

LEGISLATIVE COUNCIL BRIEF

2006 STARTING SALARIES SURVEY FINDINGS AND APPLICATION TO THE CIVIL SERVICE

INTRODUCTION

At the meeting of the Executive Council on 15 May 2007, the Council ADVISED and the Chief Executive ORDERED that -

- (a) the established parameters for setting benchmarks for the different qualification groups (QGs) in the civil service should continue to be applied (paragraph 9);
- (b) new benchmarks should be adopted for certain QGs based on findings of the 2006 Starting Salaries Survey (SSS), and consequential new starting salaries for civilian grades in these QGs should be derived based on existing relativities (paragraph 13);
- (c) new starting salaries for the disciplined services grades should be worked out based on the formulation adopted in the 1999 Starting Salaries Review (paragraph 13);
- (d) the new starting salaries for both civilian and disciplined services grades should take effect on the first day of the month immediately following approval by the Finance Committee (FC) of the Legislative Council (LegCo) (paragraph 14);
- (e) the normal conversion arrangement, subject to two technical measures, should be adopted for civil servants appointed to entry ranks on or after 1 April 2000 and are still serving in entry ranks (paragraphs 16 and 18);
- (f) the “carry-forward” arrangement adopted since 1 April 2000 for teachers on transfer between aided schools or between government and aided schools should continue and prevail (paragraph 21);
- (g) a special arrangement should be made for teachers

- granted with incremental award for qualification to be fully compensated on top of the normal conversion arrangement stated in item (e) above (paragraph 22);
- (h) a SSS should be conducted every three years (paragraph 24); and
 - (i) the delinking arrangement, under which starting salaries are not adjusted in line with the annual civil service pay adjustment, should be discontinued (paragraph 27).

JUSTIFICATIONS

Civil Service Pay Policy

2. The Government's civil service pay policy is to offer remuneration sufficient to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and such remuneration is to be regarded as fair by both civil servants and by the public they serve. For the latter, the Government accepts that comparability with the private sector should be an important factor in setting civil service pay.

Determination of Starting Salaries for Entry Ranks

3. Civil service salaries at the entry level are set having regard primarily to educational qualifications and to the entry pay for comparable educational qualifications in the private sector. Briefly, the different entry ranks in the civil service are grouped into various broad-band education QGs. For each QG, there is one (or two) benchmark salary (hereafter referred to as 'benchmark'), which is set having regard to entry pay in the private sector for similar educational qualification as determined through a SSS. Where no comparable entry pay is found in the private sector for a QG existing in the civil service, the benchmark for that QG is determined through internal relativities with other QGs.

4. When the benchmark of a QG is determined, the starting salaries of the civil service grades in that particular QG are set on par with, or one or more points higher¹ than (where justified for reasons of special job requirements or recruitment difficulties) the said benchmark.

¹ Except for special cases such as the assistant ranks for professional grades, for which the starting salaries are one or more points below the benchmark of their respective QG.

5. At present, there are 12 QGs in the civil service and their benchmarks are set out in **Annex A**.

2006 Starting Salaries Survey

(a) General

6. The last two starting salaries review were conducted by the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) in 1989 and 1999. The 1989 exercise resulted in higher benchmarks for some QGs and, based on these higher benchmarks, higher starting salaries were derived for those grades in the affected QGs. The 1989 exercise did not involve the disciplined grades as they were the subject of a separate review (the Rennie's Review). The 1999 exercise resulted in lower benchmarks for some QGs. Consequently, lower starting salaries were derived for those civilian grades in the affected QGs. In addition, the starting salaries for the disciplined grades were also adjusted downwards through a formulation advised by the Standing Committee on Disciplined Services Salaries and Conditions of Service (Disciplined Services Committee).

7. The revised lower starting salaries (by one to at most six pay points) for affected civilian and disciplined grades have been implemented since April 2000. In light of the long interval since the last starting salaries review, we commissioned the Consultant engaged by us to conduct a pay level survey to also conduct a SSS, using 1 April 2006 as the reference date.

