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**LEGISLATIVE COUNCIL
PANEL ON PUBLIC SERVICE**

**2009 Starting Salaries Survey:
Findings and Recommendations of the Standing Commission on
Civil Service Salaries and Conditions of Service**

PURPOSE

This paper –

- (a) summarises the findings and recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission)'s Report No. 46 on the Civil Service Starting Salaries Survey 2009 (the Report); and
- (b) invites Members' views and comments on the findings and recommendations in the Report.

BACKGROUND

2. Civil service starting salaries surveys (SSSs) are conducted to ascertain the broad comparability of civil service entry pay with that in the private sector. Under the *Improved Civil Service Pay Adjustment Mechanism*¹, an SSS should be conducted every three years. The last SSS

¹ The *Improved Civil Service Pay Adjustment Mechanism* comprises, among others, the conduct of (a) pay level surveys at six-yearly intervals; (b) annual pay trend survey under an improved methodology; and (c) SSSs at three-yearly intervals.

was conducted using 1 April 2006² as the reference date. In accordance with the triennial cycle, the Administration invited the Standing Commission in October 2008 to conduct the 2009 SSS using 1 April 2009 as the reference date.

3. The Standing Commission appointed a consultant to undertake the market survey under its supervision. (The consultant's survey report is available for public access at the website www.jsscs.gov.hk.) During the various stages of the SSS, the Standing Commission met and exchanged views with the staff sides of the four Central Consultative Councils (namely, the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council), and the four service-wide staff unions (namely, the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union). The Standing Commission has submitted its findings and recommendations of the 2009 SSS to the Administration on 9 March 2010. A copy of the Report is at [Annex](#).

FINDINGS AND RECOMMENDATIONS

Findings of the market survey

4. Over 100 private sector organisations from different sectors of the economy and each employing more than 100 staff participated in the market survey. The methodology of the survey is based primarily on the methodology adopted in previous SSSs conducted in 2006 and 1999, *viz.* the academic qualification method, under which the starting salaries of civil service basic civilian ranks are measured against those of private sector jobs requiring similar academic qualifications as categorised into qualification groups (QGs) and, where appropriate, non-academic requirements such as

² Revisions to the starting salaries of affected civil service basic ranks following the application of the results of the 2006 SSS took effect from 1 August 2007 after obtaining the approval of the Finance Committee of this Council in July 2007.

work experience. Having regard to past practices and the outcome of its engagement with stakeholders in the course of the exercise, the Standing Commission considers that the third quartile level of the total cash compensation of private sector pay should be the basis for comparison with the civil service benchmark for individual QGs.

5. The results of the market survey for individual QGs are as follows:

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Level (b)	Difference (b) – (a) = (c)	% Change (c)/(a)
1	Grades not requiring five passes in HKCEE	MPS 1 (\$8,985)	\$8,478	– \$507	– 5.6%
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE	MPS 3 (\$10,190)	\$9,943	– \$247	– 2.4%
	Group II: Grades requiring five passes in HKCEE plus considerable experience	MPS 3 (\$10,190)	<i>Insufficient Data</i>		<i>N.A.</i>
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades	MPS 13 (\$18,885)	<i>Insufficient Data</i>		<i>N.A.</i>
	Group II: Diploma Grades	MPS 8 (\$13,985)	\$14,064	+ \$79	+ 0.6%
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	MPS 13 (\$18,885)	<i>Insufficient Data</i>		<i>N.A.</i>
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	MPS 6 (\$12,310)	\$12,423	+ \$113	+ 0.9%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$11,580)	\$11,741	+ \$161	+ 1.4%
7	Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE	MPS 8 (\$13,985)	\$13,590	– \$395	– 2.8%
8	Professional and Related Grades	MPS 27 (\$36,740)	\$36,688	– \$52	– 0.1%
9	Degree and Related Grades	MPS 16 (\$21,880)	\$18,504	– \$3,376	– 15.4%
10	Model Scale 1 Grades	MOD 0 (\$8,980)	\$8,407	– \$573	– 6.4%

Recommendations of the Standing Commission

6. The Standing Commission considers that a holistic approach should be adopted in considering how the SSS results should be applied to civil service basic ranks. Specifically, it considers that due regard should be given to the following principles and considerations:

- (a) “broad comparability” with the private sector;
- (b) nature of SSS;
- (c) attractiveness and stability of civil service pay;
- (d) inherent differences between the civil service and private sector;
- (e) inherent discrepancies in statistical surveys; and
- (f) wider community interest.

7. Having considered the above principles and considerations, the Standing Commission recommends that:

- (a) the benchmark for QG 9 (i.e. degree and related grades) and hence the starting salaries for basic civilian ranks within QG 9 should be lowered by two pay points from a prospective date;
- (b) the starting salaries for basic civilian ranks in the graduate grades in QG 11 (i.e. education grades) should be lowered by two pay points from a prospective date, but that for non-graduate grades should remain unchanged;
- (c) the starting salaries for basic civilian ranks in QG 12 (i.e. other grades) that are set by reference to the established relativities with grades in QG 9 (i.e. degree and related grades) should be lowered by two pay points from a prospective date; and
- (d) the starting salaries for other basic civilian ranks should remain unchanged.

CONSULTATION

8. We have invited departmental management and the staff sides to provide their views and comments on the findings and recommendations of the Report to the Administration by 9 April 2010. We will also consult the Standing Committee on Disciplined Services Salaries and Conditions of Service on how the survey results should be applied to the civil service disciplined services basic ranks.

9. The Administration will consider the views and comments of the parties concerned before taking a view on the findings and recommendations of the Standing Commission. The Administration's view will be submitted to the Chief Executive-in-Council for decision. The endorsement of the Establishment Subcommittee and the approval of the Finance Committee of this Council will be sought in the event of any change to the entry pay of any civil service basic rank. In line with the established practice, any reduction in the entry pay of any basic rank will only apply to new recruits from a specified prospective date. Serving civil servants will not be affected.

ADVICE SOUGHT

10. Members are invited to note the recommendations of the Standing Commission in respect of the 2009 SSS and to offer views and comments on the findings and recommendations of the Report.

Civil Service Bureau
March 2010

HONG KONG
STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 46

CIVIL SERVICE STARTING SALARIES SURVEY 2009

CHAIRMAN

MR NICKY LO KAR-CHUN, JP

MARCH 2010

公務員薪俸及服務條件常務委員會
Standing Commission on Civil Service Salaries and Conditions of Service

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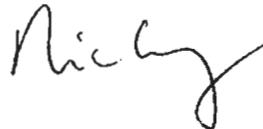
9 March 2010

The Honourable Donald Tsang, GBM
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China
Government House
Hong Kong

Dear Sir,

On behalf of the Standing Commission on Civil Service Salaries and Conditions of Service, I have the honour to submit our Report No. 46: Civil Service Starting Salaries Survey 2009. This is the first time the Commission conducts a Starting Salaries Survey under the *Improved Civil Service Pay Adjustment Mechanism*. The Report contains our findings and recommendations.

