

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

APPLICATION OF THE FINDINGS OF THE 2009 STARTING SALARIES SURVEY TO CONCERNED CIVILIAN GRADES IN THE CIVIL SERVICE

Members are invited to recommend to Finance Committee to approve with effect from 1 October 2010 –

- (a) the revised benchmark salary for Qualification Group (QG) 9;
- (b) the revised starting salaries of the civilian grades in QG9; and
- (c) the revised starting salaries of the degree-qualification civilian grades in QG11 and QG12.

PROBLEM

The findings of the 2009 Starting Salaries Survey (SSS) indicate that the benchmark salary (hereafter referred to as “benchmark”) for QG9 (degree and related grades) is significantly above the entry pay for jobs in the private sector requiring similar educational qualification for appointment. Adjustments should be made to the benchmark for QG9 and the starting salaries of 37 civilian grades¹ requiring degree qualification for appointment so as to maintain broad comparability between civil service and private sector pay pursuant to our civil service pay policy.

/PROPOSAL

¹ Recruitment for one of the 37 civilian grades, namely the Investment Promotion Project Officer grade in QG 9, has ceased. Hence, the number of civilian grades actually affected by the revision of starting salaries is only 36. Nonetheless, the starting salary of the Investment Promotion Project Officer grade is also revised for the sake of completeness.

PROPOSAL

2. The Secretary for the Civil Service proposes, with effect from 1 October 2010, to –

- (a) adjust the benchmark for QG9 downwards by two pay points;
- (b) adjust the starting salaries of the 26 civilian grades in QG9 downwards by two pay points; and
- (c) in line with established internal relativities, adjust the starting salaries of five degree-qualification civilian grades in QG11 (education grades) and another six in QG12 (other grades) downwards by two pay points.

The revised starting salaries, if approved, will apply to newly recruited civil servants who are offered appointment to the concerned civilian grades on or after 1 October 2010, and serving civil servants on in-service transfer from one grade to one of these civilian grades from that date.

JUSTIFICATION***Civil Service Pay Policy***

3. 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 by maintaining broad comparability between civil service and private sector pay.

Determination of Starting Salaries for Non-directorate Civilian Grades

4. Individual non-directorate civilian grades in the civil service are grouped into different QGs, having regard primarily to educational qualifications required for recruitment purpose. Generally speaking, a benchmark is set for each QG in the light of entry pay in the private sector for similar educational qualification as determined through a SSS. Where a SSS fails to ascertain the entry pay in the private sector for a particular QG, the benchmark for that QG is set through internal relativities with other QGs. When the benchmark for a QG is determined, the starting salaries of the basic ranks of the civilian grades in that particular QG are set on par with, or one or more points higher than (where justified for reasons of special job requirements or recruitment difficulties), the said benchmark. At present, there are 12 QGs in the civil service, and ten of them have benchmarks as set out in Enclosure 1.

2009 Starting Salaries Survey and Recommendations of the Advisory Bodies

5. At the invitation of the Administration, the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) conducted, with the assistance of an outside consultant firm, the 2009 SSS, using 2 April 2008 to 1 April 2009 as the reference period; and made recommendations on how the survey findings should be applied to the civilian grades in the civil service. Over 100 private sector organisations from different sectors of the economy and each employing more than 100 staff participated in the survey. Having regard to the established practice and to the consideration that the Government should be a good employer, the Standing Commission considers that the third quartile level (P75) (i.e. the better paying private sector jobs) of the total cash compensation of private sector pay should continue to be adopted as the basis of comparison.

Encl. 2 6. The findings of the 2009 SSS are set out in Enclosure 2. The benchmark for QG9 (degree and related grades) is found to be significantly above the P75 level of the market entry pay. Adopting a holistic approach², the Standing Commission recommends that the benchmark for QG9 should be reduced by two pay points from Master Pay Scale (MPS) 16 to MPS 14. Correspondingly, the starting salaries of the 26 civilian grades in QG9 should be reduced by two pay points.

7. The starting salaries of five degree-qualification civilian grades in QG11 (education grades) and six in QG12 (other grades) are determined through established internal relativities with the benchmark for QG9. The Standing Commission recommends that in line with established internal relativities, the starting salaries of these degree-qualification civilian grades should also be lowered by two pay points.

8. The Standing Commission recommends that the benchmarks for QGs 1 to 8 and QG10 should remain unchanged as they are broadly comparable to the P75 level of the market entry pay.