(b) Methodology and parameters for comparison

8. The qualification benchmark method (adopted by the Standing Commission in its 1989 and 1999 starting salaries review) was used by the Consultant in the 2006 SSS. Specifically, the Consultant was asked to collect entry pay data in respect of nine of the 12 existing QGs in the civil service. The other three QGs were not covered in the SSS altogether as they are no longer commonly used in the private sector or as there are practical difficulties in making a comparison on the starting salaries across ranks with different entry requirements within the same QG.

9. In line with the established practice (adopted also in the 1989 and 1999 exercises), the CE-in-Council has decided that –

- (a) the benchmark(s) of a QG should be set with regard to the upper quartile (i.e. P75) of the total cash compensation of the relevant private sector entry pay for similar educational qualification;

- (b) where insufficient private sector entry pay data is obtained or where a QG is not included in a SSS altogether, the benchmarks of such QGs should be derived through existing internal relativities among the QGs; and
- (c) the benchmark of each QG, in dollar terms, should be linked to the nearest salary point on the relevant civil service pay scales.

(c) Survey field

10. The Consultant successfully collected entry pay data from 56 companies. All of them employed 100 or more staff. The breakdown of these companies by economic sectors is as follows –

<u>Economic Sector</u>	<u>No. of Companies</u>
Community, Social and Personal Services	8
Construction (works-related)	15
Financing, Insurance, Real Estate and Business Services	12
Hotels and Restaurants	5
Manufacturing	4
Transport, Storage, Communication and Utility	3
Wholesale, Retail and Import/Export	9

(d) Survey findings

11. Of the nine QGs covered in the SSS, the Consultant successfully collected entry pay data for six. Insufficient data were collected for the remaining three QGs. The findings of the 2006 SSS are tabulated in **Annex B**.

B

(e) New benchmarks and new starting salaries

12. The new benchmark for each QG, derived on the basis of the parameters set out in paragraph 9 above, is set out in **Annex C**. In brief, except for QGs 5, 6 and 10, the benchmarks for all the other QGs will be increased by one to at most five pay points.

C

13. In accordance with the established practice, the CE-in-Council has decided that the new starting salaries for individual civilian grades in those QGs with new benchmark(s) should be derived based on the existing internal relativities with the benchmark(s) of the

relevant QG. For the disciplined grades, the new starting salaries should be derived in accordance with the 1999 formulation (referred to in paragraph 6 above and set out in **Annex D**) based on the new benchmark(s) of the relevant QGs.

(f) Date of implementation of new starting salaries

14. The CE-in-Council has decided that the new starting salaries should take effect prospectively, i.e. from the first day of the month immediately following the approval of the new salaries by FC of LegCo.

Conversion Arrangement for Affected Serving Civil Servants

(a) Number of serving civil servants affected by the 2006 SSS

15. As the new starting salaries for some civilian and disciplined grades are higher than the existing salaries, we need to address the issue of how to adjust the pay of those civil servants who were appointed to the entry ranks of these grades prior to the implementation of the increased starting salaries. This is necessary because from a staff management point of view, we cannot allow a serving (and therefore more senior) civil servant to be paid less than his/her junior in the same entry rank (unless for very special reasons such as payment of additional increments for relevant previous experience). We estimate that around 12,200 serving civil servants (as at January 2007), made up of around 5,000 in civilian grades and 7,200 in disciplined grades, would be affected by the revised higher starting salaries. These staff were appointed to the civil service on or after 1 April 2000 and are still serving in the entry ranks in those QGs with a new, higher benchmark (hereafter referred to as "affected serving civil servants").

(b) Conversion arrangement

16. The CE-in-Council has decided that the normal conversion arrangement, subject to two technical measures described in paragraph 18 below, should be adopted for all affected serving civil servants. Very briefly, the pay of affected serving civil servants should be -

- (i) brought up to the revised higher entry pay point if their existing pay is below the new starting salary; and
- (ii) brought up to the next higher pay point (including incremental jump and omitted points, if any)

subject to the maximum pay point of their ranks², if their existing pay is equal to or above the revised higher starting salary;

17. The adoption of the normal conversion arrangement is to ensure that the pay of serving civil servants would not be worse off than new recruits (except for new recruits awarded with incremental credits for relevant previous experience). This conversion arrangement has been recommended by the Standing Commission since its inception in 1979. The Standing Commission has re-affirmed its recommendation to adopt the normal conversion arrangement for affected serving civil servants from the 2006 SSS.

