

THIRD REPORT OF THE STANDING COMMITTEE ON SUPERSCALE SALARIES

OUR first and second reports, published respectively in 1964 and 1966, contained our detailed recommendations on the grading of all superscale posts within the Public Service, and on the salaries to be attached to the various grading points, numbering eleven in all. They also contained the Committee's views on the payment of overseas education allowance.

2. *Grading of Individual Posts: 1966-1971.* A number of new superscale posts have been introduced and some existing posts have been regraded since our last report in 1966. These changes are listed in Appendix A, up to 31st March 1971.

3. *Salary revision 1968-1969.*

(1) in 1968 an 8% salary award was granted to Government staff on Model Scales 2 to 10, in recognition of rises in the Consumer Price Index. This brought the top point of the timescale up to \$5,400, the same as the lowest superscale point, and to restore the differential we recommended, and Government approved, a flat \$400 salary increase for all superscale staff as from 1st April, 1968. At the same time we decided to conduct a fresh survey of salaries at comparable levels in the private sector, following the same procedure as was used in earlier reviews, described in paragraph 60 of our 1964 Report. We acknowledge with thanks the co-operation of the various companies which supplied information in this way, and we wish to record again our gratitude for the assistance given in this review by the Hon. S. S. GORDON of Messrs. Lowe, Bingham and Matthews and Mr. G. M. MACWHINNIE of Messrs. Peat, Marwick, Mitchell and Co.

(2) in 1969, as a result of this survey, we found that salaries at the bottom end of the scale on the whole compared favourably with their commercial counterparts and at this point it was only necessary to make adjustments required to provide the necessary differential between the lowest point of the superscale and the top of the timescale. We recommended to Government a revision of the whole superscale salary structure designed to correct the compression of salary points, and hence the reduced differentials, which resulted from our 1966 Report and from the flat \$400 award in 1968. We proposed increases ranging from 5% at the bottom end of the superscale to about 19% at the top. In making these recommendations we sought to do justice to senior Government staff vis-a-vis their counterparts in commercial life and to ensure that terms of service in these posts are such as to attract the best type of officer to remain in the Public Service. We were conscious too of the substantial salary increases awarded at that time to senior Government staff in the United Kingdom. This revised salary structure is shown at Appendix B, and became effective from April 1969.

Appendix B

4. *Review of Grading Relativities, 1970.* In March, 1970 Government asked us to undertake a review of superscale gradings, that is, of the validity or otherwise of the current grading of posts on the various superscale points which had, with minor modifications, been in force since 1966. All departments were invited to report on changes in their responsibilities since then and a great deal of useful information was made available to us, which very much helped us in our task. To supplement the information provided in their written submissions we had useful interviews with a number of Heads of Departments, which helped considerably to clarify our understanding of their viewpoints. In our view, those written submissions demonstrate clearly that the gradings allocated to the various superscale posts in 1966 have won general acceptance in departments and have successfully stood the test of time. Several Heads of Departments referred to the increasing responsibilities of particular posts; however, we were conscious of the general growth in the complexity and scope of Government activities generally and we found it difficult in most cases to accept that this growth was affecting some posts significantly more than others. Others referred to a significant increase in the workload of certain posts; this is a complementing rather than a grading problem and we assume that Heads of Departments faced with this situation will consider whether or not to apply for additional posts. In some cases we felt that the upgrading proposal stemmed from a feeling on the part of the Head of Department that the posts were currently underpaid, rather than that they were incorrectly graded vis-a-vis other posts; we could not accept this as relevant in a gradings review. In a few cases it was suggested that a post should be upgraded to enable the holder to deal effectively with senior staff of other departments; we do not accept that authority and status go hand-in-hand with salary, but rather that they flow from the position and duties of the post.

5. The only changes which we feel able to recommend to Government as a result of this latest review of posts and their place in the superscale structure are as follows:

- (1) the Deputy Colonial Secretary post should be upgraded from Point 4 to Point 3 to recognize the importance of this key post in the Colonial Secretariat;
- (2) the Deputy Financial Secretary post should be upgraded from Point 5 to Point 4, likewise to reflect the complexity and importance of the duties of this key post;
- (3) the Defence Secretary post should now be downgraded from Point 4 to Point 5, to reflect the current more settled and less demanding nature of the duties of this post; however, we recognize that the grading of this particular post might vary from time to time, and that special arrangements might have to be made to fill it.