9. Disciplined services grades are excluded from SSSs because of the lack of market comparators. The results of past SSSs were applied to them on the basis of internal relativities. In this connection, the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) recommends that

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² Under the holistic approach, the Standing Commission considers that application of the survey results should be made with due regard to: (a) broad comparability between civil service and private sector pay; (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.

the benchmarks for QG2 (school certificate grades) and QG7 (matriculation grades) should continue to be adopted as the benchmarks for the rank and file grades and the officer grades of the disciplined services respectively because of comparable educational qualification requirements. In the absence of any change to the benchmarks for QG2 and QG7 following the application of the 2009 SSS, the SCDS recommends that the starting salaries for the disciplined services grades should remain unchanged.

The Administration's Position

Encl. 3 10. On 18 May 2010, the Chief Executive-in-Council decided that the recommendations of the Standing Commission and the SCDS should be accepted; and that, subject to the approval of the Finance Committee of the Legislative Council (LegCo), the starting salaries for the basic ranks of the concerned civilian grades in QGs 9, 11 and 12 should be reduced by two pay points (see Enclosure 3). Having regard to the civil service recruitment exercises in process, the revised benchmark and starting salaries as a result of the 2009 SSS should take effect from 1 October 2010.

IMPLICATIONS FOR THE SUBVENTED SECTOR

11. Except for the teaching staff and some non-teaching staff in aided schools, the salaries of employees in the subvented sector, including those in the medical and social welfare sectors, have been delinked from those of the civil service. The established practice is that the subventions they receive from the Government would *not* be adjusted because of revisions to civil service starting salaries.

12. The salaries of teaching staff and some non-teaching staff in aided schools are still linked to the equivalent grades in the civil service. Subject to the approval of the Finance Committee of the new starting salaries for the concerned grades (including five graduate education grades), the starting salaries for Graduate Master/Mistress, Assistant Primary School Master/Mistress and some non-teaching staff in aided schools will be correspondingly reduced by two pay points through the relevant Codes of Aid promulgated by the Permanent Secretary for Education. In line with the Government's policy to encourage the movement of teachers between schools in the public sector, a "carry forward" arrangement has been adopted since 1 April 2000 to allow teachers to carry their current salary on transfer between aided schools and between aided and government schools. The "carry forward" arrangement will continue to apply.

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FINANCIAL IMPLICATIONS

13. Based on the assumption of some 400 new recruits joining the civilian grades in QG9 and the degree-qualification civilian grades in QG11 and QG12 each year (based roughly on the annual overall wastage of around 4%), we estimate that implementation of the proposal will result in savings of about \$10.3 million per annum for the civil service on a cumulative basis, i.e. \$10.3 million in the first year of implementation, \$20.6 million in the second year and \$30.9 million in the third year, as intakes of the concerned civilian grades in subsequent years would also be subject to the revised starting salaries. Under the Improved Civil Service Pay Adjustment Mechanism, SSSs will be conducted every three years; and the next SSS will be conducted using 1 April 2012 as the reference date.

PUBLIC CONSULTATION

14. We briefed the LegCo Panel on Public Service on 24 May 2010. The Panel noted that the Administration would submit our proposal to the Establishment Subcommittee for advice. A few Members were concerned about the adverse impact on the quality of future intakes to the degree-qualification civilian grades and the problem of “different pay for the same job” in the civil service. They also observed that the findings of the 2009 SSS might have been distorted by the onslaught of the financial tsunami; and that private sector employers might follow suit in reducing entry pay for degree holders. A Member supported the Administration’s proposal, noting that the revised starting salaries for degree and related grades would still be substantially above the prevailing entry pay for jobs in the private sector requiring similar educational qualification for appointment.

15. We note that the Standing Commission has adopted a holistic approach in considering how the findings of the 2009 SSS should be applied to the civil service. In particular, the Standing Commission has moderated the reduction of the benchmark for QG9 from three pay points to two pay points, having regard to the need to maintain the attractiveness of the degree-qualification grades in the civil service. With respect to the problem of “different pay for the same job”, it is inherent in our triennial SSS mechanism that the starting salaries of individual grades may be adjusted after each SSS, having regard to the findings of the market survey, the recommendations of the Standing Commission and the decisions of the Chief Executive-in-Council. That said, the stability of civil service pay is one of the considerations under the holistic approach adopted by the Standing Commission. As regards the reliability of the findings of the 2009 SSS, we wish to point out that 63% of the total valid data points were related to new recruits

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employed during the period of April to September 2008 (i.e. before the outbreak of the financial tsunami). For QG9 (whose benchmark is recommended to be reduced by two pay points by the Standing Commission), 80% of the valid data points were related to recruits employed during the period of April to September 2008. We also wish to underline the fact that civil service pay has all along been following, not leading, market pay, as each SSS only collects *past* data of market entry pay within a 12-month reference period. Overall, we consider that the recommendations of the Standing Commission have struck the right balance and should be accepted.