(c) Technical measures under the normal conversion arrangement

18. The CE-in-Council has decided that in order to ensure that the pay of affected serving civil servants in some disciplined ranks with increment jump³ would not be overtaken by new recruits (either immediately or in subsequent years), a special conversion arrangement, as set out at Annex E, should be put in place on top of the normal conversion for serving civil servants in these ranks. The CE-in-Council has also decided that the incremental date for those affected civil servants meeting the criteria set out in Annex F should be realigned to the date when the new starting salaries take effect. This is to ensure that the pay of more junior civil servants would not overtake those with more years of service.

Affected Serving Teaching and Non-teaching Staff in the Aided Education Sector

(a) Conversion arrangement

19. For teaching and non-teaching staff in the aided school sector who were appointed on or after 1 April 2000 and are still serving on entry ranks, the CE-in-Council has decided that the normal conversion arrangement should apply to them if they are remunerated on the civil service pay scale and their payrolls are maintained by the Education and Manpower Bureau (EMB). We estimate there are around 8,500 affected teachers and 700 affected non-teaching grade

² Except for special cases such as assistant ranks (e.g. assistant engineer), the maximum pay point of which will be adjusted upwards in step with the relevant entry rank (e.g. engineer). Under such circumstances, the award of one additional pay point will be subject to the new, higher maximum pay point of the relevant rank.

³ Incremental jump(s) is awarded in some entry ranks of the disciplined services grades for officers who have completed a defined period (e.g. one year) of service.

staff⁴ in the aided sector.

(b) "Carry-forward" arrangement

20. Prior to 1 April 2000, the salary for teachers on new appointment (including movement between schools in the public sector, i.e. from a government school to an aided school or vice versa, or from an aided school to another aided school) was calculated on the basis of the prevailing starting salary plus incremental credits for relevant previous teaching experience (ICEs). This practice was changed following the downward revision of the starting salaries for the Certificated Master/Mistress (CM) and Graduate Master/Mistress (GM) ranks in April 2000, based on the findings of the 1999 starting salaries review. The new practice, as endorsed by the CE-in-Council in 2000, involves a "carry-forward" arrangement under which serving teachers appointed before 1 April 2000 are allowed to retain their higher salaries upon movement between schools in the public sector. In other words, they are not subject to the reduced starting salaries upon change of employer in the public sector. The "carry-forward" arrangement takes into account the Government's policy to encourage a healthy turnover of teachers between schools in the public sector, so teachers would not be made worse off when they move among government and aided schools.

21. The CE-in-Council has decided that the "carry-forward" arrangement for teachers (both those appointed before or after 1 April 2000) on movement between schools in the public sector should continue upon implementation of the new higher starting salaries following the 2006 SSS, and that this arrangement should prevail over the calculation of salary based on the new starting salaries plus ICEs. This means that the salary of an affected serving teacher will be brought up (subject to the maximum pay point of the rank in which he/she serves) under the normal conversion arrangement, and will be applied to this teacher even if he/she changes employer in the public school sector. The continued application of the "carry-forward" arrangement would ensure even-handed treatment in the event of either upward and downward revision of starting salaries arising from a SSS, which will be conducted every three years in future (as explained in paragraph 24 below). It would also ensure parity of treatment with civil servants who are only entitled to a pay equivalent to the "carry-forward" arrangement upon transfer between departments.

(c) Incremental award for qualification

22. We encourage teachers to acquire the Post-graduate

⁴ The salaries of these non-teaching staff (e.g. Speech Therapist, Registered Nurse, Clerical Assistant, etc) are pegged to comparable civil service ranks and their payrolls are administered by EMB.

