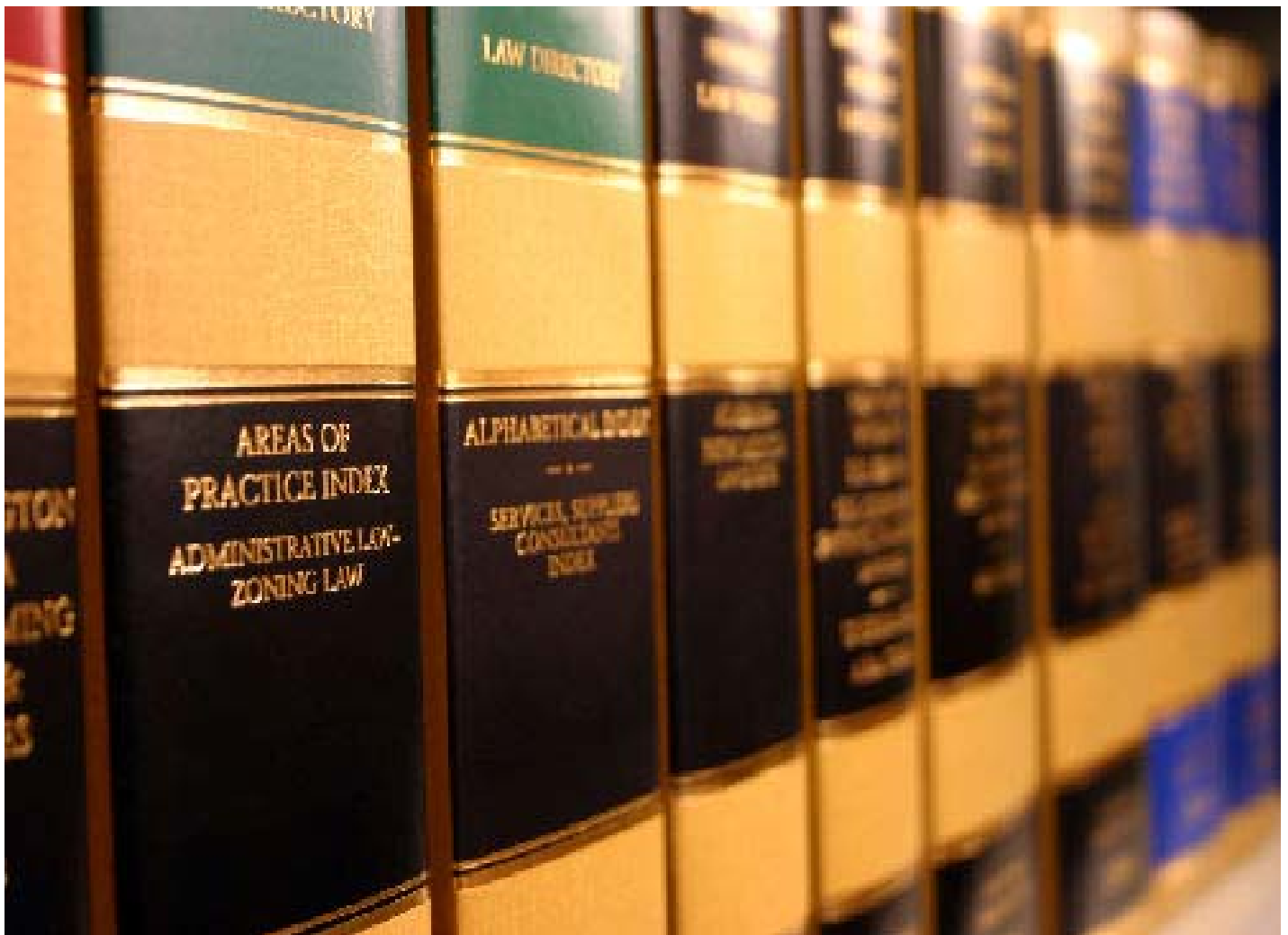


# 2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong

## Final Report

HayGroup



December 2010

<p><b>Final Report:</b>  <b>2010 Benchmark Study on the Earnings of</b>  <b>Legal Practitioners in Hong Kong</b></p>
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## Executive Summary

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1. In September 2010, the Standing Committee on Judicial Salaries and Conditions of Service commissioned the Hay Group Limited to conduct the 2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong (2010 Benchmark Study).
2. The objective of the 2010 Benchmark Study is to collect information/data on legal sector earnings for analyses and comparison with judicial remuneration in Hong Kong, with a view to checking whether judicial pay is kept broadly in line with the movements of legal sector earnings over time. Comparison is made, where relevant, with the findings in the Pilot Study on the Earnings of Private Sector Legal Practitioners conducted in 2005.
3. The survey field covers the following (the numbers are those prevailing at the time of the survey) –
  - (a) all 1 140 barristers (Senior Counsel and junior counsel included) with practising certificates;
  - (b) all 5 242 solicitors with practising certificates in private practice in law firms; and
  - (c) 28 public bodies and major corporations which either (i) have an in-house legal unit staffed with at least five legal practitioners; or (ii) perform dedicated statutory regulatory and enforcement functions.

