

## CHAPTER FOUR

### **PAY COMPARISONS**

#### **I. Comparisons in the public sector**

##### **Relativities within the civil service**

4.1 Our terms of reference require us to consider "the appropriate levels of remuneration (for the disciplined services) in relation to the rest of the civil service". Within the civil service, it is clearly desirable that jobs carrying similar responsibilities and requiring the exercise of skills which call for similar aptitudes and training should not be paid at widely different rates. It is also desirable that, as between greater and lesser degrees of skill and responsibility, there should be differences in pay to recognise differences in the level of the work done. Internal relativities have therefore been one of the principal factors in civil service pay determination. It is not a simple matter to determine appropriate relativities. Sophisticated job evaluation techniques exist which can make a very valuable contribution to this process; but if these techniques are to be used effectively a great deal of groundwork has to be done with all parties concerned before useful and acceptable results can be obtained; and we were obliged to conclude early in our deliberations that within the time-table set for our review we could not make use of job evaluation.

4.2 Past comparisons provide an obvious starting point, and we have reviewed a number of these in the course of our initial review. The charts displayed at Annexes 4.1-4.12 are in our view both interesting and informative: they serve to illustrate the changing relativities of disciplined services pay compared with the pay of staff in the general grades of the civil service since 1961. 1961 was chosen as the starting year because the parity of pay for different disciplined services introduced in 1947 was abandoned in 1962 following the implementation of the recommendations of the Knowles Committee, which had been established to examine problems of recruitment in the police force.

##### **Selection of comparators**

4.3 Most of the work of the disciplined services differs considerably from the work of the rest of the civil service; and the work of each of the services also differs substantially from the work of the others. The selection of comparators for the disciplined service grades from the rest of the civil service is therefore not a simple matter. Educational qualifications required for entry have been the traditional comparator, but that approach ignores other important factors. Our terms of reference require us to

look first at the police, and the example of the police and the general grades of the civil service readily illustrates the problem. The police have two levels of entry: Police Constable (PC) and Inspector (IP); the general grades have five: Office Assistant, Clerical Assistant (CA), Clerical Officer II (CO II), Executive Officer II (EO II) and Administrative Officer.

4.4 The educational qualifications for entry as a PC are similar to those for a CA; but the police force takes virtually no candidates with the minimum entry qualification and indeed last year 37% of PC entrants had the educational qualifications required for entry as an Inspector. In practice the majority of newly recruited PCs possess qualifications equivalent to, if not higher than, that required for entry as a CO II. (It is a matter of regret to us that though we can obtain statistics to show the educational qualifications of applicants for entry as CO IIs, statistics to show the educational qualifications of entrants do not exist.) PCs with the right educational qualifications can qualify early to become direct-entry Inspectors, a form of advancement (to the equivalent of EO II) that is not open to Clerical Assistants. The PC begins his career with a period of intensive and demanding training to bring him up to the standards the force requires, a form of training that has no counterpart for the Clerical Assistant grade.

4.5 In the matters of work and responsibility, it can reasonably be argued that in nature (as distinct from content) the work of CO IIs and PCs can be regarded as broadly comparable. Both CO IIs and PCs work under quite close supervision, but are also expected to exercise some degree of independence. CO IIs are usually in charge of groups of files, and need to know their way around Government, and the procedures applicable generally as well as the regulations and procedures applicable in their area of work in particular. In the CNTA District Offices, it is CO IIs who man the public counters to deal with many public queries and requests, and assist Liaison Officers in their community development work. Similarly PCs have fairly well-defined areas of responsibility; require substantial knowledge of procedures and legislation; and have to deal with members of the public. It is perhaps in the range, scope and importance of this last aspect of the PC's work that the major differences arise. The standards now expected and enforced in this area take the modern PC a very long way indeed from the earlier concept of someone whose pay could sensibly be based on that of a manual worker.

4.6 Looking at all these considerations, it appears that the best comparator for the PC among the general grades is the CO II. This is not to imply that their jobs should be regarded as of equal value: it is simply to find among the general grades one which can sensibly be used as a basis for the kind of comparisons that our terms of reference require us to make.

4.7 For the present, therefore, starting from our study of the police case we have used the CO II as the benchmark for comparison with all the rank & file entry ranks of the disciplined services in Annex 4.1 as well as all the rank & file of each service in Annexes 4.2-4.6.

4.8 As far as the Officer grades are concerned, EO II - the entry rank immediately above CO II - is considered to be an appropriate counterpart for entry ranks. Although the educational qualification for entry as an EO II is higher than that of all the disciplined services entry ranks, including the police, the Inspector spends very much more time in training and requires to pass examinations at various stages, a process not paralleled for the EO II. The supervisory role, level of responsibilities, complexity and variety of work of EO IIs are comparable to those of IPs. The EO II has therefore been used as the benchmark for comparison with all the entry ranks of Officer grades in the disciplined services in Annex 4.7 as well as all the Officer ranks of each Service in Annexes 4.8-4.12.