Certificate in Education (PGCE). As an incentive, new recruits in the GM rank with PGCE are given an additional two pay points as incremental award for qualification (IAQ) upon their joining schools in the public sector. In addition, a GM without this qualification is barred from advancement beyond a specified pay point. Separately, aided schools have been recruiting CMs who do not meet the relevant entry requirements (e.g. a local degree holder without teacher training) at one to two pay points below the starting salary. These teachers are granted one increment upon completion of PGCE (or equivalent); and they are barred from moving beyond a specified pay point upon failure to obtain PGCE. The teaching grades are the only ones in the whole civil service with the general award of IAQ plus a barring arrangement for failure to acquire a specific qualification. In view of its unique nature, the CE-in-Council has decided that additional pay point(s) (namely two for GM and one for CM) should, as a special arrangement, be granted to affected serving teachers in both government and aided schools on top of the normal conversion upon the implementation of the new starting salaries.

Other subvented organisations

23. The salary structures of staff in most of the other subvented organisations, including those in the medical (mainly Hospital Authority) and the welfare sectors, have been delinked from the pay scales of the civil service for some time. Therefore, the normal conversion arrangement to be applied to affected serving civil servants from the 2006 SSS would have no direct impact on them. However, noting that the subventions to some organisations had been reduced in connection with the downward revision of starting salaries for the civil service in April 2000, the Government will consider adjusting, where necessary, their subventions in the context of the present exercise, having regard to factors including the terms of individual subvention agreements and the amount of reductions made in the 2000 exercise. Discussion will be held with bureaux/departments concerned on what adjustments, if any, should be made to the subventions of different organisations in accordance with this broad approach.

Frequency and future of SSS

24. To maintain the competitiveness of recruitment into the civil service and to ensure that the starting pay of the civil service remains in line with that of the private sector, the CE-in-Council has decided that a SSS will be conducted at three-yearly interval (counting from 1 April 2006 which is the reference date for the 2006 SSS) in future.

Linkage with the Annual Pay Adjustment Exercise

25. Upon the advice of the Standing Commission in 1999, the revised starting salaries implemented with effect from April 2000 have been delinked from the annual pay civil service adjustment. This is implemented through the creation of a set of reference pay scales which are frozen at fixed dollar values until the next SSS, meaning that this set of reference pay scales would not be adjusted in accordance with the annual civil service pay revision. New appointees are remunerated on the reference pay scales until they receive their first annual increment (which normally occurs one year after appointment) when they are reverted to the "normal" civil service pay scales.

26. The delinking arrangement is premised on the rationale that adjustment to starting salaries in the private sector may not necessarily follow the annual salary adjustment rates for their serving staff, and is meaningful where a SSS is conducted on an infrequent basis. The Standing Commission now recommends that with the regular conduct of a SSS at three-yearly intervals, there is much less justification for a delinking arrangement. It also accepts that additional work and complications brought about by the administration of a set of reference pay scales is not commensurate with the reduced benefit that may be derived upon the conduct of a SSS every three years.

27. Having regard to the change in circumstances, the CE-in-Council has decided that the delinking arrangement should be discontinued. The new starting salaries for the concerned ranks (referred to in paragraph 13 above) will have regard to the civil service pay scales applicable for 2007-08. What these scales may be would depend on the outcome of the on-going 2007 Pay Trend Survey (PTS), on the advice of the CE-in-Council on the level of adjustment (if any) of civil service pay in 2007-08 and on the approval of FC as necessary.

IMPLICATIONS OF THE ARRANGEMENTS

28. The 2006 SSS application and conversion arrangements are in conformity with the Basic Law including the provisions concerning human rights. They have no sustainability implications.