BACKGROUND

16. The Improved Civil Service Pay Adjustment Mechanism has been adopted since 2007, and comprises, amongst others, (a) pay level surveys at six-yearly interval; (b) SSSs at three-yearly interval; and (c) pay trend surveys every year under an improved methodology. The triennial SSSs are conducted to ascertain the broad comparability of the civil service entry pay with the private sector entry pay.

17. The last SSS was conducted in 2006. Based on the findings, the benchmarks for nine of the 12 QGs were adjusted upwards, and the starting salaries of the civilian grades in the nine QGs were correspondingly increased by one to five pay points. Based on internal relativities, the starting salaries of the rank and file grades and the officer grades³ of the disciplined services were increased by one to five pay points. The revised starting salaries took effect on 1 August 2007.

ADVICE OF THE STANDING COMMISSION AND THE SCDS

18. The proposal is in line with the recommendations and the advice of the Standing Commission and the SCDS.

Civil Service Bureau
June 2010

³ Except for the basic rank of the Aircraft Technician grade, whose starting salary remained unchanged.

Qualification Groups (QGs) for Non-Directorate Civilian Grades

QGs	Qualification Requirements	Examples of Ranks Included	Existing Benchmark
1	Grades not requiring five passes in Hong Kong Certificate of Education Examination (HKCEE)	Clerical Assistant, Postman, Typist	MPS 1
2	<p>School Certificate Grades</p> <p>Group I: Grades requiring five passes in HKCEE</p> <p>Group II: Grades requiring five passes in HKCEE plus considerable experience</p>	<p>Group I: Assistant Clerical Officer, Postal Officer</p> <p>Group II: Assistant Taxation Officer, Confidential Assistant</p>	MPS 3
3	<p>Higher Diploma and Diploma Grades</p> <p>Group I: Higher Diploma Grades</p> <p>Group II: Diploma Grades</p>	<p>Group I: Dental Therapist, Health Inspector II</p> <p>Group II: Survey Officer, Technical Officer</p>	<p>Group I: MPS 13</p> <p>Group II: MPS 8</p>
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	Assistant Clerk of Works, Assistant Inspector of Works	MPS 13
5	<p>Technician, Supervisory and Related Grades</p> <p>Group I: Certificate or apprenticeship plus experience</p>	Amenities Assistant III, Works Supervisor II	MPS 6
6	<p>Technician, Supervisory and Related Grades</p> <p>Group II: Craft and skill plus experience, or apprenticeship plus experience</p>	Artisan, Motor Driver	MPS 5

QGs	Qualification Requirements	Examples of Ranks Included	Existing Benchmark
7	Grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination (HKALE) plus three credits in HKCEE	Land Executive, Liaison Officer II	MPS 8
8	<p>Professional and Related Grades</p> <p>Group I: Membership of a professional institution or equivalent</p> <p>Group II: Grades with pay structure related to grades in Group I</p>	<p>Group I: Architect, Engineer</p> <p>Group II: Administrative Officer, Economist</p>	<p>Group I: MPS 27</p> <p>Group II: MPS 27</p>
9	Degree and Related Grades	Assistant Labour Officer II, Executive Officer II	MPS 16
10	Model Scale 1 Grades	Property Attendant, Workman II	MOD 0
11	Education Grades	Assistant Education Officer, Certificated Master/Mistress	(Note 1)
12	Other Grades	Air Traffic Control Officer III, Assistant Hawker Control Officer, Assistant Information Officer	(Note 2)

Note 1: No benchmark is set for this QG; and the starting salaries for the non-graduate and graduate grades in this QG are determined having regard to their established relativities with QG3 Group I and QG9 respectively.