6. *Assistant Directors and equivalent posts on Point 10.* It was represented to us that these posts were relatively undergraded, and that the substantial responsibilities attached to posts on Point 10 should be recognized. We agree with this view and concluded that the differential between Points 10 and 11 should be widened to about 7%. The preservation of reasonable differentials thereafter, between Point 10 and the higher points, inevitably involved increases in these higher points, and our detailed recommendations are described later in this report, in the context of the implications of the 4% timescale award made in 1970.

7. *Miscellaneous Grading Matters.* We would like to comment in some detail on particular developments since our last Report, and on certain conclusions we reached in the course of our recent general review:

- (1) *Colonial Secretariat*—as a result of a reorganization of the senior staffing arrangements in the Establishment Branch in the summer of 1970 we recommended that two new posts, the Establishment Secretary and the Principal Assistant Colonial Secretary (Establishment), should be graded on Points 4 and 6 respectively, subject to confirmation of this advice once we had completed our general review. We now confirm that we regard these gradings as correct.
- (2) *Secretariat for Home Affairs*—in our 1964 Report we commented in some detail on the grading of the post of Secretary for Chinese Affairs, now restyled Secretary for Home Affairs, and indicated our view that the grading should be reassessed on the retirement of the then holder of the post. We have given particular attention to this question, taking into account that the holder of this post is an *ex-officio* member of the Executive Council, with very important advisory responsibilities towards the Governor and that Council, and we are satisfied that the duties of the post, enlarged as they have been by the creation of the City District Office scheme, continue to merit its present high grading alongside the Financial Secretary and the Attorney General.
- (3) *Education Department*—we have recently advised on the grading of two new Deputy Director posts and we understand that further superscale posts might be created in this department.
- (4) *Medical Department*—in November 1969 we advised on the grading of Medical Specialists on three points (Points 6, 8 and 10) in the superscale, this being an alternative to an earlier suggestion that Specialists should be on a salary scale. We believe that this arrangement provides reasonable progression for staff in these grades.
- (5) *Commerce & Industry Department*—because of the special arrangements made for filling them we are not required to advise on the grading of overseas Assistant Director posts in this department. However, we were informed that two additional overseas posts at this level have been created since our last Report.
- (6) *Public Works Department*—we have reviewed the grading accorded to the Heads of the constituent offices of this department, that is the Director of Engineering Development, the Director of Building Development, the Director of Water Supplies and the Director of Land and Surveys and have concluded that they remain correctly graded on Point 5, alongside the main group of Heads of Departments. We were conscious of the considerable compression of superscale posts in this department between the top of the timescale and the "Principal" level at Point 8, but we believe that this is unavoidable, given the number of levels of authority which have been created in the department between these points.