29. As regards the financial implications for the civil service, on the assumption that around 4,000 new recruits would join the civil service every year (i.e. just enough to offset a wastage rate of 2.5% as experienced in 2005-06), we estimate an additional annual expenditure of around \$60 million (or about 0.09% of the total payroll of about \$65 billion in 2007-08) would be incurred on a cumulative basis as a result of the implementation of the new starting salaries. We estimate the additional annual expenditure to be incurred for affected serving civil servants for the first year of implementation would be around \$140 million under the normal conversion arrangement, and the additional

expenditure would reduce over time as affected civil servants reach the stipulated maximum pay points of the concerned entry ranks, or as they start to act or are promoted to the next higher rank. The special arrangement for granting relevant government school teachers with IAQ would incur an additional expenditure of up to \$14 million.

30. For serving teaching and non-teaching staff of aided schools who are remunerated on civil service pay scales with their payroll administered by EMB, we estimate the additional annual expenditure to be incurred in the first year of implementation would be around \$240 million under the normal conversion arrangement; and the additional expenditure would reduce over time as affected staff reach the stipulated maximum pay point of the concerned entry ranks, or as they start to act or are promoted to the next higher ranks. The special arrangement for granting teachers with IAQ would incur an additional expenditure of up to \$190 million in the aided school sector. For new recruits in the aided school sector upon implementation of higher starting salaries, we estimate an additional annual expenditure of around \$19 million (or about 0.09% of the school sector payroll of some \$21 billion in 2007-08) would be incurred on a cumulative basis.

31. For serving staff in the subvented sector (other than those in aided schools), as most of their salary structures have been delinked from the civil service pay scales, the findings of the 2006 SSS (including the conversion arrangement) will not be directly applicable to them. As explained in paragraph 23 above, for those organisations whose subventions had been reduced in connection with the downward revision of starting salaries for the civil service in 2000, we would consider an appropriate upward adjustment of their subvention upon implementation of the new starting salaries in the civil service in 2007 (as and when approved by FC of the LegCo). We cannot readily estimate the additional expenditure likely to be involved. We will have a clearer picture after discussion with bureaux/departments concerned.

32. As regards the economic implications, while the civil service and employees in subvented organisations together account for around 17% of the overall employment remuneration in the economy, the application and conversion arrangements will affect a small fraction of the employees only. There would be no significant impact on the labour market and overall economic activity.

CONSULTATION

33. The above conversion and related arrangements are drawn up after extensive discussions with the Steering Committee on Civil Service Pay Adjustment Mechanism and the staff sides through the

Consultative Group (CG)⁵. We have also consulted the Standing Commission and the Disciplined Services Committee. All support our application and conversion arrangements.

PUBLICITY

34. We will inform the three advisory bodies on civil service salaries and conditions of service, chairman of the Public Service Commission, chairman and vice-chairman of the Public Service Panel of LegCo, permanent secretaries, heads of departments, the staff sides of the four central consultative councils, the four major service-wide staff unions and all civil servants of the CE-in-Council's decision. A press release will be issued and a spokesman will be available to answer media enquiries.

SUBJECT OFFICER

35. Enquiries on this brief should be addressed to Mr. Chris Sun, Principal Assistant Secretary for the Civil Service (tel.: 2810 3112).

Civil Service Bureau

15 May 2007

⁵ The Steering Committee and the Consultative Group on Civil Service Pay Adjustment Mechanism were set up in April 2003 to respectively provide professional and staff inputs to the task of developing an improved civil service pay adjustment mechanism. The Steering Committee comprises members drawn from the Standing Commission, the Disciplined Services Committee and the Directorate Committee. The Consultative Group comprises representatives from the staff sides of the four central consultative councils and the four major service-wide staff unions.

Annex A**Qualification Groups (QGs) for Civilian Grades and Ranks of the Civil Service**

QGs	Qualification Requirements	Examples of Ranks Included	Existing Benchmark Pay
1	Grades not requiring five passes in HKCEE	Clerical Assistant, Postman	MPS 0
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE Group II: Grades requiring five passes in HKCEE plus considerable experience	Group I: Assistant Clerical Officer, Postal Officer Group II: Confidential Assistant, Assistant Taxation Officer	MPS 2
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades Group II: Diploma Grades	Group I: Dental Therapist, Physiotherapist Group II: Technical Officer, Survey Officer	Group I: MPS 11 Group II: MPS 6
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	Assistant Clerk of Works, Assistant Inspector of Works	MPS 11