Note 2: No benchmark is set for this QG and the starting salary for each grade in this QG is determined by reference to (a) established 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 2009 Starting Salaries Survey

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Level (b)	(b) minus (a)	% Change
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%
	Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$11,580)	\$11,741	+ \$161	+ 1.4%

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Level (b)	(b) minus (a)	% Change
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%

Revised Pay Scales of the 37 Civilian Grades in QGs 9, 11 and 12

QG9 – Degree and Related Grades

Current Benchmark: MPS 16

Revised Benchmark: MPS 14

Grade	Basic Rank	Current Pay Scale \$	Revised Pay Scale \$
Accounting Officer	Accounting Officer II	MPS 16-27	MPS 14-27
Analyst/Programmer	Analyst/ Programmer II	MPS 18-27	MPS 16-27
Archivist	Assistant Archivist	MPS 18-27	MPS 16-27
Court Interpreter	Court Interpreter II	MPS 16-27	MPS 14-27
Curator	Assistant Curator II	MPS 16-27	MPS 14-27
Dietitian	Dietitian	MPS 18-33	MPS 16-33
Examiner	Examiner	MPS 16-27	MPS 14-27
Executive Officer	Executive Officer II	MPS 17-27	MPS 15-27
Experimental Officer	Experimental Officer	MPS 16-27	MPS 14-27
Government Transport Manager	Government Transport Manager	MPS 45-49	MPS 43-49
Hospital Administrator	Hospital Administrator II	MPS 16-27	MPS 14-27
Insolvency Officer	Insolvency Officer II	MPS 16-27	MPS 14-27
Intellectual Property Examiner	Intellectual Property Examiner II	MPS 16-27	MPS 14-27
Investment Promotion Project Officer ^(Note)	Investment Promotion Project Officer	MPS 45-49	MPS 43-49

Grade	Basic Rank	Current Pay Scale \$	Revised Pay Scale \$
Labour Officer	Assistant Labour Officer II	MPS 16-27	MPS 14-27
Law Translation Officer	Law Translation Officer	MPS 34-44	MPS 32-44
Librarian	Assistant Librarian	MPS 16-27	MPS 14-27
Management Services Officer	Management Services Officer II	MPS 16-27	MPS 14-27
Manager, Cultural Services	Assistant Manager, Cultural Services	MPS 16-27	MPS 14-27
Official Languages Officer	Official Languages Officer II	MPS 16-27	MPS 14-27
Simultaneous Interpreter	Simultaneous Interpreter	MPS 34-44	MPS 32-44
Social Work Officer	Assistant Social Work Officer	MPS 18-33	MPS 16-33
Speech Therapist	Speech Therapist	MPS 18-33	MPS 16-33
Trade Officer	Assistant Trade Officer II	MPS 16-27	MPS 14-27
Training Officer	Training Officer II	MPS 16-27	MPS 14-27
Transport Officer	Transport Officer II	MPS 16-27	MPS 14-27

Note: Recruitment for this grade has ceased.

QG11 - Education Grades

No benchmark is set for this QG and the starting salaries for the non-graduate and graduate grades in this QG are determined having regard to their established internal relativities with QG 3 Group I and QG 9 respectively. In accordance with the recommendations of the Standing Commission, the starting salaries for graduate grades will be lowered by two pay points.

Grade	Basic Rank	Current Pay Scale \$	Revised Pay Scale \$
Education Officer	Assistant Education Officer	MPS 17-33	MPS 15-33
Education Officer (Administration)	Assistant Education Officer (Administration)	MPS 23-33	MPS 21-33
Inspector (Graduate)	Assistant Inspector (Graduate)	MPS 25-33	MPS 23-33
Primary School Master/Mistress	Assistant Primary School Master/Mistress	MPS 17-29	MPS 15-29
Specialist (Education Services)	Specialist (Education Services) II	MPS 25-33	MPS 23-33

QG12 - Other Grades

No benchmark is set for this QG and the new starting salary for each grade in this QG is determined by reference to (a) established relativities with relevant grades in other QGs, or (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades. In accordance with the recommendations of the Standing Commission, the starting salaries for degree-qualification grades (i.e. grades linked to QG9) will be lowered by two pay points.

Grade	Basic Rank	Current Pay Scale \$	Revised Pay Scale \$
Entertainment Standards Control Officer	Entertainment Standards Control Officer	MPS 16-33	MPS 14-33
Force Welfare Officer	Assistant Force Welfare Officer	MPS 27-33	MPS 25-33

Grade	Basic Rank	Current Pay Scale \$	Revised Pay Scale \$
Information Officer	Assistant Information Officer	MPS 16-27	MPS 14-27
Interviewer	Interviewer	MPS 35-39	MPS 33-39
Police Research Officer	Assistant Police Research Officer	MPS 35-39	MPS 33-39
Protocol Officer	Assistant Protocol Officer	MPS 28-33	MPS 26-33
