

HONGKONG.

## DESPATCH RESPECTING INCREASE OF SALARIES OF PUBLIC OFFICERS.

*Laid before the Legislative Council, by Command of His  
Excellency the Officer Administering the Government,  
with the Estimates for 1891.*

HONGKONG.  
No. 110.

DOWNING STREET,  
19th June, 1890.

SIR,

I have had under my consideration Sir G. W. DES VŒUX's Despatches No. 389 of 23rd December last and No. 396 of 30th December, forwarding the Report of the Committee appointed to consider the question of the necessity of increasing the salaries of public officers in Hongkong.

2. I am unable to accept the proposal that the salaries of any officers should be fixed at sterling, and paid each year in variable numbers of dollars, according to the average rate of exchange during the preceding year, as in all silver using Colonies the salaries of the servants of the Colonial Government must be calculated and paid in the legal currency of the Colony which employs them. No exception can be made in favour of Hongkong, as regards this principle.

3. In other respects, however, I am prepared generally to accept the proposals of the Committee, and am willing that the salaries of those officers which are usually filled by candidates from England should, with certain exceptions, (chiefly in professional appointments), and on certain conditions, as specified later in this Despatch, be increased by 35 per cent., and those of other offices by 20 per cent., it being understood that this rate of increase only takes effect *in full* where the salaries stand as they stood in 1875. Where the office has been created or reconstituted, or its salary raised once or oftener since 1875, the rate should be fixed according to the merits of each case, regard being had to the date of creation or of reconstitution or of increase of emolument, and to the amount and character of the duties. It may be convenient to say here that the conditions attached to my assent to the scheme relate, (a) to the rate of exchange for family remittances, leave pay and pension, and (b) the establishment of a Widows' and Orphans' Fund, this last condition only applying to a limited extent as hereafter specified.

4. The detailed scheme which formed enclosure No. 2 in Sir W. DES VŒUX's Despatch No. 389, may be adopted generally as a basis for calculating the new rates of salary to be placed on next year's Estimates, care being taken that where sterling amounts are mentioned in that scheme, they are converted into dollars at  $6\frac{1}{2}$  dollars to the £1 sterling. Besides the special offices or classes of offices mentioned later on in this despatch, I cannot approve of any proposals which involve a greater increase than that I have now sanctioned, viz.: 35 % above the 1875

*The Officer Administering the Government of*

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salary of certain offices *e.g.* that of the Registrar General, Registrar and Deputy Registrar of the Supreme Court, and Colonial Surgeon. In those cases also where an office has been created since 1875 and yet the proposed increase does not fall short of 35 per cent., I consider that further consideration and explanation are needed. I refer to such cases as those of the Assistant Colonial Secretary, the Inspector of Schools and the Superintendent of the Sanitary Department. It does not appear on what ground such large increases have been proposed in these and some other cases; but I have no doubt that there were reasons which influenced Sir W. DES VŒUX's proposal, and I leave it to your discretion, after giving full weight to my criticisms, to insert what rates of salary you may see fit for these offices in next year's Estimates.

5. In accordance with the recommendation of the Committee, the general increase in salaries should be accompanied by a withdrawal of the privilege now enjoyed by a few officers of making family remittances at the rate of  $4/2d.$  to the dollar, and in future such remittances cannot be allowed in any case at a higher rate than that of the market. In regard also to the issue of leave pay and pension, the officers must, as I have intimated, submit, in consideration of the large increase now granted, to some curtailment of the privileges which they have hitherto enjoyed.