QGs	Qualification Requirements	Examples of Ranks Included	Existing Benchmark Pay
5	Technician, Supervisory and Related Grades Group I: certificate or apprenticeship plus experience	Amenities Assistant III, Works Supervisor II	MPS 6
6	Technician, Supervisory and Related Grades Group II: craft and skill plus experience, or apprenticeship plus experience	Artisan, Motor Driver	MPS 5
7	Grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination plus three credits in HKCEE (2A3O)	Court Prosecutor, Liaison Officer II	MPS 4
8	Professional and Related Grades Group I: Membership of a professional institution or equivalent Group II: Grades with Pay Structure Related to Grades in Group I	Group I: Treasury Accountant, Government Counsel Group II: Economist, Administrative Officer	Group I: MPS 22 Group II: MPS 22
9	Degree and Related Grades	Executive Officer II, Assistant Labour Officer II	MPS 11
10	Model Scale 1 Grades	Workman II, Ganger	MOD 0

QGs	Qualification Requirements	Examples of Ranks Included	Existing Benchmark Pay
11	Education Grades	Certificated Master/mistress, Assistant Education Officer	(Note 1)
12	Other Grades	Air Traffic Control Officer III, Assistant Information Officer	(Note 2)

Note 1: No benchmark is set for this group and the starting salaries for the non-graduate and graduate grades are determined having regard to their established relativities with QG 3 (Group I) and QG 9 respectively.

Note 2: No benchmark is set for this group and the starting salary for each rank is determined by reference to (a) traditional relativities with relevant grades in other QGs, or (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades.

Findings of the 2006 Starting Salaries Survey

Qualification Groups	Existing Benchmark Salaries (Monthly)	Private Sector Entry Pay at P75 Level (Monthly)
QG 1: Grades not requiring five passes in HKCEE	MPS 0 (\$7,674)	\$8,290
QG 2: School Certificate Grades	MPS 2 (\$8,675)	\$9,048
QG 3:	<i>Higher Diploma Grade</i>	MPS 11 (\$15,215) <i>(Insufficient data)</i>
	<i>Diploma Grades</i>	MPS 6 (\$11,170) \$12,991
QG 4: Technical Inspectorate and Related Grades: Higher Certificate plus experience	MPS 11 (\$15,215)	<i>(Insufficient data)</i>
QG 5: Technician, Supervisory and Related Grades Group I: Relevant certificate or apprenticeship plus experience	MPS 6 (\$11,170)	\$11,356
QG 6: Technician, Supervisory and Related Grades Group II: craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$10,505)	<i>(Insufficient data)</i>
QG 8: Professional and Related Grades	MPS 22 (\$26,540)	\$33,352
QG 9: Degree and Related Grades	MPS 11 (\$15,215)	\$19,996
QG 10: Model Scale 1 Grades	MOD 0 (\$8,144)	<i>(Insufficient data)</i>

Annex C**New Benchmarks for the 12 Qualification Groups**

QGs	Existing Benchmark	New Benchmark
QG 1	MPS 0 (\$7,674)	MPS 1 (\$8,150)
QG 2	MPS 2 (\$8,675)	MPS 3 (\$9,245)
QG 3	MPS 11 (\$15,215) (for higher diploma) / MPS 6 (\$11,170) (for diploma)	MPS 13 (\$17,145) (for higher diploma) / MPS 8 (\$12,690) (for diploma)
QG 4	MPS 11 (\$15,215)	MPS 13 (17,145)
QG 5	MPS 6 (\$11,170)	MPS 6 (\$11,170)
QG 6	MPS 5 (\$10,505)	MPS 5 (\$10,505)
QG 7	MPS 4 (\$9,845)	MPS 8 (\$12,690)
QG 8	MPS 22 (\$26,540)	MPS 27 (\$33,355)
QG 9	MPS 11 (\$15,215)	MPS 16 (\$19,860)
QG 10	MOD 0 (\$8,144)	MOD 0 (\$8,144)
QG 11	MPS 11 (\$15,215) (for both graduate and non-graduate)	MPS 16 (\$19,860) (for graduate)/ MPS 13 (\$17,145) (for non-graduate)
QG 12	Varies	Varies

Note 1: At present, the benchmark for student ranks (TPS 2) is linked to the benchmark for QG 2. Now that the proposed new benchmark for QG 2 is to increase by one pay point, the proposed new benchmark for student ranks should be TPS 3.