- (7) *Police*—we would endorse the proposal to upgrade the post of Deputy Commissioner of Police from Point 6 to Point 5 if and when it becomes a single post, to recognize the very special burden of responsibility falling on a single Deputy Commissioner of Police.
- (8) *Resettlement Department*—we understand that there is likely to be a review of the present organization of public housing in the Colony and we have therefore not at this stage given detailed consideration to the grading of the post of Commissioner for Resettlement.
- (9) *Social Welfare Department*—this department's responsibilities have expanded significantly over the last six months and we are now satisfied that the Director's post is correctly graded on Point 4. This expansion was reflected in the recent creation of a Deputy and an additional Assistant Director post, following on which we advised that the Assistant Director post, formerly on Point 9, should be regraded on Point 10, alongside other Assistant Directors.
- (10) *Marine Department*—with the creation of a Deputy Director post in 1966 we advised that the Assistant Director posts in this department, formerly graded on Point 9, should be regarded on Point 10. We are satisfied that current gradings of superscale posts in this department remain valid.
- (11) *Inland Revenue Department*—in April, 1969 we came to the conclusion that the responsibilities of the Commissioner and his Deputy were no longer adequately recognized by their position on Points 5 and 9 respectively, and we recommended their regrading to Points 4 and 6. Our recent general review has however suggested to us that this department still faces problems at the superscale level; but these appear to us to be workload, i.e. complementing, rather than grading problems.
- (12) *Urban Services Department*—(a) in our 1964 Report we expressed reservations about the grading of the post of Manager, City Hall on Point 10, alongside the Assistant Directors in this department. We see that this situation has been clarified by the creation of a new post of Manager, City Hall on the timescale, and the transfer of the Point 10 post to the departmental directorate as Assistant Director (Cultural Services).
(b) for the reason given in (8) above we have not given detailed consideration to the grading of the post of Commissioner for Housing.
- (13) *Audit Department*—we noted the forthcoming closure of the Directorate General of Overseas Audit in London but we were not persuaded that this development would significantly increase the responsibilities of the Director of Audit's post in Hong Kong.
- (14) *Census Department*—previously the Commissioner's post was graded on Point 4 on a personal basis and it is now properly graded on Point 5.
- (15) *Radio Hong Kong*—we consider that the Controller (Public Affairs Television) post should continue to be graded in relation to other Controllers in the department rather than to the Head of the Educational Television division in the Education Department, whose grading depends largely on his professional qualifications in the field of education.
- (16) *Civil Aviation Department*—In December 1970 we were pleased to recommend grading on Point 11 of the superscale for the senior Air Traffic Control post as we have felt for some time that the department is understaffed at the senior level. The rapid growth and increasing complexity of the work of this department may well necessitate some further reinforcement of its superstructure in the future.
- (17) *Royal Observatory*—once again we would again underline the proposal made in paragraph 24 of Appendix C to our 1964 Report that there appears to be merit in upgrading one post of Senior Scientific Officer in the Royal Observatory to Point 11 (as a "Principal" post) to give more reasonable promotion prospects to this grade and for organizational reasons. Apart from this, we consider that gradings in this department are satisfactory.
- (18) *London Office*—until such time as a substantive post is created, the Administrative Commissioner in the Hong Kong Government's London Office should, for notional purposes only, such as calculating acting pay, be graded on Point 4.
- (19) *Agriculture and Fisheries Department*—the complexity of this department's work, and the number of quite separate disciplines embraced by it, suggest to us that there are good grounds for reinforcing the directorate by the creation of a Deputy post.
- (20) *Registry of Trade Unions*—we recommend that consideration be given to incorporating this office in the Registrar General's Department. We think that this would provide greater support for the Registrar in the exercise of his duties and would also clarify his status.

8. *Directors on Point 3.* We have reviewed the various posts allocated to this point and we are satisfied that the original justification for these gradings, as set out in paragraph 40 of our 1964 Report, remains valid; and we do not consider that any other Director post qualifies for upgrading to this Point.

9. *Directors on Point 4.* We have similarly examined the posts now on Point 4 and consider that no change at this level is at present necessary. The only change since our last Report in 1966 has been the upgrading of the Commissioner of Inland Revenue to this Point.

10. *Directors on Point 5.* We have considered whether there would be merit in creating a new group, comprising the Heads of the smaller departments, but we have come to the conclusion that this main group of directors should not be subdivided. We comment on this question at greater length later in this report.

11. *The Administrative Grade:* (1) we looked again at the general structure of this grade and came to the conclusion that it continues to be appropriately devised to meet the demands made on it. In particular, we believe that there are practical advantages in preserving the present Staff Grades B1 and B2, which are on Points 5 and 6, since it remains possible to distinguish reasonably clearly between these two levels of post. In general, the former point is used for Administrative Grade Heads of department in the main group of Heads (i.e. Commissioner for Transport and Commissioner for Census and Statistics) and for more important branch head posts in the Colonial Secretariat, while the latter is used for Deputy posts in departments, and for other Secretariat branch heads.

(2) In our 1966 Report we recommended that Staff Grade 'A' Administrative Officers performing the duties of Director of Commerce and Industry should receive an allowance in addition to their personal salary and that this allowance should be pensionable. We are pleased to learn that it has recently proved possible to proceed in this way. We assume that the same arrangement will be applied to the post of Deputy Colonial Secretary if our recommendation for its upgrading is approved.