Yours faithfully,



(Nicky Lo Kar-chun)
Chairman

Standing Commission on Civil Service
Salaries and Conditions of Service

**HONG KONG
STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE**

REPORT No. 46

**CIVIL SERVICE
STARTING SALARIES
SURVEY 2009**

MARCH 2010

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Summary of Conclusions and Recommendations

Paragraph

Principles and Considerations for Application

- (1) The Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) supports the conduct of the Starting Salaries Survey (SSS) regularly, such as, every three years. 4.11
- (2) We should moderate the changes as necessary when applying the results of the pay comparison survey (the Survey) to avoid unnecessary volatility of the entry pay and minimise potential implementation problems. 4.12
- (3) The approach in (2) above should be applied in an even-handed manner. 4.12
- (4) In considering the application of the Survey results, the Commission should adopt a holistic approach, taking into account a number of principles and considerations, namely, “broad comparability” with the private sector from a longer-term perspective, nature of SSS, attractiveness and stability of civil service pay, inherent differences between the civil service and private sector, inherent discrepancies in statistical surveys and wider community interests, and make the best judgement to strike the right balance. 4.16
- (5) The principles and considerations underlying the current SSS should be adopted as the guidelines for future SSSs. 4.16

Recommendations on Application of Findings

Basis of Comparison

- | | | |
|-----|--|-----------|
| (6) | We have adopted the third quartile (P75) level of Total Cash Compensation in the private sector as the basis of comparison with the existing civil service benchmarks for the 2009 SSS, and recommend that P75 level of private sector pay should continue to be adopted for benchmarking in future SSSs. Efforts should be made to secure as sufficiently large a sample size as possible to enhance the representativeness of the P75 level. | 5.1 & 5.2 |
|-----|--|-----------|

Benchmarks for Qualification Groups (QGs) 1 to 10

- | | | |
|-----|---|-------------------------|
| (7) | The existing benchmarks for QG 1, QG 2 Group I, QG 2 Group II, QG 3 Group I, QG 3 Group II, QGs 4, 5, 6, 7, 8 and 10 should remain unchanged. | 5.4, 5.7
5.11 & 5.18 |
| (8) | The benchmark for QG 9 should be lowered by two pay points to Master Pay Scale (MPS) 14, i.e. \$19,835. | 5.17 |

Starting Salaries for Basic Ranks in QGs not Covered by the Survey

- | | | |
|------|---|------|
| (9) | The starting salaries for the basic ranks in the Graduate Grades in QG 11 should be lowered by two pay points; and the starting salaries for the basic ranks in the Non-graduate Grades should remain unchanged. | 5.19 |
| (10) | The starting salaries for the relevant basic ranks in QG 12 should be set by reference to (a) established relativities with relevant grades in other QGs, and (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades. | 5.20 |

Paragraph

Starting Salaries for Training Ranks, Assistant Ranks, Craft Apprentice Grade and Technician Apprentice Grade

- (11) The starting salaries for the Training Ranks, Assistant Ranks, and the basic ranks in the Craft Apprentice Grade and the Technician Apprentice Grade should remain unchanged. 5.21, 5.22 & 5.23

New Starting Salaries for Individual Basic Ranks

- (12) The starting salaries for individual basic ranks should be set based on the established job factors, and the maximum pay points should not be affected. 5.24

Issues Relating to Implementation

- (13) The revised benchmark and starting salaries should take effect from a prospective date, and should only apply to new recruits, but not existing staff. 5.25 & 5.26

Chapter 1

Introduction

1.1 On 31 October 2008, the Secretary for the Civil Service invited the Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) to conduct the 2009 Starting Salaries Survey (the 2009 SSS), using 1 April 2009 as the reference date, and make recommendations to the Administration on the starting salaries of the civil service civilian grades. This Report sets out the findings of the 2009 SSS and the Commission's recommendations on how they should be applied to the civilian grades in the civil service.

1.2 The Commission is appointed by the Chief Executive to advise on the structure, salaries and conditions of service of the non-directorate civilian grades in the civil service. Its terms of reference and membership are at **Appendix A** and **Appendix B** respectively.

Background

Determination of Civil Service Starting Salaries

1.3 Civil service starting salaries are determined having regard primarily to educational qualifications and/or experiences required of the individual basic ranks and to the entry pay for jobs requiring comparable requirements in the private sector. Briefly, the basic ranks in the civil service are broadbanded into 12 Qualification Groups (QGs) (**Appendix C**), each with one (or two) benchmark(s) set having regard to the entry pay in the private sector for jobs requiring similar educational qualifications and/or experiences as determined through previous SSSs. Where no comparable entry pay is found in the private sector for a QG, the benchmark is determined through its internal relativity with other QGs. The starting salaries of basic ranks in individual grades in a QG are set on a par with or one or more points higher¹ than the said benchmark where it is justified for reasons relating to the job, i.e. the job factors.

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.

Previous Starting Salaries Reviews

1.4 The first specific review² on civil service starting salaries was conducted by the Commission in 1999. The findings and recommendations were set out in the Commission's Report No. 36: Civil Service Starting Salaries Review 1999³. The second review on starting salaries was carried out by the Administration in 2006 (the 2006 SSS⁴) along with the 2006 Pay Level Survey (PLS).

Improved Civil Service Pay Adjustment Mechanism

1.5 The *Improved Civil Service Pay Adjustment Mechanism* comprises (a) the periodic conduct of PLSs (including the SSSs); (b) the conduct of annual pay trend survey (PTS) under an improved methodology; and (c) an effective means for implementing both upward and downward pay adjustments. Pursuant to the Chief Executive-in-Council's decision in May 2007, an SSS will be conducted at three-yearly interval counting from 2006 to complement the six-yearly PLS and the annual PTS in maintaining the "broad comparability" of the civil service pay with private sector pay.

2009 Starting Salaries Survey

1.6 The 2009 SSS is the first time the Commission conducts an SSS under the *Improved Civil Service Pay Adjustment Mechanism*. The Commission considers it important to develop a consistent approach for the methodology, and formulate principles and considerations for the application of the results of the pay comparison survey (the Survey) which will provide guidance for future SSSs.

² Before the first specific review in 1999, civil service starting salaries were reviewed as part of the overall civil service salary structure reviews undertaken by the Commission in 1979 and again in 1989.

³ The Standing Commission Report No. 36 (June 1999) is available on the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service's website at <http://www.jsscs.gov.hk/reports/en/36/emain.htm>.

⁴ The findings of the 2006 SSS are available on the Civil Service Bureau's website at http://www.csb.gov.hk/english/admin/pay/files/final_report070515e2.pdf.

Acknowledgements

1.7 The Commission wishes to express its sincere gratitude to all parties who have contributed to the 2009 SSS. We are grateful to the Staff Sides of the four Central Consultative Councils (namely, the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council), and the four service-wide staff unions (namely, the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union) for the useful exchanges of views during the various stages of staff engagement. We would like to thank the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association for sharing with us their experience in conducting pay surveys and appealing to their member companies to participate in the Survey. Our thanks also go to the participating private sector organisations for their support and co-operation in the Survey.

1.8 Last but not the least, the Commission would like to record its appreciation to the staff of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) for their hard work and dedicated support throughout the exercise.

Chapter 2

General Principles and Approach

General Principles

2.1 In conducting the 2009 SSS, the Commission has taken into account the Government's pay policy for the civil service, which is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an efficient and effective service; and to maintain the "broad comparability" between civil service pay and private sector pay so that civil service remuneration is regarded as fair by both civil servants and the public they serve.

2.2 Starting salary is an integral part of the civil service pay. An appropriate level of starting salaries will help attract staff of a suitable calibre to join the civil service. This will have a long-term impact on the civil service and the quality of service provided to the public.

2.3 The Commission also considers it important to maintain the stability of the civil service. Furthermore, due regard has been given to the established pay principles/practices, including the qualification benchmark system, internal relativities among different QGs, and job factors for individual basic ranks. These established principles reflect the outcome of detailed deliberation in previous reviews and SSSs, and should be followed for consistency as far as possible.

Scope

2.4 The 2009 SSS covers all 343 basic ranks in the non-directorate civilian grades, which constitute over 70% of the total establishment of all non-directorate civilian ranks in the civil service. It seeks to ascertain whether the existing benchmarks for the respective QGs of these basic ranks remain broadly comparable to private sector pay. The 2009 SSS does not cover a review of the job factors of individual basic ranks, which would require a comprehensive review of the grades, their rank structures and salary structures, and is beyond the scope of the SSS.

2.5 Whilst the disciplined services grades are excluded from the SSS because of the lack of market comparators, we understand that the Administration would consider whether, and if so how, the Commission's recommendations would be applied to the disciplined services grades and seek the advice of the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) as appropriate.