6. The present additions to the emoluments of public officers are sanctioned mainly in consequence of the increased cost of living in the Colony. There is not therefore the same necessity for increasing the rates of pension and leave salary to be drawn in this country, where the cost of living is actually less and not more than it was some years ago. These considerations have already received their due weight in the two other Eastern Colonies of Ceylon and the Straits Settlements, and it is obviously equitable that the principles applied in these Colonies should also be applied to Hongkong. When twenty per cent. was added in Ceylon to the salaries of certain offices, the benefit was accompanied by the condition that the recipients should in future, receive their leave salaries and pensions at  $1/10\frac{1}{2}d.$  the Rupee instead of  $2/-$ . Similarly the Straits Settlements rate of the Dollar was reduced from  $4/3d.$  to  $4/-$  in the case of all officers newly appointed or receiving substantial promotion subsequent to 1876, and again within the last few months, on the occasion of the salaries of certain classes of offices being still further increased, it was decided that where the increases amounted to 10 per cent. at least, those who benefited should only be entitled to receive their pensions eventually at  $3/8$  the dollar instead of  $4/-$ ; but I allowed the  $4/-$  rate to remain in force for purposes of leave salaries, as I considered that to fix leave pay at  $3/8$  to the dollar, would have put an undue strain on the resources of civil servants requiring to take leave on half salary, the consequence being perhaps to make it difficult for them to avail themselves of the proper amount of leave, when necessary for their health and efficiency.

7. The present opportunity should be taken to bring the two dollar-using Colonies into line in this respect. The holders therefore of those offices, to which an increase of at least 14 per cent. is now given, will in future draw their leave salaries in this Country at  $4/-$  instead of  $4/2d.$  the dollar, and their ultimate pensions at  $3/8d.$  the dollar. I have adopted 14 per cent. because \$114 at  $3/8d.$  is rather more than \$100 at  $4/2d.$  This change will apply to those cases where increases were sanctioned in my despatch No. 67 of 18th April last, in which I dealt with the Estimates for 1890. I may remind you that the probability of this decision was intimated in the Postscript to that despatch. It will also be the rule for all new appointments to the service, and for all future promotions to any of the offices now receiving at least 14 % increase. Such officers on the other hand as now receive no increase, or an increase of less than 14 % to their present emoluments, will continue to be entitled to the  $4/2d.$  rate of exchange for leave salaries and pensions, so long as they hold their present appointments on the same salaries.

8. As regards personal allowances, I may observe where such an allowance has been given in consideration of exceptional personal qualifications, or length of service, it may, if you see no objection, be continued at its present rate to the existing holder of the office, while the permanent salary of the office itself receives an increase of 35 or 20 per cent. on the rate prevailing in 1875; but where the allowance has been given since 1875 on the ground of insufficiency of salary attached to the post, such personal allowance must, of course, be taken into account as part of the authorized increase on the 1875 rate of salary, and be merged in the future salary of the post. In all cases where it is considered proper; on this principle to continue the separate personal allowance or part of it, I desire to receive from you a report referring me to the correspondence in which the allowance was originally approved.

9. The papers accompanying Sir W. DES VŒUX's Despatch of 23rd December last, do not show what officers have free quarters or are in receipt of house allowance, fees, or other emoluments. I would observe, however, that the increase now sanctioned of 35 or 20 % on the 1875 standard, is to be understood to be an increase of gross emoluments as compared with the gross emoluments received in that year. I request that in sending home the list of revised emoluments, as drawn up in accordance with my present instructions, it may be clearly shown in every case, what were the gross emoluments in 1875, and what it is proposed that they should be for the future. This you will perceive will involve furnishing an estimate of the annual value of free quarters in cases where they are allowed.

10. You are aware that it is an object of policy with this Department that fees should cease to be retained by officials and should be paid into the public Treasury, the salaries which they receive being calculated to cover the performance of the duties for which such fees may have hitherto been drawn. The general revision of the salaries of public officers seems to afford a favourable opportunity for promoting this reform.

11. As bearing on the general question of emoluments, I may mention that I have also had under my consideration your Despatch No. 104 of the 15th of April last, regarding the proposed establishment of a Widows' and Orphans' Pension Fund. The number of cases of compassionate grants allowed to the families of deceased officers in Hongkong, makes it very desirable in my opinion that such a fund should be established and that it should be compulsory on all officers in future appointed to the permanent service of the Colony, to contribute to it. In the case of those officers not appointed from England who are about to receive 20 per cent., I think the Government would be within its rights in stipulating that the present increase to their salaries should be regarded as conditional on their joining the Fund when it is started. But the higher officers at present in the service, (appointed from England), many of whom have doubtless already insured their lives, may be left at liberty to join or not as they please.