The target respondents are legal practitioners with at least five years of private practice as a barrister or a solicitor, including practice in common law jurisdictions.
4. The survey questionnaire was distributed by post or email. The questionnaire requests basic information about the respondent (professional status, years of practice and age) and the total annual earnings from the practice of law before taxes in the tax year ending 31 March 2010.
5. In addition to the survey questionnaire, ten barristers and ten solicitors were selected on a random basis for telephone interviews. The purpose is to collect information on the interviewees' perception on judicial service and remuneration, and how their perception affects their consideration of joining the Bench.
6. The table below summarises the key findings from the survey and the analyses of differentials between judicial pay and legal sector earnings.

*Summary of Survey Results*

<b>Response</b>	The number of target responses from barristers increased from 164 in 2005 to 292, representing an increase of 78%. For solicitors, the number increased from 402 in 2005 to 1 016, representing an increase of 153%.
<b>Differentials between judicial pay and legal sector pay</b>	<p>Differential between judicial pay and legal sector pay is defined as judicial pay less legal sector earnings, as a percentage of legal sector earnings.</p> <p>The 75<sup>th</sup> percentile (P75) of legal sector earnings should, in principle, be adopted as the basis for comparison with the annual average total cost of judicial pay at three entry ranks of the Judiciary, i.e. Magistrate, District Judge and Judge of the Court of First Instance (CFI Judge). The relevant legal sector reference is worked out based on the typical years of practice of the Judges and Judicial Officers before appointment to the relevant rank.</p> <p>Compared to the 2005 findings, differentials between judicial pay at the three entry ranks and P75 legal sector pay are as follows –</p> <ul style="list-style-type: none"> <li>• <b>Magistrate:</b> Pay differential (i) above junior counsel (5-14 years) <b>narrowed</b> from 12% to 7%; (ii) above solicitors (5-14 years) <b>narrowed</b> from 46% to 13%;</li> <li>• <b>District Judge:</b> Pay differential (i) above junior counsel (15-24 years) <b>widened</b> from 8% to 10%; (ii) above solicitors (15-24 years) <b>widened</b> from 8% to 10%; and</li> <li>• <b>CFI Judge:</b> Pay differential below Senior Counsel (15-24 years) <b>narrowed</b> from 47% to 42%.</li> </ul> <p>There is no fixed pattern in the changes in differentials between judicial pay and legal sector pay, with some widening and some narrowing with different ranges. No clear trend can be established. Given the significant variation of legal sector earnings and the different nature of judicial work compared to legal sector work, any direct comparison between legal sector earnings and judicial pay should be interpreted with caution. We do not recommend any increase nor reduction in judicial pay for the sake of keeping the differentials unchanged.</p>
<b>Interview results</b>	More barrister interviewees (including one in-house barrister) expressed interest in joining the Bench, whilst solicitor interviewees tended to be less interested. All interviewees expressing an interest to join the Bench indicated that pay was not a key concern. The majority of both barrister and solicitor interviewees appeared to be interested in short-term judicial appointments as Recorders or External Deputies.

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# 1. Introduction

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## 1.1 Introduction

- 1.1.1 In September 2010, the Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee), acting through the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (Joint Secretariat), commissioned the Hay Group Limited (HayGroup) to conduct the 2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong (2010 Benchmark Study).
- 1.1.2 The objective of this Study is to collect information/data on legal sector earnings for analyses and comparison with judicial remuneration in Hong Kong, with a view to checking whether judicial pay is kept broadly in line with the movements of legal sector earnings over time.
- 1.1.3 This Report consists of the following sections –
- Section 1 – Introduction
  - Section 2 – Background of Study
  - Section 3 – Overview of Methodology
  - Section 4 – Conducting the Survey
  - Section 5 – Analyses of Questionnaire Survey Results
  - Section 6 – Relativities between Legal Sector Pay and Judicial Pay
  - Section 7 – Summary of Interview Findings
  - Section 8 – Observations and Recommendations
  - Appendices – Findings and Conclusions of the 2005 Pilot Study on the Earnings of Private Sector Legal Practitioners, Questionnaires, Invitation Letter and Reminders, etc.
- 1.1.4 We wish to express our sincere gratitude to all parties who have contributed to the conduct of this Benchmark Study, particularly, the Judicial Committee for its advice on the methodology; the Chairman of the Judicial Committee for appealing to the two professional bodies and corporate respondents to support this Study; the Chairman of the Bar Association and the President of the Law Society for appealing to their Members to participate in this survey, and the assistance provided by their Secretariats in providing logistical support in the fieldwork.
- 1.1.5 Our thanks also go to individual barristers and solicitors who have responded to our questionnaire survey and accepted our invitation for interviews, as well as participating public bodies and major corporations.
- 1.1.6 Last but not least, we would like to record our appreciation to the Joint Secretariat for their advice and help in liaising with the Secretariats of the two professional bodies and all relevant stakeholders, including the Judiciary which provided the profiles of Judges and Judicial Officers (JJOs) in anonymous format for our analyses. These have greatly facilitated the conduct of this Study.

