

Information Paper for Legislative Council Panel on Financial Affairs

Proposal to delink the rates of honoraria for new trainees under the Valuation Surveying Graduate Training Scheme from civil service pay

We plan to submit to the Finance Committee (FC) at its meeting on 18 July 2003 for approval a proposal to delink the rates of honoraria for new trainees under the Valuation Surveying Graduate Training Scheme (VSGTS) from civil service pay. We also plan to improve the training opportunities for graduate trainees by utilizing the savings arising from the proposed revision. The purpose of this paper is to brief Members on our proposal.

PROBLEM

2. The rates of honoraria for new trainees under VSGTS are pegged to civil service pay and are generally higher than the salaries of graduate trainees in the private sector.

PROPOSAL

3. We propose to delink the rates of honoraria for new trainees under VSGTS from civil service pay. Specifically, we propose to unpeg the honorarium for the first year trainees from the Civil Service benchmark for Qualification Group 9 – Degree and Related Grade at point 11 (\$16,095) of the delinked Master Pay Scale (MPS), and unpeg the honorarium for the second to fourth years from point 12 on the MPS (\$17,220).

JUSTIFICATIONS

4. The starting honorarium for trainees under the VSGTS is now pegged to the Civil Service benchmark for Qualification Group 9 – Degree and Related Grade, at Point 11 on the MPS. Delinking the training honoraria from the civil service pay will allow us to be more responsive in making adjustments in line with salary movements in the private sector. This will help to achieve comparability in honoraria between training schemes in the private sector and VSGTS, and allow us to better utilize the available resources. It is also

consistent with SETW's proposal (to be considered by FC on 18 July 2003) to delink the training honorarium under the Graduate Training Scheme (GTS) for the Environment, Transport and Works Bureau (ETWB) and Housing, Planning and Lands Bureau (HPLB). After delinking, the rates of honoraria will be determined by the Secretary for Financial Services and the Treasury (SFST) having regard to the rates of honoraria determined, with reference to market surveys, by the Secretary for the Environment, Transport and Works (SETW).

5. At present, the starting honorarium offered for Valuation Surveying Graduates (VSG) under the VSGTS is aligned with that offered for Estate Surveying Graduates (ESG) under SETW's GTS. Our current thinking is to keep this alignment after delinking, taking into account the fact that both ESG and VSG have the same entry and training requirements required by the Hong Kong Institute of Surveyors. In this regard, SETW's current plan is to determine the starting honorarium for ESG and other 16 disciplines (*Annex*) under the GTS of ETWB and HPLB with reference to market surveys conducted regularly by the Vocational Training Council or similar surveys. According to the latest surveys, a starting honorarium of \$10,700 per month will be offered under the GTS. We intend to adopt the same rate for new trainees under VSGTS.

6. On completion of the first year of training, an increment on honorarium may be granted to reflect the experience gained and the increasing level of responsibility of the work to be performed by the trainee. Currently, we grant one point of increment, i.e. to MPS 12, to trainees in their second year of training (with no further increments in subsequent years). In line with the spirit of delinking, we will in future take suitable account of any increment granted to graduate trainees in the private sector when determining whether increments should be payable during the period of training and the amount.

7. We plan to utilize the savings for the reduction in honorarium to increase the number of training places. If the proposal to delink from civil service pay is approved by FC, we can increase the number of graduate trainees to be recruited in 2003-2006 from 16 to 22. The actual number of trainees to be recruited will depend on various factors including the availability of suitable candidates.

FINANCIAL IMPLICATIONS

8. Based on an annual intake of four graduate trainees, a training period of four years, a starting honorarium of \$10,700 per month and an assumed

¹ VTC carries out annual surveys on the salaries likely to be offered by employers participating in the Council's Engineering Graduates Training Scheme to their trainees in order to determine the subsidy rates for the trainees.

incremental creep in honorarium in the second year (say, 5%, for illustration purpose), we estimate that the proposed delinking will generate the following savings –

	First year	Second year	Third year	Fourth year (full-term effect)
Savings in recurrent expenditure under VSGTS (\$ million)	0.22	0.47	0.72	0.97

In working out the above savings, we have also assumed that civil service pay will be restored to June 1997 level in cash terms.

BACKGROUND INFORMATION

9. Surveying graduates have to undergo at least two years' practical training under supervision for obtaining professional membership of relevant professional bodies. At present RVD operates the VSGTS with an aggregate of 16 places for such graduates. VSG trainees may continue their training in the Department for up to a maximum of four years. Graduate trainees are not civil servants. There is no guarantee for further engagement of the graduates in the Government upon completion of their training.

10. Prior to 1986, the rates of honorarium for VSG trainees were the same as the pay for Civil Service ranks requiring graduates. In 1986, these rates were delinked from the Civil Service pay scale and were determined having regard to the latest pay information from the relevant professional bodies. These mechanism of pegging the rates with market pay continued until 1992-93 when FC endorsed that in order to maintain the relativity between the rates of honoraria payable to the trainees and the pay in the assistant professional ranks in the Civil Service, the rates of honoraria for graduate trainees should be raised in line with the annual Civil Service pay revisions. Since then, the dollar values are revised automatically in line with the Civil Service salary revisions. In 2000-01, following the Civil Service Starting Salary Review, FC further endorsed in May 2000 vide FC(2000-01)9 that the starting rate of honoraria should peg to the benchmark for Qualification Group 9 – Degree and Related Grades, which is MPS 11.

11. Recruitment for the 2003 intake of graduate trainees is in progress. The advertised starting honorarium is \$16,095 per month with a provision that it would be subject to changes at the time the offer of appointment is made. Offers for individual applicants are scheduled for July 2003. We will inform applicants of the review on the honorarium.

Financial Services and the Treasury Bureau
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Annex

List of Disciplines under the Graduate Training Schemes of ETWB and HPLB

Profession	Discipline	Managing Department	Bureau
Architecture	Architectural Graduates	Architectural Services	ETWB
Engineering	Building Services Engineering Graduates	Electrical & Mechanical Services	
	Civil Engineering Graduates	Civil Engineering, Drainage Services, Highways, Territory Development & Water Supplies	
	Electrical Engineering Graduates	Electrical & Mechanical Services	
	Electronics Engineering Graduates	Electrical & Mechanical Services	
	Engineering Geology Graduates	Civil Engineering	
	Environmental Engineering Graduates	Environmental Protection	
	Geotechnical Engineering Graduates	Civil Engineering	
	Mechanical Engineering Graduates	Electrical & Mechanical Services	
	Structural Engineering Graduates	Architectural Services	
Landscape Architecture	Landscape Architectural Graduates	Architectural Services	
Surveying	Building Surveying Graduates	Buildings	HPLB
	Estate Surveying Graduates	Lands	
	Land Surveying Graduates	Lands	
	Maintenance Surveying Graduates	Architectural Services	ETWB
	Quantity Surveying Graduates	Architectural Services	
Town Planning	Town Planning Graduates	Planning	HPLB

Note

ETWB – Environment, Transport and Works Bureau

HPLB – Housing, Planning and Lands Bureau