Mode of Operation

2.6 The full Commission was involved in the planning and conduct of the 2009 SSS. To facilitate work on specific areas, the Commission has set up three core groups, responsible for the engagement of stakeholders, selection of consultant and technical aspects of the Survey respectively. A total of seven core group meetings were held. In view of the fact that the Commission's recommendations may impact on the disciplined services grades (please see paragraph 2.5 above), the Commission invited the SCDS to nominate an observer for the 2009 SSS. Mr Michael Lee, the SCDS observer, has participated in the relevant Commission's meetings and has been kept informed of the progress throughout the exercise.

Engagement of Stakeholders

Staff engagement

2.7 The Commission appreciates that staff engagement is crucial to the successful completion of a pay survey. At various stages of the 2009 SSS, the Commission has exchanged views with the representatives of the Staff Sides of the four Central Consultative Councils and the four service-wide staff unions. Specifically, there were three stages of staff engagement on different aspects, as follows –

- (a) Stage one (January 2009) – the proposed broad framework of methodology for the Survey;
- (b) Stage two (September 2009) – the key aspects of the methodology of the Survey; and

- (c) Stage three (January 2010) – the principles and considerations for the application of the results of the Survey.

2.8 The staff bodies have contributed significantly to the conduct of the 2009 SSS. The Commission has, where appropriate, taken into account their views in the course of its deliberations. The Commission is firmly of the view that proper staff engagement is crucial in conducting pay comparison surveys of this nature.

Private sector engagement

2.9 The Commission has also maintained close liaison with key external stakeholders. In the course of the 2009 SSS, the Commission exchanged views with the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association on the prevailing practices of conducting pay surveys in the private sector. In addition, two briefing sessions were held for the private sector organisations invited to participate in the Survey. The Commission is pleased to note that these exchanges have facilitated the conduct of the Survey, and hopes that they will help promote a better understanding and enhance the credibility of the 2009 SSS.

Reference to Previous SSSs

2.10 In the course of its deliberations, the Commission has the benefit of the experiences in the last two SSSs in 1999 and 2006. We have continued with the past practices which have proved to be effective over time, and have sought to make improvements where appropriate.

Pay comparison survey

2.11 In line with the practice in previous SSSs, the Commission conducted the Survey to collect information on private sector pay for entry-level jobs for comparison with the civil service starting salaries. Details of the Survey are covered in **Chapter 3**.

Experience drawn and areas requiring improvement

2.12 Unlike the current SSS which is to follow a triennial cycle, there was previously no fixed schedule as to how frequently an SSS should be conducted. In the absence of regularity in the conduct of the SSS, the past exercises tended to give more weight to the results of the pay comparison surveys in determining the benchmark pay. The direct application approach has resulted in considerable volatility in civil service starting salaries. For instance, the benchmark pay of QG 9 (Degree and Related Grades) experienced a reduction of five pay points from Master Pay Scale (MPS) 16 to MPS 11 in the 1999 SSS, and an increase to MPS 16 in the 2006 SSS; the benchmark pay of QG 7 (grades requiring 2A3O⁵) experienced a reduction of six pay points from MPS 10 to MPS 4 in the 1999 SSS, and an increase of four pay points in the 2006 SSS.

2.13 In keeping with the established practice, the normal conversion arrangement is adopted for affected serving staff following the implementation of the results of an SSS. Under normal conversion, in the case of lowered starting salaries, serving civil servants are not affected; in the case of increased starting salaries, the pay of serving civil servants below the new starting pay point will be brought up to the new starting pay point, and the pay of serving civil servants equal to or above the new starting pay point will be brought up to the next higher pay point, subject to the maximum pay point of their ranks.

2.14 As noted from the experience of the two previous SSSs, the excessive volatility in starting salaries, coupled with the normal conversion arrangement, could have the effect of rendering serving staff with different years of in-rank experience to be paid the same at the new, higher starting salary as that of a new recruit. This has disrupted the internal relativities among serving staff with considerable seniority in the basic ranks and those newly recruited. The greater the volatility, coupled with the normal conversion arrangement, the more serving staff are likely to be affected. The Staff Sides have also raised concerns about these implementation problems during the staff engagement sessions.

⁵ “2A3O” denotes two passes at Advanced Level in the Hong Kong Advanced Level Examination plus three credits in the Hong Kong Certificate of Education Examination.

2.15 The above said, we remain supportive of the normal conversion arrangement as, among others, serving staff are shielded from the risk of downward adjustment in starting salaries. We consider it difficult to justify full conversion in the case of an upward adjustment in starting salaries. We consider that efforts should be made to minimise the potential problem of disrupting internal relativities, while keeping normal conversion intact.

Established practices

2.16 The Commission has continued to adopt the established practices of using Total Cash Compensation and the third quartile (P75) level of private sector pay as the basis for comparison with the civil service benchmark pay for individual QGs. For QGs with insufficient data or not covered in the Survey, their benchmarks are determined based on the prevailing internal relativities with other QGs. Any new benchmark is pegged to the nearest pay point. The job factors affecting the starting salaries of individual basic ranks are accepted as given assumptions. The Staff Sides are supportive of continuing with these established practices. The Commission's recommendations on the benchmark pay and starting salaries are set out in **Chapter 5**.

Chapter 3

Pay Comparison Survey

Objective

3.1 The objective of the Survey is to collect information on the pay of entry-level jobs in the private sector with employees recruited during the 12-month period immediately preceding the Survey reference date of 1 April 2009, i.e. from 2 April 2008 to 1 April 2009, for comparison with the existing benchmarks of the QGs requiring similar educational qualifications and/or experiences, with a view to ascertaining whether the entry pay in the civil service remains broadly comparable to that in the private sector.

The Survey

3.2 The Commission appointed Hay Group Limited (the Consultant) on 15 July 2009 to carry out the Survey. The Consultant's Survey Report is available for public access on the Joint Secretariat's website at <http://www.jsscs.gov.hk>.

Methodology

3.3 The Survey methodology is largely modelled on that adopted for the 1999 and 2006 SSSs. In gist, comparison between civil service and private sector entry-level jobs is based mainly on the minimum educational qualification and/or experience requirements as stipulated for the civil service QGs. To ensure functional comparability, basic ranks in the civil service covered by the Survey are grouped into different Job Families (JFs) (please see paragraph 3.5 below) drawn up based on their broad functions. Only private sector entry-level jobs with similar educational qualification and/or experience requirements as a particular QG, and comparable in terms of functions to those identified under the JFs for that QG would be collected for comparison.

Qualification Groups

3.4 The Survey targets to cover QGs 1 to 10, with a total of 268 basic ranks. The remaining two QGs, namely QG 11 (Education Grades) and QG 12 (Other Grades), are not included due to their unique nature and/or their disparate entry requirements.

Job Families

3.5 Taking into account the practices in previous surveys, the Consultant has developed a JF classification using the classification in the 2006 PLS⁶ as the pillar to facilitate future convergence, and having regard to the need for a more refined classification to better cater for the diverse functions of different basic ranks. The eight JFs are as follows –

JF 1	Clerical and Secretarial
JF 2	Internal Support (Corporate Services)
JF 3	Internal Support (Technical and Operation)
JF 4	Public Services (Social and Personal Services)
JF 5	Public Services (Community)
JF 6	Public Services (Physical Resources)
JF 7	Works-Related
JF 8	Operational Support

Survey field

3.6 Taking into account the Staff Sides' views at the staff engagement sessions, the Commission has extended invitation to 383 private sector organisations to participate in the Survey. In the event, 131 private sector organisations (against the original target of over 100) agreed to participate in the Survey and met all the prescribed selection criteria. By the close of data collection, 117 private sector organisations (**Appendix D**) submitted returns.

⁶ The 2006 PLS used a classification of five JFs, covering Clerical and Secretarial; Internal Support; Public Services; Works-Related; and Operational Support.

Vetting criteria

3.7 To ensure data integrity, and taking into account the practices in the past SSSs, data points collected for individual QGs were further analysed only if they could meet the following two vetting criteria –

- (a) covering at least 60% of the JFs identified in the QG; and
- (b) covering at least 15% of all surveyed organisations or 15 surveyed organisations, whichever is the less.