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## 2. Background of Study

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### 2.1 Overview

- 2.1.1 The mechanism for formulating recommendations on judicial remuneration, as recommended by the Judicial Committee in its 2005 Report on the Study on the Appropriate Institutional Structure, Mechanism and Methodology for the Determination of Judicial Remuneration in Hong Kong, was approved in 2008 by the Chief Executive-in-Council. The mechanism comprises a regular benchmark study and an annual salary review.
- 2.1.2 A Pilot Study on the Earnings of Private Sector Legal Practitioners was conducted in the last quarter of 2005 (hereafter called the 2005 Pilot Study). Through the Pilot Study, earnings relativities between JJOs and legal practitioners were noted and the feasibility of such benchmark study confirmed. The findings and conclusions of the 2005 Pilot Study are in **Appendix 1**.
- 2.1.3 For the annual salary review, the Judicial Committee conducts the review and publishes its report on Judicial Remuneration Review (JRR) every year. In conducting the annual salary review, the Judicial Committee adopts a balanced approach, taking into account a basket of factors, i.e. (i) the responsibility, working conditions and workload of judges vis-à-vis those of lawyers in private practice; (ii) recruitment and retention in the Judiciary; (iii) retirement age and retirement benefits of JJOs; (iv) the benefits and allowances enjoyed by JJOs; (v) prohibition against return to private practice in Hong Kong; (vi) public sector pay as a reference; (vii) private sector pay levels and trends; (viii) cost of living adjustments; (ix) the general economic situation in Hong Kong; (x) overseas remuneration arrangements; (xi) unique features of judicial service; and (xii) the budgetary situation of the Government.
- 2.1.4 In its Reports on JRR 2009 and JRR 2010, the Judicial Committee reaffirmed that a benchmark study on the level of earnings of legal practitioners should be conducted on a regular basis, in order to ascertain their earnings levels, monitor such trends and review judicial salaries where appropriate. The Committee also decided that a benchmark study should in principle be conducted every five years, with its frequency subject to periodic review. As it had been five years since the 2005 Pilot Study, the Judicial Committee decided that another benchmark study should be conducted in 2010.

### 2.2 Objective

- 2.2.1 As part of the mechanism for formulating recommendations on judicial remuneration, the purpose of the 2010 Benchmark Study is to collect information/data for analyses and comparison with judicial remuneration in Hong Kong, with a view to checking whether judicial pay is kept broadly in line with the movements of legal sector earnings over time.
- 2.2.2 With the earnings information/data of legal practitioners collected, the changes in the pay relativities between selected judicial positions and the corresponding legal sector positions will be analysed and recorded. The analyses will facilitate the Judicial Committee in monitoring the private sector pay trends and considering whether, and if

so, how adjustments to judicial pay should be made. However, the data on legal sector earnings will not be translated into precise figures for determining the levels of judicial salaries.

## **2.3 Basic Principles**

2.3.1 We have premised this Benchmark Study on a number of basic principles as set out in the Judicial Committee's previous deliberations, including –

- (a) judicial independence is a cherished principle of the legal system in Hong Kong and enables the court to adjudicate cases in a fair and impartial manner. It is important to ensure that judicial remuneration is sufficient to attract and retain people with suitable calibre in the Judiciary in order to maintain an independent and effective judicial system;
- (b) the nature of judicial work is unique. The responsibility and working conditions of JJOs are different from those of legal practitioners, rendering any direct comparison inappropriate;
- (c) as part of the new mechanism for determining judicial pay, a benchmark study should in principle be conducted every five years, with its frequency subject to periodic review. Judicial pay adjustments should have regard to a basket of factors, including any recruitment and retention problems of the Judiciary; and
- (d) the findings of the benchmark study should not be translated into precise figures for determining the levels of judicial pay. The data will facilitate the Judicial Committee to monitor the private sector pay trends and consider whether and how adjustments to judicial pay should be made.