#### **Historical comparisons (1961-1987)**

4.9 The comparisons shown in the Annexes are based on the arithmetic mean of the dollar value of the minimum and maximum points of the rank scales<sup>(1)</sup>. Adjustments have been made, as necessary, where there was restructuring or retitling of ranks. The arithmetic mean of the pay minimum and maximum of each rank for each year has been used as the index, the benchmark rank pay (i.e. CO II or EO II) being taken as 100.

4.10 The years "79" and "86" both appear twice on the charts at Annexes 4.1-4.12. This reflects pay adjustments made in April 1979, October 1979, January 1986 and April 1986 respectively.

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Note (1) : Prior to equalisation of pay for female Officers, there used to be separate pay scales for female officers. The male officers scale have been used for the purpose of comparison.

4.11 It is evident from Annex 4.1 that the PC's pay before 1973 was relatively lower than that of the CO II. The Immigration Assistant's pay before 1970 was the highest among all the disciplined services entry ranks because it was calculated on the basis of the minimum of the then Immigration Assistant II (IA II) rank and the maximum of the then Immigration Assistant I (IA I) rank. The anomaly existed because when the Immigration Department was formed in 1961, counter duties at the airport were largely undertaken by IAs. The pay of an IA II was equated with that of Police Corporal; IA I with that of Sergeant. In 1964, it was found necessary to use Immigration Sub-Inspectors (now Assistant Immigration Officers) at the airport and IA IIs and IA Is were redeployed on a number of unrelated tasks. This eventually led to a combination of the two ranks into a single rank of IA and a reduction in pay in 1971. The recommendations of the 1971 Salaries Commission in respect of the disciplined services (except Immigration) were modified having regard to restructuring of ranks already approved or under consideration towards the end of 1971. The pay of PC, Fireman, Assistant Officer II and Assistant Revenue Officer/Revenue Officer (now regarded as Customs Officer) was raised to a level closer to that of CO II. A special review of police pay conducted in 1973 resulted in the PC having an edge over the CO II (see para. 3.8 in Chapter 3). The application of the 'Willink' formula to the other disciplined services in 1974 resulted in similar increase in pay levels. The pay scales of these entry ranks were gradually eroded until the implementation of the Standing Commission's recommendations in 1979. The PC's pay has since remained at a level higher than that of CO II. It is also evident from Annex 4.7 that the IP's pay has remained 20-30% higher than that of EO II. Station Officer, Officer (Correctional Services) and Inspector of Customs & Excise were all paid at a level slightly below that of EO II between 1961 and 1970. The Salaries Commission 1971 brought Station Officer closer to the level of IP. The Standing Commission's recommendations in 1979 pushed the pay of all the above-mentioned entry ranks of disciplined services to a level above that of EO II. The pay of the entry rank of the Officer grade in the Immigration Service has remained relatively low because it is pitched at the Assistant Immigration Officer level, a rank not paralleled in the other services.

#### **Current comparison**

4.12 For reasons set out in para. 4.3-4.8 above, the Clerical Officer and Executive Officer grades have been chosen for the purposes of the pay comparison with the Rank & File and Officer grades respectively of the disciplined services shown in Annexes 4.1-4.12. Since the existing career structure of the EO grade provides promotion

prospects only up to D2 level, comparison with general grades at directorate levels has to be with the Administrative Service.

4.13 However, an exclusive comparison with the general grades may be misleading, particularly in terms of career development. Police Inspectorate and Gazetted Officers are given different postings within a single department, unlike general grades officers who are moved between departments and policy branches. Both for this reason, and because the police force and police staff associations argue that the Inspector's two years of training qualifies him to be regarded as a professional comparable to professional civil servants, comparisons with selected "specialist" grades are also shown in Annex 4.13-4.14.

4.14 Departmental grades in the Social Welfare Department have been selected for this comparison for the following reasons:-

- (a) the department may be regarded as a 'specialist', if not a fully professional, department which engages a school certificate grade of Welfare Worker as case workers and has the Social Work Officer (SWO) grade as the backbone of the department. Entry to the SWO grade at ASWO requires a Social Work degree. Other degree holders may also be appointed as ASWOs but they will have to obtain an appropriate Social Work qualification before they are fully qualified for advancement; and
- (b) the career pattern of the SWO grade is, up to a point, similar to that of the disciplined services.

4.15 In addition, the typical professional pattern of the Engineer grade in the Works Departments, the group usually mentioned in police submissions, is also shown for comparison.