Results

3.8 After data verification, there are a total of 8 864 data points for QGs 1 to 10 from 114 participating organisations. The number of data points far exceeded the original target of 2 000 to 3 000 job samples. A breakdown of the data points collected for each QG is in **Table 1** below –

Table 1

QG	Grades and Qualification Requirements	No. of Data Points	Organisations		Job Families	
			No.	%	No.	%
1	Grades not requiring five passes in Hong Kong Certificate of Education Examination (HKCEE)	2 778	51	45%	5	100%
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE	1 371	70	61%	6	100%
	Group II: Grades requiring five passes in HKCEE plus considerable experience	827	12	11%	4	100%
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades	54	8	7%	1	100%
	Group II: Diploma Grades	377	41	36%	5	100%
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	45	5	4%	2*	67%
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	67	16	14%	5	100%

* Two out of three JFs.

QG	Grades and Qualification Requirements	No. of Data Points	Organisations		Job Families	
			No.	%	No.	%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	602	36	32%	3	100%
7	Grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination (HKALE) plus three credits in HKCEE	87	20	18%	5	100%
8	Professional and Related Grades	138	16	14%	5**	83%
9	Degree and Related Grades	1 956	84	74%	5	100%
10	Model Scale 1 Grades	562	20	18%	1	100%
Total		8 864	114	-	-	-

** Five out of six JFs.

3.9 As shown in **Table 1** above, the data points collected for QG 2 Group II, QG 3 Group I and QG 4 failed to meet the vetting criterion in paragraph 3.7 above. They were excluded from subsequent data analysis. Discounting the data points for these three QGs, a total of 7 938 data points (hereafter referred to as the “valid data”) from 112 private sector organisations are further analysed.

Profile of participating organisations

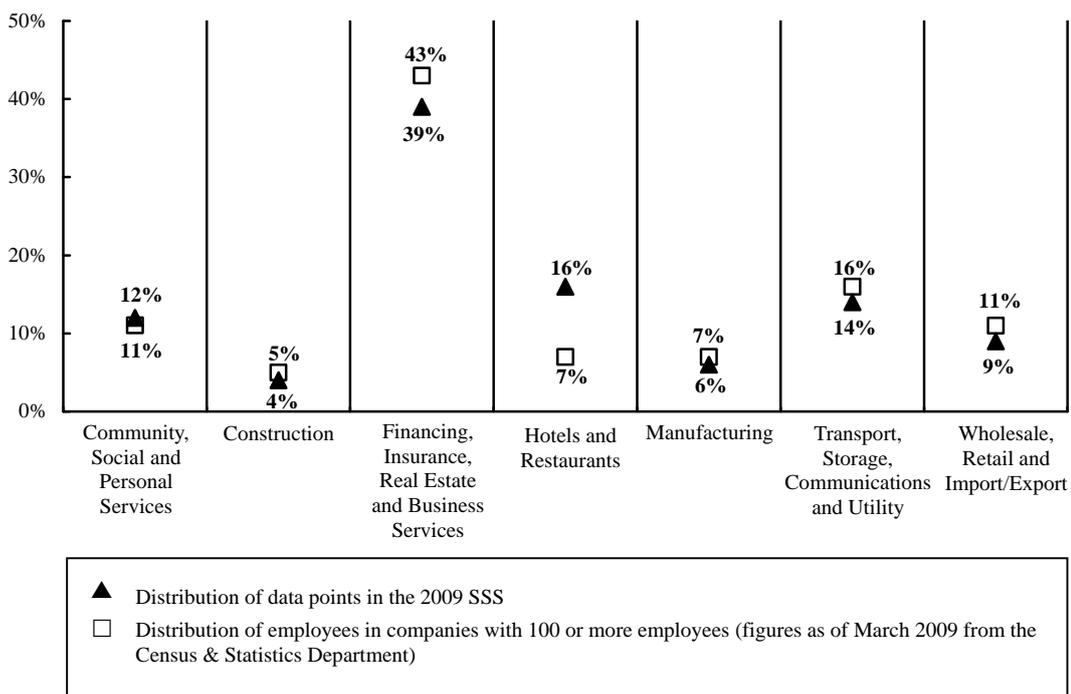
3.10 The 112 organisations collectively span across a wide range of economic sectors in Hong Kong. Details are in **Table 2** below –

Table 2

Economic Sector	No. of Organisations	%
Community, Social and Personal Services	17	15%
Construction	11	10%
Financing, Insurance, Real Estate and Business Services	39	34%
Hotels and Restaurants	4	4%
Manufacturing	6	5%
Transport, Storage, Communications and Utility	13	12%
Wholesale, Retail and Import/Export	22	20%
Total	112	100%

3.11 As shown in the chart below, the distribution of the data points across different economic sectors is in line with the general distribution of employees in companies with 100 or more employees in Hong Kong.

Distribution of Data Points by Economic Sector



3.12 From the Consultant’s analysis, some 63% of the valid data belong to new recruits appointed in the first half of the Survey period, i.e. April to September 2008. This pattern does not deviate much from a “normal” year in that recruitment activities tend to be more active in the summer months with fresh school leavers and graduates joining the labour market.

Findings

3.13 The valid data are primarily analysed on the basis of annual Base Salary⁷, and annual Total Cash Compensation⁸. The Survey findings are summarised in **Table 3** below –

Table 3

QG	<u>Base Salary</u> Market P75 Level		<u>Total Cash Compensation</u> Market P75 Level	
	Annual \$	Monthly \$	Annual \$	Monthly \$
1	97,757	8,146	101,738	8,478
2 Group I	109,837	9,153	119,314	9,943
2 Group II	<i>Insufficient Data</i>			
3 Group I	<i>Insufficient Data</i>			
3 Group II	165,130	13,761	168,767	14,064
4	<i>Insufficient Data</i>			
5	145,234	12,103	149,072	12,423
6	129,254	10,771	140,896	11,741
7	148,687	12,391	163,079	13,590
8	414,430	34,536	440,256	36,688
9	206,505	17,209	222,044	18,504
10	92,130	7,678	100,882	8,407

⁷ Annual basic salary plus guaranteed bonus.

⁸ Annual Base Salary plus any other cash payments including cash allowances and variable pay, except those that are conditional on particular working conditions such as overtime or work location, or on individual circumstances such as payments for reimbursement of business expenses.

Chapter 4

Principles and Considerations for Application

4.1 The Commission has to formulate recommendations to the Administration on how the results of the Survey should be applied to the civil service civilian grades. In the process, we have given due regard to the general principles as encapsulated in **Chapter 2**, the views of the Staff Sides at the engagement sessions, the experiences of the previous SSSs and other relevant considerations.

4.2 As this is the first time the Commission undertakes an SSS since the establishment of the *Improved Civil Service Pay Adjustment Mechanism*, and in view of the regularity of conducting SSSs, the Commission considers it necessary to formulate principles and considerations underlying its recommendations, which will provide guidance for future SSSs for consistency and sustainability.

Principles and Considerations

(a) “Broad comparability” with the private sector

4.3 “Broad comparability” with the private sector is one of the main objectives of the entire civil service pay policy to, amongst others, ensure that civil service pay is regarded as fair by both civil servants and the public. We reaffirm that the principle of “broad comparability” should be an important factor in applying the Survey results. Given the fact that an SSS is conducted every three years and the unpredictability of the changes in market entry pay, we should take a broader view and aim to maintain “broad comparability” with the private sector from a longer-term perspective.

(b) Nature of SSS

4.4 The three-yearly SSS is designed to complement the six-yearly PLS and the annual PTS in maintaining the “broad comparability” of the civil service pay with private sector pay. Its scope is limited to basic ranks. Given the nature of SSS, we consider that

flexibility should be adopted in applying the Survey results and the principle of “broad comparability” should be viewed from a longer-term perspective. Frequent adjustments to starting salaries to maintain strict comparability at the expense of inevitable disruption to existing arrangements, including internal relativities, may not be conducive to the stability of the civil service.