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## 3. Overview of Methodology

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### 3.1 General Approach

3.1.1 This Benchmark Study consists of –

- (a) a questionnaire survey on the earnings of barristers and solicitors in Hong Kong; and
- (b) interviews with randomly selected barristers and solicitors on their perceptions on judicial service and remuneration.

The above elements were also adopted in the 2005 Pilot Study. Where relevant, the ensuing paragraphs make reference to the enhancement made in various aspects as compared to the 2005 Pilot Study.

### 3.2 Survey Field and Sample Sizes of Questionnaire Survey

3.2.1 The target respondents of the 2010 Benchmark Study are legal practitioners who are eligible for appointment as JJOs, i.e. those who have –

- (a) at least 5 years of practice as a barrister or solicitor for Magistrate (Magistrates Ordinance, Cap. 227);
- (b) at least 5 years of practice as a barrister or solicitor for District Judge (District Court Ordinance, Cap. 336); and
- (c) at least 10 years of practice as a barrister or solicitor for Judge of the Court of First Instance (CFI Judge) (High Court Ordinance, Cap. 4).

3.2.2 The survey field covers three main groups of respondents as set out below.

3.2.3 **Barristers in private practice:** Under the relevant Ordinances mentioned above, experience in other common law jurisdictions is counted towards the requisite years of practice for appointment at the respective level of JJOs. The year of call to the Bar in Hong Kong as shown in the Bar List may not fully reflect the total years of experience of a barrister. For instance, a barrister called to the Hong Kong Bar in 2009 may have more than ten years of experience in other common law jurisdictions. Accordingly, instead of screening out those who had been called to the Hong Kong Bar for less than 5 years outright (as was the case in the 2005 Pilot Study), all 1 140 barristers (both Senior Counsel and junior counsel included) with practising certificates as at October 2010 when fieldwork commenced were covered.

3.2.4 **Solicitors in private practice:** For similar reasons as set out in paragraph 3.2.3, all 5 242 (100%) solicitors with practising certificates in private practice in law firms were covered, instead of sampling only some 40% of solicitors with practising certificates and screening out those who had been admitted as solicitors in Hong Kong for less than 5 years as in 2005.

3.2.5 **In-house legal practitioners in public bodies and major corporations:** This is a newly added group of target respondents for this 2010 Benchmark Study. They are legal professionals working in large public bodies and major corporations in Hong

Kong, providing legal advice for these organisations. They may not be barristers or solicitors with current practising certificates. However, this group of legal professionals could have many years of legal experience, including the requisite experience of private practice before turning in-house, and are eligible for appointment as JJOs. Typical jobs are head of a compliance/litigation unit and legal advisor. We have targeted in-house practitioners in organisations with a substantial legal department.

- 3.2.6 Drawing on our previous experience in conducting remuneration surveys (including some on legal positions) for a number of public bodies and large corporations, an in-house legal unit staffed with five legal practitioners is already a well-established and substantial department. On this basis, we have drawn up a list of 28 public bodies and major corporations based on the following criteria –
- (a) the organisations are known to have an in-house legal unit staffed with at least five legal practitioners, to carry out functions such as research and legal standard setting, compliance, commercial/transaction, investigation, and/or litigation; or
  - (b) the organisations perform dedicated statutory regulatory and enforcement functions.
- 3.2.7 With the endorsement of the Judicial Committee, we have invited the 28 public bodies and major corporations to provide corporate responses on the pay information of their in-house lawyers with not less than 5 years of private practice before taking up their present in-house appointment. By extending the survey field to include legal professionals in public bodies and major corporations, the representativeness and comprehensiveness of the 2010 Benchmark Study are enhanced.

### **3.3 Information Collected by Questionnaire Survey**

#### *Definition of earnings*

- 3.3.1 For barristers and solicitors in private practice who are either sole proprietors or partners of firms, earnings are derived from the profit of operating the proprietorship or partnership, and are defined as: “the total amounts received from the practice of law less any expenses incurred in operating the law practice, before taxes”. Earnings include drawings from the firm, as well as any housing or other cash allowances the firm paid to the proprietor or partner, contribution made on behalf of the proprietor or partner to a retirement scheme and any amounts attributable to the proprietor or partner retained in the firm.
- 3.3.2 For legal practitioners who are employees in law firms, public bodies and major corporations, earnings include base salary, hourly or per diem fees, allowances, guaranteed bonuses, variable bonuses or commissions, and employers’ contributions to retirement schemes. Information on long-term incentives (LTIs) is also collected.
- 3.3.3 The reference date of the pay data is 31 March 2010, covering the earnings in the tax year of 2009/10 (1 April 2009 to 31 March 2010). The reference date is five years from that of the 2005 Pilot Study (i.e. 31 March 2005) covering the earnings in the tax year ending 31 March 2005.