Note 2: At present, the pay scales of the Craft Apprentice and Technician Apprentice ranks (CAPS 0 and TAPS 0) are linked to the benchmarks for QG 1 and QG 2. Now that the new proposed benchmarks for QG 1 and QG 2 are to increase by one pay point, the proposed new benchmark for Craft Apprentice and Technician ranks should be CAPS 1 and TAPS 1 respectively.

Application of the 2006 SSS Results to the Disciplined Services¹

- (1) Police Inspector (IP) and Police Constable (PC) are chosen as the reference point for the officer grades and the rank and file grades in the disciplined services respectively.
- (2) The basic formula used in arriving at the new starting salaries for IP and PC is -
 - *Existing salary - existing benchmark salary² = element of salary relating to special job factors (A)*
 - *A + new benchmark salary recommended in the SSS = new starting salary*
- (3) The new starting salaries of comparable grades/ranks (e.g. Station Officer in relation to IP and Fireman in relation to PC) are derived from the following formula to the nearest pay point -

$$\text{Existing comparable rank starting salary} \times \frac{\text{New Police starting salary}}{\text{Existing Police starting salary}}$$

- (4) The new starting salaries of “non-comparable ranks” (e.g. Aircraft Engineer in the Government Flying Service which is linked to QG8, Group 1) are derived by a direct application of the formula in (2) above.

¹ The Disciplined Services comprise the Correctional Services Department, the Customs & Excise Department, the Fire Services Department, Government Flying Service, Hong Kong Police Force, the Immigration Department, and the Independent Commission Against Corruption.

² The benchmark for IP is QG 7 (Grades requiring 2A3O) and the benchmark for PC is QG 2 (School Certificate Grades).

RESTRICTED

Annex E

**Special Conversion Arrangement for
Serving Civil Servants Appointed on or after 1 April 2000**

- For a serving officer in an entry rank in the disciplined services with incremental jump(s), for whom incremental jump(s) has been awarded before the implementation date of the new starting salaries -

Salary A: The pay point as determined by the normal conversion rules.

Salary B: A pay point on the new pay scale such that his salary in the subsequent years, after taking into account annual increment and any incremental jump(s), would not be worse off than the case if he joined the rank as a new recruit on the implementation date and moved up the pay scale in the subsequent years, earning annual increment and incremental jump(s) along the way.

- The new pay point for the officer on the implementation date will be the higher of Salary A or Salary B.

**Circumstances under which the Incremental Date
of a Serving Civil Servant will be Re-aligned**

- The incremental date of a serving civil servant will be re-aligned to the date when the new starting salaries take effect if –
 - (a) the rank on which the officer serves falls within –
 - (i) QG 3,4,7,8,9,11 or those ranks within QG 12 with adjustment pegged to one of the above-mentioned QGs; or
 - (ii) an officer rank of the disciplined services grades; and
 - (b) the officer's pay point immediately before the effective date of the new starting salaries is two or more pay points¹ below the new starting salaries.
- For those officers whose incremental date will be re-aligned to the date when the new starting salaries take effect, they will earn their next annual increment one year after the implementation date if they have not yet reached the maximum pay point of the pay scales of their ranks.

¹ Where there is omitted point or incremental jump between the new starting salaries and the existing pay of an officer, such omitted points or incremental jump shall not be taken into account. Furthermore, if the incremental date for all civil servants in the entry rank of a grade is set at the same day as a matter of appointment policy, no re-alignment of incremental date is necessary even if an officer's existing pay is two or more pay points below the new, higher starting salary.