(c) Attractiveness and stability of civil service pay

4.5 We consider it important to maintain civil service starting pay at a sufficient level to attract, retain and motivate staff of a suitable calibre. This is particularly important for drawing in new blood to the Government. As civil service pay is far more structured than that of the private sector, with limited room to offer increase in pay for the sake of staff retention, it is important to ensure the attractiveness of civil service starting salaries to attract and retain talent in an increasingly competitive manpower market.

4.6 Apart from attractiveness, we should seek to avoid measures which would affect significantly the stability of civil service pay. As can be seen from the experience in the 1999 and 2006 SSSs, unnecessary volatility in the starting salaries is not conducive to the stability of the civil service. In addition, given the frequency of the SSS, frequent changes to starting salaries might lead to unnecessary administrative costs for effecting the changes. Such changes might also cause confusion to people aspiring to join the civil service, and could affect the recruitment process.

(d) Inherent differences between the civil service and private sector

4.7 There are inherent differences between the civil service and the private sector pay systems. For instance, private sector pay is exposed to direct market forces and hence subject to more frequent adjustments. The private sector has a more flexible organisation structure, which can expand when the economy is buoyant, and contract during economic downturns. In contrast, there is more uniformity and stability in the civil service, given the need to achieve continuity in the provision of public services. Moreover, the civil service stresses stability and the majority of the staff recruited aim to pursue a life-long career in the civil service. In considering the application of the findings, due regard must be paid to the inherent differences between the civil service and the private sector.

(e) Inherent discrepancies in statistical surveys

4.8 Like other similar surveys, the Survey cannot provide an absolutely precise picture of private sector pay. There are inevitably statistical discrepancies caused by various elements of chance, including the selection of companies, the depth and breadth of the pay data provided by the participating companies, the staff profile and business performance of the participating companies, etc. The Consultant's analysis of the QGs with sufficient data (ranging from 67 to 2 778 data points as in **Table 1**) indicates that the data for each QG tend to show different levels of statistical error (which is not unusual for surveys of similar nature). The Consultant's assessment is that, instead of direct and mechanical application of the Survey findings, there should be room for considering some degree of flexibility⁹.

4.9 The methodology of the Survey is based on the QG system. While we consider that the academic qualification method should continue to be adopted in line with all previous SSSs, and we are not aware of any alternative system in present day circumstances which suits the civil service system better, we recognise, and as pointed out by the Staff Sides at the engagement sessions, that this method could only provide a broad and crude comparison. Apart from the quantitative results in the Survey, we should also look into the uniqueness and various qualitative factors affecting individual QGs in applying the Survey results.

(f) Wider community interests

4.10 Government is the largest employer in Hong Kong. The setting of civil service pay, including its starting salaries, will have a far-reaching impact on different sectors and hence it is important for the Commission to take account of wider community interests in formulating its recommendations. The Commission has noted that, whilst the Hong Kong economy has shown signs of improvement towards the end of 2009, the global economy has just entered the initial stage of recovery and the global economic outlook is still subject to considerable uncertainties. As Hong Kong is an open economy, it is easily affected by the volatility of the global economy. Separately, as pointed out by the Staff Sides at the engagement sessions, adjustments to civil service starting pay might be perceived to have a spiral effect on the corresponding private sector pay.

⁹ Paragraph 5.1.3 of the Consultant's Survey Report.

In deliberating on the application of the Survey results, the Commission considers it important to have regard to the social and economic landscape, and exercise its judgement independently and objectively to recommend what is in the best interests of the community as a whole.

Conclusion: Holistic Approach

4.11 Whilst comparability with the private sector is an important consideration, the Commission considers that it should not be the sole factor in determining starting salaries in the civil service. Unlike the previous SSSs, an SSS will now be conducted at three-yearly intervals. It is therefore possible to keep track of the movement in private sector pay regularly, and make changes to civil service benchmark pay whenever the circumstances warrant. We reiterate our support for the conduct of the SSS regularly, such as, every three years.

4.12 Drawing on the experience in the previous SSSs, and given the rapid changes and unpredictability of the economy, we consider that the Survey findings should not be taken at their face value. We **recommend** that, after taking into account other relevant considerations, the application of the Survey results could be moderated in order to avoid unnecessary volatility of the entry pay and minimise potential implementation problems. We also **recommend** that this approach be applied in an even-handed manner, i.e. regardless of whether the Survey results indicate an increase or reduction in the starting pay in the private sector.

4.13 There is no hard and fast rule on what is the best approach for applying the results of a pay survey. Different pay surveys may adopt different approaches having regard to the nature of the survey itself, and circumstances and considerations unique to each exercise.

4.14 The Commission has noted that, for the six-yearly PLS, the application framework endorsed by the Chief Executive-in-Council adopts plus / minus 5% as an acceptable range between private sector pay and civil service pay before any adjustment is to be made to the civil service pay. In the Directorate Grade Structure Review in 2008, the Standing Committee on Directorate Salaries and Conditions of Service considered it reasonable to have a margin of 15% before action should be taken in

respect of directorate pay at D1 to D4¹⁰, and its recommendations formulated on this basis were subsequently accepted by the Administration in October 2009.

4.15 In the present exercise, the Commission has considered the possibility of making reference to the acceptable range approach, like that set out in paragraph 4.14 above, but considered that such approach might not be feasible. We have noted the Consultant's observation that there are statistical limitations from the Survey to arrive at a specific percentage for adoption as the acceptable range across all QGs. Moreover, unlike the PLS under which adjustments may be made to the dollar value of the concerned pay points on a pay scale, the established practice for adjustments to starting salaries is based on the existing pay points on a pay scale¹¹ by pegging the market pay indicator to the nearest pay point. As the increment sizes between existing pay points are different, the established approach of adjusting starting salaries would inevitably result in different margins of percentage difference among different QGs, rendering it undesirable to adopt a range approach.

4.16 Instead of relying on a quantitative percentage range across all QGs, in considering the application of the results of the Survey for the 2009 SSS, we consider it incumbent upon the Commission to adopt a holistic approach, having regard to the principles and considerations as set out in paragraphs 4.3 to 4.10 above. The Staff Sides have indicated general support for the approach at the staff engagement sessions. We **recommend** that the above principles and considerations should be adopted as the guidelines for determining starting salaries in future SSSs.

¹⁰ Paragraphs 35 and 37 of the Eleventh Report of the Standing Committee on Directorate Salaries and Conditions of Service.

¹¹ Except for the creation of new pay points below the existing minimum pay point on a pay scale.

Chapter 5

Recommendations on Application of Findings

Basis of Comparison

5.1 On the basis of the Survey results, and adopting the established practice of using P75 level of Total Cash Compensation in the private sector as the basis of comparison, a comparison of the civil service existing benchmarks of individual QGs and the market pay indicators is shown in **Table 4** below –

Table 4

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Level (b)	Difference (b) – (a) = (c)	Data Points (Organisations)	% Change
1	Grades not requiring five passes in HKCEE	MPS 1 (\$8,985)	\$8,478	– \$507	2 778 (51)	– 5.6%
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE	MPS 3 (\$10,190)	\$9,943	– \$247	1 371 (70)	– 2.4%
	Group II: Grades requiring five passes in HKCEE plus considerable experience	MPS 3 (\$10,190)	<i>Insufficient Data</i>		827 (12)	N.A.
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades	MPS 13 (\$18,885)	<i>Insufficient Data</i>		54 (8)	N.A.
	Group II: Diploma Grades	MPS 8 (\$13,985)	\$14,064	+ \$79	377 (41)	+ 0.6%
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	MPS 13 (\$18,885)	<i>Insufficient Data</i>		45 (5)	N.A.
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	MPS 6 (\$12,310)	\$12,423	+ \$113	67 (16)	+ 0.9%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$11,580)	\$11,741	+ \$161	602 (36)	+ 1.4%
7	Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE	MPS 8 (\$13,985)	\$13,590	– \$395	87 (20)	– 2.8%
8	Professional and Related Grades	MPS 27 (\$36,740)	\$36,688	– \$52	138 (16)	– 0.1%
9	Degree and Related Grades	MPS 16 (\$21,880)	\$18,504	– \$3,376	1 956 (84)	– 15.4%
10	Model Scale 1 Grades	MOD 0 (\$8,980)	\$8,407	– \$573	562 (20)	– 6.4%

5.2 We **recommend** that P75 level of private sector pay should continue to be adopted for benchmarking with civil service starting salaries in future SSSs. This accords with the general objective that the Government should be a good employer and, hence, civil service pay should be measured against the better paying private sector jobs. To enhance the representativeness of the P75 level, future SSSs should continue to secure as sufficiently large a sample size as possible to strengthen the credibility of the results of the pay comparison survey.