### ***Other information***

3.3.4 Besides the earnings information described above, other information collected includes age, years of practice and professional status. The additional information collected is used to provide supplementary analyses of the Study.

### **3.4 The Questionnaires**

3.4.1 Each questionnaire for individual respondents (i.e. barristers and solicitors in private practice) in the 2010 Benchmark Study consists of two parts, the first part identifying professional status and personal details of the respondent, and the second part asking for the earnings of the respondent. To facilitate timely completion and submission, each questionnaire is kept as simple as possible in a single page, with earnings reported in ranges. Samples of the questionnaires for barristers and solicitors are in **Appendix 2(i) and Appendix 2(ii)** respectively.

3.4.2 The questionnaire for corporate response by public bodies and major corporations is in **Appendix 2(iii)**. It is divided into two parts. The first part is about the organisation and the total number of legal practitioners under its employ. The second part is a table summarising individual details of each legal practitioner it employs, and their earnings and breakdowns.

3.4.3 As mentioned in paragraph 3.3.2, information on LTIs, if any, for employees in law firms, public bodies and major corporations is collected. A question is included in the questionnaires in **Appendices 2(ii) and (iii)** for this purpose.

### **3.5 Selection of Interviewees and Topics Covered**

3.5.1 Apart from the questionnaire survey, telephone interviews with 10 barrister and 10 solicitor respondents (including those working in-house) have been conducted. Efforts have been made to achieve a balanced profile of the interviewees in terms of their years of practice and professional status, with a view to understanding their perception on the package of judicial remuneration and how their perception affects their consideration of joining the Bench. We have also collected views on earnings changes in the last five years and reasons for such changes. The interview topics are listed in **Appendix 3**.

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## 4. Conducting the Survey

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### 4.1 Data Collection

- 4.1.1 Data collection commenced on 4 October 2010, and completed on 25 October 2010. With the assistance of the Joint Secretariat, we liaised with the Secretariats of the Bar Association and the Law Society on the best means of disseminating the questionnaires to their Members with practising certificates in private practice, with a view to be as convenient as possible to facilitate their response.
- 4.1.2 Both the Bar Association and the Law Society graciously provided assistance to support the survey. The Bar Chairman and the Law Society President introduced the survey in appeal letters to their Members. The Bar Association's Secretariat provided us with mailing labels for disseminating the questionnaires and reminders to their Members. The Law Society provided both e-mailing assistance and mailing labels for disseminating the questionnaires to their Members.
- 4.1.3 The data collection package to individual respondents consists of the following –
- an appeal letter from the Judicial Committee Chairman;
  - a copy of the relevant circular from the Bar Association/the Law Society to their Members;
  - the respective questionnaire for barristers/solicitors; and
  - a stamped and addressed return envelope (for packages distributed by post).
- 4.1.4 For the 28 corporate respondents, the data collection package with the following components was sent to their Chief Executives and Human Resource Directors –
- a cover letter from HayGroup (**Appendix 4**);
  - an appeal letter from the Judicial Committee Chairman;
  - the questionnaire for corporate respondents; and
  - a stamped and addressed return envelope.
- 4.1.5 Following the advice of the Joint Secretariat and liaison with the Secretariats of the two professional bodies, a total of three reminders were sent to all individual respondents. The first one was sent about 10 days after the commencement of fieldwork, the second one about 2 weeks and the final one about 3 weeks. The reminder letters sent to Members of the Bar Association and the Law Society are in **Appendix 5(i) and Appendix 5(ii)** respectively.
- 4.1.6 No reminder was sent to corporate respondents. Instead, our consultants have followed up with the corporate respondents by phone and provided necessary explanation and assistance to them in completing the questionnaires. In the end, 20 out of the 28 corporate respondents returned questionnaires to us. The list of corporate respondents is set out in **Table 4 in Section 5**.

### 4.2 Data Verification and Validation

- 4.2.1 Upon receipt, each questionnaire was given a sequence number and verified. The response was further validated with the following conditions for the core analyses –
- (a) the questionnaire must indicate that the respondent's primary occupation is the practice of law;

- (b) the years of practice must be at least 5 years;
- (c) for barristers, the professional status (counsel, Senior Counsel) must be indicated; and
- (d) a range of earnings must be indicated.