(3) We considered whether there would be any advantage in creating a new Staff Grade D level in the superscale (to which some of the Staff Grade C posts might be transferred) but came to the conclusion that the degree of broadbanding in the present group of posts included in Staff Grade C on Point 10, while large, was not so extensive as to warrant this step.

12. *Judicial/Legal Scale.* Again we are satisfied that this structure has stood the test of time. As we indicated in paragraph 48 of our 1964 Report, the normal criteria for assessing the responsibility and importance of departmental posts cannot readily be applied to posts in the Judiciary, the Legal Department and the Registrar General's Department, and so the present grading structure was devised, in which posts are assessed vis-a-vis each other, as well as in relation to grading points on the main superscale structure, in terms of the status of the post and the level of judicial or legal experience required for each; we do not grade judicial and legal posts in terms of their administrative content.

13. *Broadbanding in the Superscale.* One of our principal conclusions in this 1970 review is that the increasing degree of broadbanding introduced into the lower superscale structure over the past few years has considerable merit, provided the necessary flexibility is preserved to recognize special situations. Some detailed comments on broadbanding at Assistant Director and Deputy Director level follow:

- (1) *Assistant Directors:* these posts are on Point 10, and we have in recent times reinforced the broadbanding of Assistant Directors on this point by recommending the transfer to it of a number of Assistant Director posts, formerly allocated to Point 9 for reasons which are no longer valid. We remain convinced that within Government departments, even if of different size, the responsibilities carried by Assistant Directors tend to be broadly comparable, and the validity of this view is reinforced by the evident tendency to multiply the number of Assistant Director posts in the larger departments. It follows therefore that there must be the most compelling arguments to justify the singling out of particular Assistant Director posts for a higher grading; and the representations made to us for such upgradings in a few departments did not persuade us.
- (2) *Deputy Directors:* whereas Assistant Directors all share one common point, Deputies are on two points, 6 and 9. We consider that the present grouping on Point 6 of Deputies to Heads of departments on Points 3 and 4 is valid, and that Point 9 is still the correct

point for the Deputies to those Heads graded on Point 5. We have considered the present \$400 salary gap between Deputies on Point 9 and Assistant Directors on Point 10, and we feel that the range of responsibilities covered by Point 10 is such that it would be difficult to justify grading these Deputies more than one point above the Assistant Directors.

14. *Review of principles.* In addition to considering proposals for regrading individual posts we have looked critically at the superscale structure as a whole, and examined afresh the various principles set out in our earlier reports to see whether they remain valid. Our current views on each principle follow:

- (1) '... that the responsibility of a head of department should be recognized in his salary ... and that all heads of departments should receive higher salaries than all deputies and assistants' (para. 39 of our 1964 Report). We recognize that the changing patterns in Hong Kong could result in some particularly important deputy posts carrying responsibilities no less than those of some heads of departments, and we would now prefer to say that all heads of departments should in general receive higher salaries than all deputies and assistants, but that particular cases may occur where this would not be valid.
- (2) '... that the responsibilities of a director should be recognized by a salary approximately 25% higher than that of his deputy ...' (para. 82 of our 1964 Report). We have consistently sought to apply this yardstick, but have never allowed ourselves to feel committed to a rigid percentage figure; this principle has nonetheless tended to inhibit our consideration of differentials and we would now prefer to say no more than that a Director's salary should be 'substantially' higher than his Deputy's.
- (3) '... that there should be a large basic group of departments, whose heads should all receive the same salary' (paras. 39-47 of our 1964 Report; para. 11 of our 1966 Report). We agree that a wide range of responsibilities is at present grouped on Point 5 but we are not persuaded that it would be in the interests of the Service or the public to create an additional category of Heads of Department at a lower level. It seems to us that the Assistant or Deputy Directors in such a new group would have to remain on the same point as other Assistants or Deputies whose Directors are now on Point 5, and that the only effect would be to grade a number of Directors on a point below Point 5. We remain of the view expressed in paragraphs 33 and 34 of our 1964 Report that too fine distinctions can create more problems than they solve and we recommend that the present grouping of Directors on Point 5 be left unchanged; and that a solution to the problems of small departments or agencies might possibly lie in merging them with other departments.
- (4) '... that there cannot be more than one true Deputy post in any department ...' (para. 56 of our 1964 Report and para. 15 of our 1966 Report). While we note an increasing trend towards creating a number of deputy posts in the larger departments, a trend which is made inevitable by the greater degree of specialization needed at senior levels, the fact remains that these are not true deputies. We therefore adhere to this principle and feel that our future reviews might have to take account of the effect of the proliferation of posts at this level on their grading.