Determination of Benchmark Pay for QGs 1 to 10

5.3 As can be seen from **Table 4** above, for QGs with sufficient data, the number of data points ranges from 67 in QG 5 to 2 778 in QG 1. The Consultant has analysed the data dispersion of each QG in terms of the spread of the various percentile values of Total Cash Compensation, and observed that QGs 6, 8 and 9 have relatively greater dispersion than other QGs, whose data dispersions are relatively compact. Generally speaking, the greater the data dispersion, the greater is the standard error of the spread of the percentiles of Total Cash Compensation, particularly if it is coupled with a relatively small number of data points¹².

QGs whose existing benchmarks show minimal differences from the P75 market pay indicators (i.e. QG 2 Group I, QG 3 Group II, QGs 5, 6, 7 and 8)

5.4 On the basis of the comparison in **Table 4** above, the existing benchmarks for QG 2 Group I, QG 3 Group II, QGs 5, 6, 7 and 8 show only minimal differences from the market pay level at P75. The analysis shows that most of these QGs have relatively compact data dispersions, except QGs 6 and 8. The Consultant has pointed out that this is understandable as QG 6 covers a diverse range of jobs and QG 8 covers professionals with significant variances in pay across different professions and disciplines in the private sector. We are satisfied that the Survey results for these QGs provide a reasonable basis for comparison with the existing benchmarks. Accordingly, we **recommend** no change to their existing benchmarks.

¹² Paragraph 4.4.3 of the Consultant's Survey Report.

QGs whose existing benchmarks differ from the P75 market pay indicators (i.e. QGs 1, 9 and 10)

5.5 As regards QGs 1, 9 and 10 whose existing benchmarks show differences when compared to the P75 level of private sector pay, the Commission has considered how the results of the Survey should be applied to each of them having regard to their unique circumstances.

QG 1 – Grades not requiring five passes in HKCEE

5.6 There are currently 19 basic ranks in QG 1, occupying relatively junior frontline positions (including, for example, the Clerical Assistant and Postman ranks). Most of the basic ranks in this QG are in the forefront of service delivery to the public or providing fundamental internal support.

5.7 Having consolidated the 2 778 data points for QG 1, P75 of the market pay level at \$8,478 represents a reduction of only \$507 (or – 5.6%, representing one pay point) as compared to the existing benchmark of \$8,985 (MPS 1) for QG 1. As observed by the Consultant, QG 1 is among the QGs whose data dispersions are relatively compact. Coupled with the large number of data points, the Survey results provide a good basis for comparison with the existing benchmark. That said, in view of the relatively small difference from the market pay indicator, and taking into account all relevant factors, including the nature of the entry-level jobs in this QG, we **recommend** that the existing benchmark for QG 1 should remain unchanged.

QG 10 – Model Scale 1 Grades

5.8 In the 2006 SSS, there was insufficient data for QG 10, and its benchmark pay was derived by internal relativity with that of QG 1. We consider it appropriate to consider the benchmark of QG 10 together with that of QG 1.

5.9 There are ten basic ranks in QG 10, including the Workman I / II, Property Attendant, and Supplies Attendant ranks. They are mainly junior ranks providing operational support for non-administrative services.

5.10 The Commission has noted that the benchmark pay of QG 10 had undergone a significant downward adjustment in the 1999 SSS, resulting in a new Model Scale 1 Pay Scale (from \$9,785 (old MOD 1) to \$8,615 (new MOD 0), representing a reduction of \$1,170 or six pay points). In the 2006 SSS, there was no change to its benchmark pay. The benchmark of QG 10 is now the lowest among all the QGs.

5.11 There are 562 data points for QG 10 in the Survey. The Consultant's analysis has indicated that QG 10 is among the QGs whose data dispersions are relatively compact. Having consolidated the data points, the P75 level of the Survey results at \$8,407 represents a reduction of only \$573 (or - 6.4%, representing three pay points, assuming about \$200 per pay point) as compared to the existing benchmark of \$8,980 (MOD 0) for QG 10. As in the case of QG 1, the difference from the market pay indicator is relatively small. We consider that, amongst others, the starting salary of the lowest paid in the civil service should not be governed solely by market forces. We should look at the matter sympathetically. Taking into account all relevant factors, we **recommend** that no change be made to the existing benchmark for QG 10.

QG 9 – Degree and Related Grades

5.12 There are a total of 26 basic ranks in QG 9. They generally provide internal support, and perform administrative and managerial functions.

5.13 Having consolidated the 1 956 data points for QG 9, the P75 level of the Survey results at \$18,504 represents a reduction of \$3,376 (or -15.4%, representing three pay points) as compared to the existing benchmark of \$21,880 (MPS 16) for QG 9. QG 9 is among the QGs whose data dispersions are relatively greater than other QGs. The Consultant considers this understandable, as QG 9 covers jobs for degree holders which tend to show greater variances in pay. In addition, the large number of data points reaffirms the representativeness of the results of the Survey. As P75 of the market pay level is significantly below the existing benchmark of QG 9, it calls for appropriate action be taken to adjust the existing benchmark.

5.14 Since the last SSS conducted by the Commission in 1999, there have been significant social and economic developments in Hong Kong which changed the job nature and content of the Degree Grades in the civil service. Rising expectations of the community have called for changes in the mode of delivery of public services. Whilst the entire civil service has strived to be more responsive to meet the rising expectations, it is not an overstatement to say that the Degree Grades, which have all along been discharging a wide range of important middle management functions in the government hierarchy, are among the grades which have encountered most challenges.

5.15 To a certain extent, the drop in the market pay as shown in the results of the Survey reflects an increasing supply of degree holders. While noting the changes in wages in the labour market, we should also give due recognition to the importance of degree education in the social and economic landscape. The Commission should send a more positive message to the community when considering any changes to the benchmark pay for QG 9.

5.16 Taking into account the nature of the entry-level jobs in QG 9 which are mostly middle management positions in the Government, the frequency of conducting an SSS every three years, and that the pay for degree holders may be affected by unpredictable economic fluctuations and possible changes in the labour market, we should err on the prudent side in recommending any change to the existing benchmark of QG 9, instead of directly applying the Survey results.

5.17 We **recommend** that the benchmark for QG 9 should be lowered by two pay points to MPS 14, i.e. \$19,835. We believe reducing the benchmark pay by two pay points has struck a balance between maintaining “broad comparability” with the private sector, as well as maintaining the attractiveness and importance of civil service jobs requiring degree qualification. The moderated reduction of two pay points would also cause less disruption to the internal relativity of the benchmark pay for QG 9 vis-à-vis that of QGs of adjacent educational qualifications, for example, QG 3 Group I and QG 8.

QGs with insufficient data (i.e. QG 2 Group II, QG 3 Group I and QG 4)

5.18 As regards QG 2 Group II, QG 3 Group I and QG 4, for which the Survey failed to capture sufficient market data for comparison, in line with the established practice and having regard to their prevailing internal relativities, we **recommend** that the benchmarks of QG 2 Group II, QG 3 Group I and QG 4 should be determined by their internal relativities with that of QG 2 Group I, QG 3 Group II and QG 3 Group I respectively. As no change is recommended to the benchmarks of QG 2 Group I and QG 3 Group II (with which QG 3 Group I has internal relativity), the above would mean no change to the existing benchmarks of QG 2 Group II, QG 3 Group I and QG 4.