4.2.2 Once validity was confirmed, the responses were entered into a worksheet, with data entry accuracy verified by a second HayGroup Associate. Final validation was done by the Project Manager.

### **4.3 Data Consolidation**

4.3.1 Information collected from barristers and solicitors in private practice was compiled as two separate sets of data for analyses. Data collected from public bodies and major corporations on the earnings of their in-house barristers and solicitors were incorporated in the two sets of data as appropriate for analyses, as the current employer of a legal practitioner should have no bearing on the practitioner's eligibility for appointment as JJOs.

### **4.4 Basis for Comparison and Data Analyses**

4.4.1 The 75<sup>th</sup> percentile (P75) level of the consolidated information/data was compared to judicial remuneration at the three entry levels, viz. Magistrate, District Judge and CFI Judge. **“Total cash compensation”** for the **12-month period ending 31 March 2010** and earnings levels at the **P75** should, in principle, be adopted as the basis for comparison.

4.4.2 The main data analyses include –

- (a) response rates and distribution of different groups of respondents;
- (b) earnings of the target respondents and reported changes since 2005;
- (c) specific analyses on corporate respondents;
- (d) relativities of earnings of target respondents and judicial pay at three judicial entry ranks; and
- (e) comparison of the relativities between the 2005 Pilot Study and this Study.

Detailed analyses are in **Sections 5 and 6**.

### **4.5 Interviews**

4.5.1 Respondents were selected on a random basis for interview. About 30% of those initially contacted agreed to be interviewed. The remainder either refused or did not respond to our request before we completed the target number of interviews. Ten barristers and ten solicitors were interviewed. The interviews were conducted by a HayGroup Director by phone, each lasting about 30 to 45 minutes.

4.5.2 Qualitative analyses based on interview results, including pay relativity feedback and views on earnings trends since 2005, are presented in **Section 7**.

## 5. Analyses of Questionnaire Survey Results

### 5.1 Responses

5.1.1 As mentioned in paragraphs 3.2.3 and 3.2.4, the survey field covers all 1 140 barristers and 5 242 solicitors with practising certificates in private practice. The coverage is much more comprehensive than the 2005 Pilot Study. The responses received and the response rates are summarised in **Table 1** below.

**Table 1: Responses Received and Response Rates**

	Barristers			Solicitors		
	Number	%	2010 vs 2005	Number	%	2010 vs 2005
<b>Individual responses</b>						
1. Questionnaires sent	1 140 (713)	100%	<b>+60%</b>	5 242 (1 650)	100%	<b>+218%</b>
2. Responses received	395 (185)	35% (26%)	+114%	1 297 (433)	25% (26%)	+200%
3. Target responses (at least 5 years of practice and full time)	276 (164)	24% (23%)	<b>+68%</b>	861 (402)	16% (24%)	<b>+114%</b>
4. Non-target responses (not full-time and less than 5 years of practice)	119 (21)	10% (3%)	-	436 (31)	8% (1.9%)	-
<b>5. Corporate responses</b>	16	-	-	155	-	-
<b>6. Total target responses (Item 3 + item 5)</b>	<b>292</b> (164)	-	<b>+78%</b>	<b>1 016</b> (402)	-	<b>+153%</b>

Note: Figures in brackets denote the relevant figures in the 2005 Pilot Study.

5.1.2 With a wider coverage of respondents in 2010, the gross response rate of barristers reached 35% and that for solicitors reached 25%. Target responses, i.e. those from individual respondents who indicated they had at least 5 years of practice and were full time practitioners as well as those from the 20 corporate responses, totalled 292 for barristers and 1 016 for solicitors, representing a significant increase of 78% and 153% respectively when compared to the responses in 2005.

5.1.3 Statistically, in surveys of this type which are dependent on respondents' voluntary participation, the wider coverage of respondents and the increased responses have improved the representativeness of the findings of this Study.

5.1.4 The increases also suggest that new respondents (i.e. those not participated in the 2005 Pilot Study) have been captured.

5.1.5 The significantly increased number of responses may be attributable to the following enhancements –

- (a) wider survey field covering all barristers and all solicitors in private practice, as well as in-house practitioners from representative public bodies and major corporations;
- (b) appeal by the Judicial Committee Chairman, coupled with the personal appeals by the Bar Chairman and the Law Society President obtained through the Joint Secretariat following the Judicial Committee's advice;