#### **Table and bar charts**

4.16 The table at Annex 4.13 displays the comparison of pay levels in horizontal lines at the entry ranks as well as the promotion ranks. The Immigration Assistant (IA), Assistant Officer II (AO II) and Welfare Worker (WW) ranks all have only one promotion step. However, the maximum pay of AO I is equivalent to that of Chief Customs Officer (CCO), Principal Fireman (P.Fn) and Principal Ambulanceman (P.Ambm.), all of which are two steps up from the entry grade.

4.17 There are considerations which suggest that the comparison of Station Sergeant with Senior Clerical Officer (SCO) is of limited relevance. The normal career of a Clerical Officer ends at the level of CO I. Appointment to SCO posts is by selection rather than by promotion. All SCO appointments are specific to a post, i.e. the SCO ceases to be a transferable generalist and becomes a specialist postholder. The 420 posts of SCO are considered to be quasi-executive; hence their pay is set at the upper part of the EO II pay scale.

4.18 In the case of the Officer grades, SIP and Senior Station Officer (S.Stn.O) are, strictly speaking, not promotion ranks for IPs and Station Officer (Stn.O) because :-

- (a) IP/SIPs are a single group for establishment purposes, as are Stn.O./S.Stn.Os;
- (b) there are allegedly no differences between IPs and SIPs or Stn.Os and S.Stn.Os, though (at least in the police) they are commonly used for different posts;
- (c) there is no difference in maximum pay between IPs and SIPs or Stn.Os and S.Stn.Os.

4.19 In the table at Annex 4.14, the ranks of CIP and Assistant Divisional Officer (ADO) could therefore be aligned with the first promotion ranks of most of the disciplined services entry ranks, but for the purposes of this comparison we have aligned them with the second promotion ranks with whom their salary bands more clearly coincide. In continuing the comparison into the higher ranks, the Senior Administrative Officer (SAO) is introduced into the table, aligned with CEO, because as explained in para. 4.12 above the upper ranks of the disciplined services have to be compared with the upper sector of the Administrative Service.

4.20 The bar charts at Annexes 4.15-4.16 display a graphic comparison in terms of the pay levels of all the ranks shown in Annexes 4.13-4.14. The establishment figure of each rank is shown in brackets to give a rough guide to the normal promotion prospect of each grade.

4.21 In a number of submissions, limitation of promotion prospects is regarded as one of the principal grievances among members of the police force. It has been argued to us that there are too many promotion steps in the police rank structure and that the limited number of promotion posts seriously disadvantages police officers. It is evident from Annex 4.15 that the Immigration Service has a different promotion pattern from the other services. The IA grade has only one promotion step and the maximum pay of a Senior Immigration Assistant is lower than that of all other rank & file at the second tier. It is also shown in Annex 4.16 that the Officer in the Immigration Service needs to

pass five promotion hurdles to reach the rank immediately below the directorate. The IP and Stn.O. need only three steps if we disregard the step to SIP and S.Stn.O. (see para. 4.18 above). The Officer (Correctional Services) and Inspector of Customs and Excise need four steps to reach the same level. By way of comparison, the EO II and the ASWO both require three promotion steps to reach CEO and CSWO respectively; the Administrative Officer and the Assistant Engineer/Engineer both have only one hurdle to pass to reach the same level. We have displayed at Annex 4.17 the existing promotion ratio of the ranks shown in Annexes 4.15-4.16 based on the establishment figures at 1 April 1988.

4.22 We have also obtained the average time taken by those at present holding the ranks from date of entry to attaining the various ranks in the Officer grade of RHKPF and the Executive Officer grade:-

<u>RHKPF</u>		<u>Executive Officer Grade</u>	
ACP	26 years	SPEO	24.5 years
CSP	22.5 years	PEO	22.25 years
SSP	20.4 years	CEO	18.1 years
SP	14 years	SEO	11.8 years
CIP	9.5 years	EO I	6.25 years

## II. Comparison with the private sector

### **The pay trend surveys**

4.23 The annual pay trend surveys conducted by the Pay Survey & Research Unit of the Standing Commission are in a sense pay comparisons with the private sector, though they have the limited purpose of measuring pay movements as distinct from pay levels.

### **The pay level survey**

4.24 As mentioned in para. 3.18 the 1986 Pay Level Survey was one of the recent events which gave rise to this review. Since our appointment, the Government has announced that it is to appoint a Committee of Inquiry on the 1988 Pay Adjustment for the Civil Service whose terms of reference include the Pay Level Survey. We are however ourselves obliged to consider the evidence produced by the Survey to see what help it can be to us in our task.

### **The survey methodology**

4.25 The methodology adopted by Hay Management Consultants (Hong Kong) Ltd., who carried out the Pay Level Survey on behalf of the Standing Commission, is known as the "Hay Guide Chart System". It involved a selection of a