Starting Salaries for Basic Ranks in QGs not Covered by the Survey (i.e. QGs 11 and 12)

QG 11 – Education Grades

5.19 QG 11 consists of nine basic ranks which mainly work as teachers at primary and secondary schools, school/subject inspectors, and education administration staff. Among them, five are in the Graduate Grades and four are in the Non-graduate Grades. In line with the established relativities, we **recommend** that the starting salaries for the basic ranks in the Graduate Grades in QG 11 should be determined by internal relativity with QG 9, i.e. lowered by two pay points, and the starting salaries for the basic ranks in the Non-graduate Grades should be determined by internal relativity with QG 3 Group I, i.e. remain unchanged.

QG 12 – Other Grades

5.20 There are 43 basic ranks under QG 12 (Other Grades), which has no benchmark pay. The basic ranks in QG 12 are usually those which require the appointees to have special aptitude, skills or experience more than academic attainment, or those which cannot be fitted suitably into any of the other QGs. In line with past practice, we **recommend** that the starting salaries for the relevant basic ranks should be set by reference to (a) established relativities with relevant grades in other QGs; and (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades.

Starting Salaries for the Training Ranks, Assistant Ranks, Craft Apprentice Grade and Technician Apprentice Grade

Training Ranks

5.21 Training Ranks are provided in a number of grades to train suitable secondary school leavers to enable them to perform the functional duties of the grades concerned. In line with the established practice, we **recommend** that the starting salaries for the Training Ranks should be determined by internal relativity with QG 2 Group I, i.e. remain unchanged.

Assistant Ranks

5.22 Assistant Ranks are introduced in QG 8 with the intention that degree holders, or equivalent, would be appointed and given opportunities to acquire a full professional qualification by further training, study, and experience in the appropriate disciplines. Pursuant to the 1989 Salary Structure Review, the starting salaries for Assistant Ranks in QG 8 were set against the benchmark for QG 9¹³. This, however, may not be appropriate for continued application since Assistant Ranks are members of QG 8, with different academic and professional qualifications for appointment from those in QG 9. The Commission has noted that this issue did not emerge in the 1999 and 2006 SSSs as the magnitude of adjustments to the starting pay in both QG 8 and QG 9 was the same. In view of the importance to preserve the pay relativity between the Assistant Ranks and their respective principal ranks, we **recommend** that the starting salaries of the Assistant Ranks should remain unchanged as no change is recommended to the benchmark of QG 8. It also follows that changes to the maximum pay of the Assistant Ranks are not required as there is no change to the entry pay of the principal ranks.

Craft Apprentice Grade and Technician Apprentice Grade

5.23 In line with the established practice, the starting salaries for the basic rank in the Craft Apprentice Grade are linked to the benchmark of QG 1, and those for the Technician Apprentice Grade to QG 2 Group I respectively. As in the case of QG 1 and QG 2 Group I, we **recommend** no change should be made to the starting salaries for the basic ranks of these two grades.

¹³ Paragraph 7.3 of the Standing Commission Report No. 25.

Determination of New Starting Salaries for Individual Basic Ranks

5.24 Similar to the practice in the 1999 and 2006 SSSs, we have accepted the existing job factors of individual basic ranks as given assumptions in the 2009 SSS. We **recommend** that the starting salaries for individual basic ranks should be set based on the established job factors, and the maximum pay points should not be affected.

Issues Relating to Implementation

5.25 It has been the normal practice for new starting salaries arising from SSSs to be applied to new recruits joining the civil service on or after a prospective date. We **recommend** that the revised benchmark and starting salaries as a result of the 2009 SSS should take effect from a prospective date.

5.26 Consistent with the practice of the 1999 and 2006 SSSs, we **recommend** that the revised benchmark and starting salaries as a result of the 2009 SSS should only apply to new recruits, but not existing staff.

Chapter 6

Other Observations

6.1 In the course of conducting the 2009 SSS, the Commission has come across issues, which are not directly related to the determination of starting salaries in the civil service per se, but nevertheless, may be of relevance to future SSSs or warrant separate consideration by the Administration at an appropriate time.

Qualification Groups

6.2 QG 2 Group II, QG 3 Group I and QG 4 could not secure sufficient data in the Survey for the 2009 SSS. The Commission has noted that the situation was the same for QG 3 Group I and QG 4 in the 2006 SSS. As regards QG 2 Group II, no benchmark was set based on the market data in the 1999 SSS, and it was not covered in the pay comparison survey in the 2006 SSS. The Commission has included QG 2 Group II in the Survey for the 2009 SSS with a view to covering as many comparable jobs in the private sector as possible. The Survey results underlined there are difficulties in securing sufficient market data for these three QGs. We note that, with the implementation of the new 3-3-4 education system, the Administration would introduce consequential changes to the QG system. We consider that the lack of market data in the private sector for some of the existing QGs should also be taken into account.

Job Factors

6.3 While a review of job factors is beyond the scope and objective of the current SSS, the Commission has received requests from individual staff groups in the course of conducting the 2009 SSS requesting a review of individual grades/ranks and their job factors, etc. We have referred such requests to the Administration for separate consideration as appropriate.

**Standing Commission on Civil Service
Salaries and Conditions of Service**

Terms of Reference

I. To advise and make recommendations to the Chief Executive in respect of the non-directorate civil service, other than judicial officers and disciplined services staff, on –

- (a) the principles and practices governing grade, rank and salary structure;
- (b) the salary and structure of individual grades;
- (c) whether overall reviews of pay scales (as opposed to reviews of the salary of individual grades) should continue to be based on surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, or whether some other mechanisms should be substituted;
- (d) the methodology for surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, subject to advice under I(c) and having regard to the advice of the Pay Trend Survey Committee;
- (e) matters relating to those benefits, other than salary, which the Commission advises as being relevant to the determination of the civil service remuneration package, including the introduction of new benefits or proposed changes to existing benefits;
- (f) suitable procedures and machinery to enable staff associations and staff to discuss with management their views on matters within the terms of reference of the Commission;
- (g) the circumstances in which it would be appropriate for the Commission itself to consider any issue, and how staff associations and management might present their views to the Commission in such circumstances; and

(h) such matters as the Chief Executive may refer to the Commission.

II. The Commission shall keep the matters within its terms of reference under continuing review, and recommend to the Chief Executive any necessary changes.

III. The Commission shall give due weight to any wider community interest, including financial and economic considerations, which in its view are relevant.

IV. The Commission shall give due weight to the need for good staff relations within the Civil Service, and in tendering its advice shall be free to make any recommendations which would contribute to this end.

V. In considering its recommendations and advice, the Commission shall not prejudice the 1968 Agreement between the Government of the Hong Kong Special Administrative Region and the Main Staff Associations (1998 Adapted Version).

VI. The staff associations making up the Staff Side of the Senior Civil Service Council and the Model Scale 1 Staff Consultative Council may jointly or individually refer matters relating to civil service salaries or conditions of service to the Commission.

VII. The heads of departments may refer matters relating to the structure, salaries or conditions of service of individual grades to the Commission.

VIII. The Commission shall not consider cases of individual officers.

IX. The Commission may wish to consider in the light of experience whether changes in its composition or role are desirable.

X. In carrying out its terms of reference, the Commission should ensure that adequate opportunities are provided for staff associations and management to express their views. The Commission may also receive views from other bodies which in its view have a direct interest.

Membership of the Commission

Chairman

Mr Nicky Lo Kar-chun, JP

Members

Mr Owen Chan Shui-shing

Mr Barry Cheung Chun-yuen, JP

Ms Virginia Choi Wai-kam

Dr Miranda Chung Chan Lai-foon

Professor Ho Lok-sang

The Honourable Jeffrey Lam Kin-fung, SBS, JP

Mr Andy Lo Kwong-shing

Mr Pang Yiu-kai, SBS, JP

Appendix C

Existing Civil Service Qualification Groups (QGs)

QG	Grades and Qualification Requirements	Benchmark Pay	Monthly Salary \$ (1 January 2010)
1	Grades not requiring five passes in HKCEE	MPS 1	8,985
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE Group II: Grades requiring five passes in HKCEE plus considerable experience	MPS 3	10,190
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades Group II: Diploma Grades	MPS 13 MPS 8	18,885 13,985
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	MPS 13	18,885
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	MPS 6	12,310
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5	11,580
7	Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE	MPS 8	13,985
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	MPS 27	36,740
9	Degree and Related Grades	MPS 16	21,880
10	Model Scale 1 Grades	MOD 0	8,980
11	Education Grades	Note 1	-
12	Other Grades	Note 2	-

Note 1 No benchmark is set for QG 11. The starting salaries for their basic ranks are determined having regard to established relativities with QG 9 (for Graduate Grades) and QG 3 Group I (for Non-graduate Grades).