12. Turning next to the exceptions which must be made to this general proportionate increase of salaries:—

(1.) I think that Cadets will be sufficiently paid if they are given \$1,500 a year, (instead of \$1,200 their present pay), and passed Cadets \$1,800 as at present. These rates have just been fixed at the Straits Settlements, and it is desirable that the two Colonies should be on the same footing in regard to these initial appointments.

(2.) As regards the Police Department, I agree with Sir W. DES VŒUX that considering the special privileges attached to that Department the European Members of the Force need not be granted so large an increase as the regular Civil Servants appointed from this Country, and I am willing to approve the

scale of increases proposed by him for officers of this class, subject to the reduction of the rate of exchange for leave salaries and pensions, specified in paragraph 7 of the present despatch, but the 1st and 2nd Class Inspectors may be given \$1,368 and \$1,092, respectively, these being slightly higher rates than Sir W. Des Vœux proposed, in order that they may not suffer any reduction in the rates of pension which they have a right to expect under the existing rules.

- (3.) The salaries of the Assistant Schoolmasters, of the Surveyor General, and of certain subordinate Members of the Public Works Department, have already been dealt with in my despatch on the Estimates for this year, and I hope to address you shortly on the other Members of that Department, in time to admit of the revised salaries being entered on next year's Estimates.
- (4.) As you were informed in my despatch No. 104 of the 12th instant, the salaries of the newly organized Audit Office will be fixed by the Controller and Auditor General.
- (5.) The salary of the Attorney General has only recently been fixed at \$7,800, without private practice, and there seems no necessity to make any change in that rate at present.
- (6.) I regret that, as at present advised, I am not prepared to sanction the proposed increase to the salaries of the Chief Justice and the Puisne Judge. In fixing the salaries of judicial and other professional posts, which are not regularly filled by promotion from the ranks of the Civil Service of the Colony, regard must be had to the salaries of similar appointments in other Colonies, and I have recently declined to sanction any change in the pay of the Judges in the Straits Settlements. I feel unable to agree to a proposal that the salaries of the Judges at Hongkong should be higher than those at the Straits Settlements. The salary of the Chief Justice must therefore remain at \$12,000, but I do not object to the salary of the Puisne Judge receiving a small increase from \$8,160 to \$8,400, the latter amount being the rate of pay of the Puisne Judges at the Straits Settlements.
- (7.) Similarly the Harbour Master and Assistant Harbour Master cannot be allowed higher rates than the similar officers at Singapore, viz. : \$4,800 and \$2,400, respectively.
- (8.) As to the Medical Department I am not satisfied that any change in the existing scale of salaries which have more than once been revised, is required, when account is taken of the house allowances and private practice allowed to certain members of the Department, which are not specified in the papers accompanying the Despatch under acknowledgment.
- (9.) In regard to the Colonial Chaplain, as it has been decided that the office will not be continued on the retirement of the present holder, I am disposed to think that no increase can, consistently with the principle involved in that decision, be given to his salary from Public Funds. If circumstances require that he should be more highly remunerated, any addition to his pay ought in principle to be made up by voluntary contributions from those attending his ministrations, by whom, I may observe, the whole emoluments of his successor will have to be provided. In this case, however, I shall be prepared to reconsider the point if you find on consulting the members of the Legislative Council that they desire a different course to be pursued, and that their opinion is shared by the public generally.

13. I fully concur in Sir W. DES VŒUX's view that it will be better to repeal the Civil List Ordinance. Such an Ordinance becomes more and more obsolete with every change in Establishments, and is thus a source of confusion and trouble, whilst in a Crown Colony it affords no additional security to public officers. I therefore request you to introduce an Ordinance for the purpose, the repeal to take effect if possible from and after the 31st of December next.

14. In conclusion, I have to instruct you to place on the next year's Estimates the new scale of salaries subject to my final approval when those Estimates are considered, using your discretion in regard to such cases as are left open in this despatch. I do not wish to delay the introduction of the scheme any longer by asking you to furnish me with further information on points which, as I have indicated above, are not, in my opinion, fully explained in the papers before me, but you will be careful to supply full information on all such points when the Estimates are sent home.

I have the honour to be,

Sir,

Your most obedient, humble Servant,

KNUTSFORD.