15. *Implications of 4% salary award in 1970.* In April 1970 all Government salaries on Scales 2 to 10 were increased by 4%, in recognition of a rise in the Consumer Price Index. The immediate effect of this has been to reduce the gap between the top timescale point and the lowest superscale point from \$430 to \$203, or from 7.6% to 3.44%; a similar situation obtained as a result of the implementation of the 1965 Salaries Commission's findings, when the differential fell to \$200, or 4.6%. The Commission then expressed the view (with which we agreed) that this was too small, and in our 1966 Report we recommended an adjustment in the lowest superscale point which produced an 8% differential. Here we must draw attention to the constant pressures on the bottom end of the superscale resulting from the practice of making fixed percentage awards at all levels in the timescale. It seems to us that there would be merit (particularly when 'fair-comparison' information becomes available to Government) in seeking to scale down such percentage awards in the higher reaches of the timescale, both on grounds of equity and to reduce the impact on the lowest super scale salaries.

16. *Superscale Salary Adjustments.* In paragraph 6 we have already reported on the need to increase the salary differential between Points 10 and 11. The 4% timescale award obliged us to recommend further superscale adjustments to restore the differential between the top of the timescale

and the lowest superscale point. To this end we recommended that the previous differential be restored by an increase of 4.1% for Point 11, that is, from \$6,100 to \$6,350. We went on to determine the new salary level for Point 10 by applying the 7% differential recommended in paragraph 6, which produced a salary of \$6,800 for Point 10. Thereafter we calculated the new salary levels for higher superscale points which would preserve at a slightly lower level the earlier differentials between these points; that is, we sought to taper down the increases as rapidly as possible. This was as far as we were prepared to go at the time as we felt that a substantive review might be necessary later in 1971 in view of Government's decision to appoint a Salaries Commission. We forwarded these recommendations (which are fully set out in Appendix C) to Government in February 1971, and we understand that they have now been approved, and will be introduced retrospectively to 1st April 1970, the date on which the 4% award was made to timescale staff.

17. *Merit salary ranges.* We have considered suggestion made in the 9th Report of the Standing Advisory Committee on the Pay of the Higher Civil Service in Britain that merit salary ranges might have certain advantages over fixed salary points for most senior posts. While we recognize the theoretical attractiveness of such a scheme we have regretfully concluded that its application in such a small, closely knit community as Hong Kong would be likely to create more problems than it solves.

Overseas Education Allowances

18. A number of Heads of Departments represented to us that it was no longer reasonable to withhold overseas education allowances from officers on the higher superscale points. We have therefore looked again at the present arrangements whereby education allowances for superscale officers are reduced in number according to level of salary; officers on Points 10 and 11 can apply for up to three allowances; those on Points 8 and 9 can apply for up to two; and those on Points 6 and 7 can apply for one. Superscale officers on Point 5 and above are not entitled to any overseas education allowances at present.

19. When we made our original recommendations on these allowances in 1964 and 1966, we were of the opinion that, while such allowances were paid in the commercial sector, the practice was not very widespread. It was also our view that the salary levels we then proposed should take care of such additional expenses at these high levels. However, we now find that these allowances are more common in the private sector and we are conscious also that the cost of boarding schools in Britain has risen very substantially; that this has been making increasing inroads into the income of those senior officers who are educating their children in their country of origin; and that it is indeed a departure from normal practice to withhold allowances from senior staff.