Note 2 No benchmark is set for QG 12. The starting salary for each basic rank is determined by reference to (a) the established relativities with relevant grades in other QGs; or (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades.

**List of Private Sector Organisations
Participating in the Pay Comparison Survey**

1.	AECOM Asia Ltd.	艾奕康有限公司
2.	Aedas Ltd.	凱達環球有限公司
3.	Airport Authority Hong Kong	香港機場管理局
4.	Asia Insurance Co., Ltd.	亞洲保險有限公司
5.	Atkins China Ltd.	阿特金斯顧問有限公司
6.	Bank of East Asia, Ltd., The	東亞銀行有限公司
7.	Belden Asia (Hong Kong) Ltd.	-
8.	Blue Cross (Asia-Pacific) Insurance Ltd.	藍十字(亞太)保險有限公司
9.	Cafe de Coral Holdings Ltd.	大家樂集團有限公司
10.	Cathay Pacific Airways Ltd.	國泰航空公司
11.	Christian Family Service Centre	基督教家庭服務中心
12.	Citybus Ltd.	城巴有限公司
13.	Commercial Press (Hong Kong) Ltd., The	商務印書館(香港)有限公司
14.	Crown Motors Ltd.	皇冠汽車有限公司
15.	Dah Chong Hong Holdings Ltd.	大昌行集團有限公司
16.	Dah Sing Financial Group	大新金融集團
17.	Dairy Farm Company Ltd., The	牛奶有限公司
18.	DBS Bank (Hong Kong) Ltd.	星展銀行(香港)有限公司
19.	Defond Electrical Industries Ltd.	德豐電業有限公司
20.	DKSH Hong Kong Ltd.	大昌華嘉香港有限公司
21.	DTZ	DTZ 戴德梁行
22.	Elec & Eltek International (Hong Kong) Ltd.	依利安達國際(香港)有限公司
23.	Employees Retraining Board	僱員再培訓局
24.	Esprit Regional Services Ltd.	-
25.	Esquel Enterprises Ltd.	溢達企業有限公司
26.	Evangelical Lutheran Church of Hong Kong, Social Service	基督教香港信義會社會服務部
27.	Fossil (East) Ltd.	-
28.	Gammon Construction Ltd.	金門建築有限公司
29.	Green Island Cement (Holdings) Ltd.	青洲英坭(集團)有限公司
30.	Hang Lung Properties Ltd.	恒隆地產有限公司
31.	Hanison Construction Company Ltd.	興勝建築有限公司
32.	HKR International Ltd.	香港興業國際集團有限公司

33.	Hong Kong Aero Engine Services Ltd.	香港航空發動機維修服務有限公司
34.	Hong Kong Aircraft Engineering Co., Ltd.	香港飛機工程有限公司
35.	Hong Kong Applied Science and Technology Research Institute Company Ltd.	香港應用科技研究院有限公司
36.	Hong Kong Baptist Hospital	香港浸信會醫院
37.	Hong Kong Dragon Airlines Ltd.	港龍航空有限公司
38.	Hong Kong Exchanges and Clearing Ltd.	香港交易及結算所有限公司
39.	Hong Kong Housing Authority	香港房屋委員會
40.	Hong Kong Housing Society	香港房屋協會
41.	Hong Kong Jockey Club, The	香港賽馬會
42.	Hong Kong Productivity Council	香港生產力促進局
43.	Hong Kong Science and Technology Parks Corporation	香港科技園公司
44.	Hong Kong Sport Institute Ltd.	香港體育學院有限公司
45.	Hong Kong Trade Development Council	香港貿易發展局
46.	Hong Kong Tourism Board	香港旅遊發展局
47.	Hongkong Land Ltd.	香港置地集團公司
48.	Hongkong United Dockyards Ltd.	香港聯合船塢集團有限公司
49.	HSBC	滙豐
50.	Hsin Chong Construction Group Ltd.	新昌營造集團有限公司
51.	InterContinental Hong Kong	香港洲際酒店
52.	Jardine Airport Services Ltd.	怡中航空服務有限公司
53.	Jardine Matheson Ltd.	怡和管理有限公司
54.	Jebsen & Co. Ltd.	捷成洋行有限公司
55.	Kerry Properties (H.K.) Ltd.	嘉里發展有限公司
56.	Kowloon Motor Bus Co. (1933) Ltd., The	九龍巴士(一九三三)有限公司
57.	Kowloon Shangri-La Hotel	九龍香格里拉大酒店
58.	KPMG	畢馬威會計師事務所
59.	Lai Sun Development Company Ltd.	麗新發展有限公司
60.	Lee Kum Kee International Holdings Ltd.	李錦記國際控股有限公司
61.	Li & Fung (Retailing) Ltd.	利豐(零售)有限公司
62.	Maersk Hong Kong Ltd.	馬士基集團香港有限公司
63.	Mandatory Provident Fund Schemes Authority	強制性公積金計劃管理局
64.	Mitsubishi Electric Hong Kong Group Ltd.	三菱電機香港集團有限公司

65.	Modern Terminals Ltd.	現代貨箱碼頭有限公司
66.	MTR Corporation	港鐵公司
67.	New World First Bus Services Ltd.	新世界第一巴士服務有限公司
68.	Nielsen Company (Hong Kong) Ltd., The	-
69.	Ocean Park Corporation	海洋公園公司
70.	Ove Arup & Partners Hong Kong Ltd.	奧雅納工程顧問
71.	Paul Y. Management Ltd.	保華管理有限公司
72.	PCCW Ltd.	電訊盈科有限公司
73.	PricewaterhouseCoopers Ltd.	羅兵咸永道有限公司
74.	Public Bank (Hong Kong) Ltd.	大眾銀行(香港)
75.	Sa Sa International Holdings Ltd.	莎莎國際控股有限公司
76.	Samsonite Asia Ltd.	-
77.	Sanfield (Management) Ltd.	新輝(建築管理)有限公司
78.	Schindler Lifts (Hong Kong) Ltd.	迅達升降機(香港)有限公司
79.	Shiu Wing Steel Ltd.	紹榮鋼鐵有限公司
80.	Shui On Construction and Materials Ltd.	瑞安建業有限公司
81.	Shun Hing Electronic Trading Co. Ltd.	信興電器貿易有限公司
82.	Sik Sik Yuen	畚色園
83.	Sino Land Company Ltd.	信和置業有限公司
84.	Sony Corporation of Hong Kong Ltd.	索尼香港
85.	Standard Chartered Bank (Hong Kong) Ltd.	渣打銀行(香港)有限公司
86.	Sun Hung Kai Properties Ltd.	新鴻基地產有限公司
87.	Television Broadcasts Ltd.	電視廣播有限公司
88.	Triumph International (Hong Kong) Ltd.	黛安芬國際(香港)有限公司
89.	Urban Group	富城集團
90.	Urban Renewal Authority	市區重建局
91.	Whirlpool (Hong Kong) Ltd.	惠而浦(香港)有限公司
92.	Wing Hang Bank, Ltd.	永亨銀行
93.	Wong & Ouyang (HK) Ltd.	王歐陽(香港)有限公司
94.	YATA Ltd.	一田百貨
95.	Yau Lee Holdings Ltd.	有利集團有限公司
96.	YMCA of Hong Kong	香港基督教青年會
97. – 117.	Anonymous*	

*These companies do not want to have their names published.

