCE

- I. (a) To keep under review the principles and practices governing the grade, rank and salary structure of the Civil Service, and to recommend to the Governor any changes the Commission considers to be necessary.
- (b) To keep under review the salary and structure of individual grades, and to recommend to the Governor any changes the Commission considers to be necessary.
- (c) To advise the Governor on whether overall reviews of the Master Pay Scale and other non-Directorate Pay Scales (as opposed to reviews of the salary of individual grades) should continue to be based on surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit and subject to the advice of the Senior Civil Service Council, the Police Force Council and the Model Scale 1 Staff Consultative Council; or whether some other mechanism should be substituted.
- (d) To advise the Governor on matters relating to those benefits, other than salary, which the Commission advises as being relevant to the determination of the civil service remuneration package, including the introduction of new benefits or proposed changes to existing benefits.
- (e) To advise the Governor on suitable procedures to enable staff associations (including individual grades associations) to discuss with management their views on matters within the terms of reference of the Commission.
- (f) To advise the Governor on the circumstances in which it would be appropriate for the Commission itself to consider any issue, and on how staff associations and management might present their views to the Commission in such circumstances.
- (g) To advise the Governor on such matters as he may refer to the Commission.

II. The Commission shall keep the matters within its terms of reference under continuing review, and recommend to the Governor any necessary changes.

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III. The Commission shall give due weight to any wider community interest, including financial and economic considerations, which in its view are relevant.

IV. The Commission shall give due weight to the need for good staff relations within the Civil Service, and in tendering its advice shall be free to make any recommendations which would contribute to this end.

V. In considering its recommendations and advice, the Commission shall not prejudice the 1968 Agreement between the Hong Kong Government and the Main Staff Associations (1982 Revised Version).

VI. The Official Side and Staff Side of each of the three Main Staff Consultative Councils, namely, the Senior Civil Service Council, the Police Force Council and the Model Scale 1 Staff Consultative Council, jointly shall have the right to refer to the Commission matters arising under Sub-Clause I(d). In addition the Main Staff Associations of these councils may jointly or individually refer such matters to the Commission without the prior agreement of the Official Side of the Senior Civil Service Council, the Police Force Council and the Model Scale 1 Staff Consultative Council.

VII. Directorate pay and conditions of service will continue to be the subject of advice by the Standing Committee on Directorate Salaries and Conditions of Service. Pending advice from the Commission under I(c), overall reviews of the Master Pay Scale (as opposed to reviews of the salary of individual grades) will continue for the time being to be based on surveys of pay trends in the private sector subject to the advice of the Senior Civil Service Council, the Police Force Council and the Model Scale 1 Staff Consultative Council.

VIII. The Commission shall not consider cases of individual officers.

IX. The Commission may wish to consider in the light of experience whether changes in its composition or role are desirable.

X. In carrying out its terms of reference, the Commission should ensure that adequate opportunities are provided for staff associations and management to express their views. The Commission may also receive views from other bodies which in its view have a direct interest.

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

TERMS OF REFERENCE

- I. To advise and make recommendations to the Governor in respect of the non-Directorate Civil Service, other than the Judiciary and the Disciplined Services, on :-
- (a) the principles and practices governing grade, rank and salary structure;
 - (b) the salary and structure of individual grades;
 - (c) whether overall reviews of pay scales (as opposed to reviews of the salary of individual grades) should continue to be based on surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, or whether some other mechanism should be substituted;
 - (d) the methodology for surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, subject to advice under I(c) and having regard to the advice of the Pay Trend Survey Committee;
 - (e) matters relating to those benefits, other than salary, which the Commission advises as being relevant to the determination of the civil service remuneration package, including the introduction of new benefits or proposed changes to existing benefits;
 - (f) suitable procedures and machinery to enable staff associations and staff to discuss with management their views on matters within the terms of reference of the Commission;
 - (g) the circumstances in which it would be appropriate for the Commission itself to consider any issue, and how staff associations and management might present their views to the Commission in such circumstances;
 - (h) such matters as the Governor may refer to the Commission.

II. The Commission shall keep the matters within its terms of reference under continuing review, and recommend to the Governor any necessary changes.

III. The Commission shall give due weight to any wider community interest, including financial and economic considerations, which in its view are relevant.

Annex II to Appendix D (Cont'd)

IV. The Commission shall give due weight to the need for good staff relations within the Civil Service, and in tendering its advice shall be free to make any recommendations which would contribute to this end.

V. In considering its recommendations and advice, the Commission shall not prejudice the 1968 Agreement between the Hong Kong Government and the Main Staff Associations (1982 Revised Version).

VI. The staff associations making up the Staff Side of the Senior Civil Service Council and the Model Scale 1 Staff Consultative Council may jointly or individually refer matters relating to civil service salaries or conditions of service to the Commission.

VII. The heads of departments may refer matters relating to the structure, salaries or conditions of service of individual grades to the Commission.

VIII. The Commission shall not consider cases of individual officers.

IX. The Commission may wish to consider in the light of experience whether changes in its composition or role are desirable.

X. In carrying out its terms of reference, the Commission should ensure that adequate opportunities are provided for staff associations and management to express their views. The Commission may also receive views from other bodies which in its view have a direct interest.