20. We were informed that the Salaries Commission would be invited to look in detail at the present arrangements for education allowances, not least because recent and expected rises in English-speaking school fees are changing the differential between Hong Kong and overseas educational costs, a consideration which featured largely in the original decision to give these allowances. We appreciate that some changes may be introduced but since we regard the present restrictions as no longer equitable we feel that an immediate change should be made.

21. Accordingly, we recommend that the restrictions on the grant of these allowances to superscale staff should be removed as from 1st April, 1971, thereby putting all expatriate superscale staff on the same footing as regards eligibility as all expatriate timescale staff.

22. *Other fringe benefits.* There are certain features of these which we consider require revision as regards their impact on superscale officers:—

- (1) *'Representational' residences:* we recommend that the utility charges for the residences occupied by the Chief Justice, the Colonial Secretary, and the District Commissioner, New Territories should be paid by Government and not by the officers concerned. We make a distinction here between 'official' residences and 'representational' residences; we consider that this concession should apply only to the latter, since it is in them that the burden of expenditure on airconditioning, heating and lighting as a result of unavoidable and necessary commitments is likely to be heaviest.
- (2) *Leave passages:* we recommend that entitlement to first-class air passages should continue to be restricted to officers on Point 5 or higher.
- (3) *School passages for eligible children at school overseas:* We consider that children eligible under this head should be given one return passage every year, even if annual leave is taken.

- (4) *Children's air passages:* we understand that where an officer is personally eligible for first-class air passages when going on annual leave, his children if they accompany him on such occasions are required to travel economy class. We think that in such circumstances the children should be eligible for the same class of passage as the parents. However, if children are travelling alone on an annual leave passage then they should without exception be eligible only for economy class passages, regardless of the officer's entitlement.

23. *General procedural matters:* In mid-1970, as a result of correspondence between the Chairman and the Colonial Secretary, it was agreed that it was inappropriate for Government to consult the Standing Committee on the salaries to be attached to special posts of a temporary and advisory nature which do not form part of the normal departmental hierarchy. In reaching agreement on this matter we noted that various extraneous considerations tended to influence salary levels in such cases.

24. In the past, it has been the practice for Government to seek our advice on the grading of new posts after their creation had been approved by the Finance Committee of Legislative Council. This arrangement was not particularly satisfactory, and so a new arrangement has recently been introduced by Government to provide that the Committee's views will be sought after the Colonial Secretariat has been persuaded of the need for the post, and before it is referred to the Establishment Sub-Committee and Finance Committee.

25. We were invited to consider whether it was appropriate for this Committee to continue to advise on the grading of Point 11 posts, that is, those immediately below the level of Assistant Director. While it is true that these "Principal" posts fall outside of the directorate-level group which are properly our concern, we consider that there are practical advantages in not changing the present arrangements and we so recommend.

26. Appendices D and E list all superscale posts as at 31st March, 1971 including the regradings now recommended in paragraph 5 but excluding the small number of posts on which we are not required to advise, such as certain overseas posts in the Commerce & Industry Department.

Appendix D
Appendix E

27. *Changes in Membership:* In September 1966 Mr. F. S. LI resigned from the Committee and his place was taken by the Honourable WILFRED WONG SIEN-BING. In September 1968 Mr. M. A. R. HERRIES was appointed to the Committee, and in March 1970 Mr. E. R. CHILDE resigned from it. In March 1970 Mr. HERRIES resigned on his departure from Hong Kong, and in April 1970 Mr. P. E. HUTSON and Mr. H. G. RICHARDS accepted appointment to the Committee.

28. Our Secretary and Adviser is normally the Establishment Secretary (formerly the Establishment Officer) and we acknowledge the assistance given to us in this capacity by Mr. J. N. HENDERSON and Mr. S. T. KIDD. For our recent special review of grading relativities Mr. I. M. LIGHTBODY was appointed our Secretary and Adviser, and Mr. G. C. LYTON as Assistant Secretary, and we are grateful to them for the advice and help they have given us in this review.

G. R. ROSS
(Chairman)

J. S. LEE

WILFRED WONG

H. G. RICHARDS

I. M. LIGHTBODY

P. E. HUTSON

S. T. KIDD
(Secretaries and Advisers)

1st April, 1971.