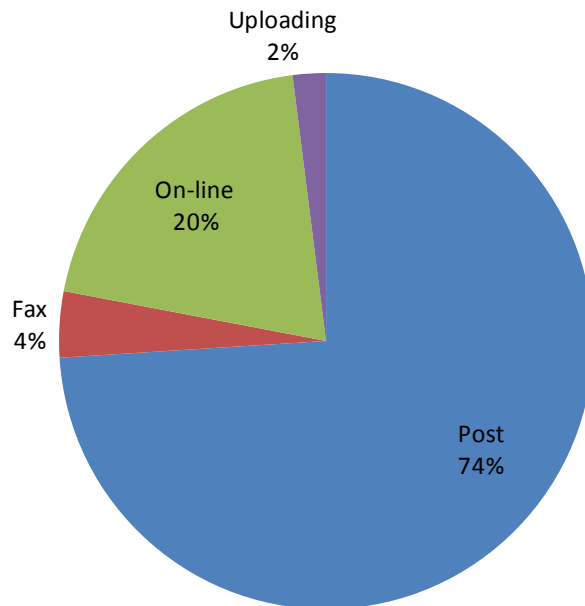
- (c) different modes of appeal and response to facilitate respondents following the advice by the Joint Secretariat and the Secretariats of the two professional bodies. Specifically, the Secretariats of the two professional bodies have advised on the best means (either by post and/or email) of disseminating the questionnaires and the three reminders to barristers and solicitors; and
- (d) more reminders sent at timely intervals to remind respondents following the advice of the Joint Secretariat and liaison with the Secretariats of the two professional bodies. A total of three reminders issued at about weekly intervals have proved to be effective. The response rates were boosted after each reminder was sent.

## 5.2 Modes of Response

- 5.2.1 The enhancements mentioned above have helped contribute to the improved target response rates.
- 5.2.2 Specifically, with the advice of the Secretariats of the two professional bodies, barrister respondents were provided with the options of returning the questionnaires by post or by fax. Solicitor respondents were provided with the added options of on-line response and uploading onto the Law Society's website for onward transmission to HayGroup.
- 5.2.3 The effectiveness of different modes of response is shown in **Chart 1** below. As can be seen, post is the most effective means of responses, followed by on-line, fax and uploading.

*Chart 1*

### Effectiveness of Different Modes of Response



### 5.3 Distribution of Responses

5.3.1 Distribution of responses is analysed by –

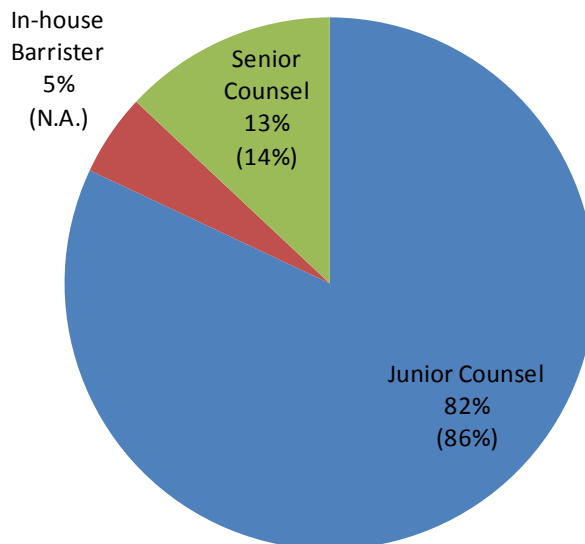
- professional status;
- years of practice; and
- age.

#### *Distribution by Professional Status*

5.3.2 The total of 292 barrister respondents comprised 37 Senior Counsel, 239 junior counsel, and 16 in-house barristers. The distribution in percentage terms as compared to the 2005 Pilot Study is shown in **Chart 2a** below.

*Chart 2a*

### Distribution of Barrister Respondents by Professional Status



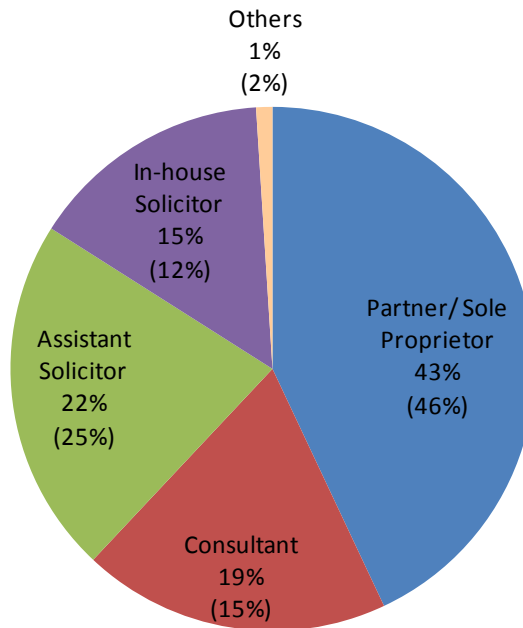
Note: Figures in brackets denote the relevant figures in the 2005 Pilot Study.



5.3.3 The total of 1 016 solicitor respondents comprised 440 partners/sole proprietors, 415 consultants/assistant solicitors, and 155 in-house solicitors and 6 others. The distribution in percentage terms as compared to the 2005 Pilot Study is shown in **Chart 2b** below.

*Chart 2b*

### Distribution of Solicitor Respondents by Professional Status



Note: Figures in brackets denote the relevant figures in the 2005 Pilot Study.

5.3.4 Overall, the distribution of respondents by professional status is broadly similar to that in the 2005 Pilot Study.

#### *Distribution by Years of Practice*

5.3.5 **Table 2.1** below shows the distribution of barrister respondents by years of practice as compared to the distribution of barristers with at least 5 years of practice based on the year of call to the Bar in Hong Kong found in the Bar List on the Bar Association's website. As mentioned in paragraph 3.2.3 above, the year of call to the Hong Kong Bar may not fully reflect the years of experience of a barrister who has experience in other common law jurisdictions. Nevertheless, we consider that the year of call to the Hong Kong Bar may serve as a general reference to reflect the distribution of the barrister population by years of practice.

**Table 2.1: Distribution of Barrister Respondents by Years of Practice**

Years of Practice	Respondents	Barrister Population (based on year of call to the Hong Kong Bar)
5 to 9	26%	24%
10 to 14	21%	23%
15 to 19	16%	20%
20 to 24	21%	14%
25 or more	16%	19%

5.3.6 **Table 2.2** below shows the distribution of solicitor respondents by years of practice as compared to the distribution of solicitors with at least 5 years of practice based on the year of admission as solicitors in Hong Kong found in the Law List on the Law Society’s website. Similar to the case of barristers, the year of admission as a solicitor in Hong Kong may not fully reflect the years of experience of a solicitor who has experience in other common law jurisdictions. Nevertheless, we consider that the year of admission as solicitors in Hong Kong may serve as a general reference to reflect the distribution of the solicitor population by years of practice.

**Table 2.2: Distribution of Solicitor Respondents by Years of Practice**

Years of Practice	Respondents	Solicitor Population (based on year of admission as solicitors in Hong Kong)
5 to 9	16%	27%
10 to 14	26%	26%
15 to 19	24%	21%
20 to 24	21%	11%
25 or more	13%	15%

5.3.7 **Tables 2.1 and 2.2** above show that the distribution of respondents by years of practice broadly follows the actual population, with more experienced practitioners with 20 to 24 years of practice for both barristers and solicitors. In the case of solicitors, there are fewer practitioners with 5 to 9 years of practice. The wider coverage of the pool of respondents, the increased number of responses, coupled with the general resemblance of the distribution of respondents by years of practice as compared to the actual population have reaffirmed the representativeness of the findings.

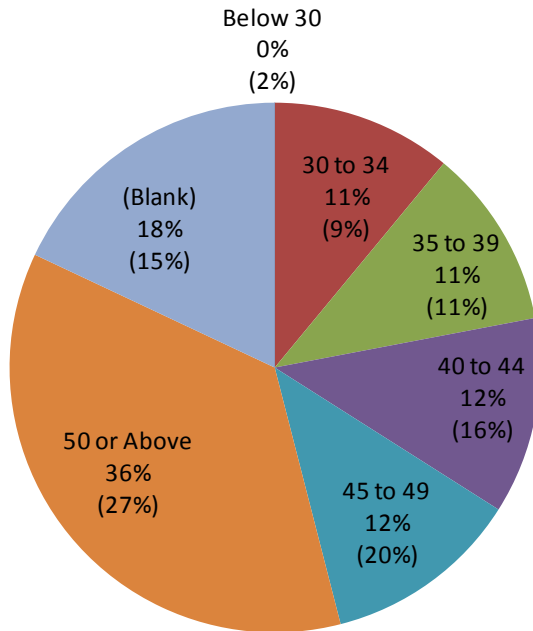
5.3.8 As mentioned in paragraph 2.3.1(a), one of the basic principles agreed by the Judicial Committee is that judicial remuneration should be sufficient to attract and retain people with suitable calibre in the Judiciary. The inclusion of more respondents with 20 to 24 years of practice, i.e. more senior members of the profession, and fewer solicitor respondents with 5 to 9 years of practice, i.e. less senior members of the profession, coupled with the adoption of legal sector earnings at P75 as the basis of comparison with judicial pay in the present Study are consistent with this principle.

*Distribution by Age*

5.3.9 **Charts 3a and 3b** below show the distribution of barrister and solicitor respondents by age.

*Chart 3a*

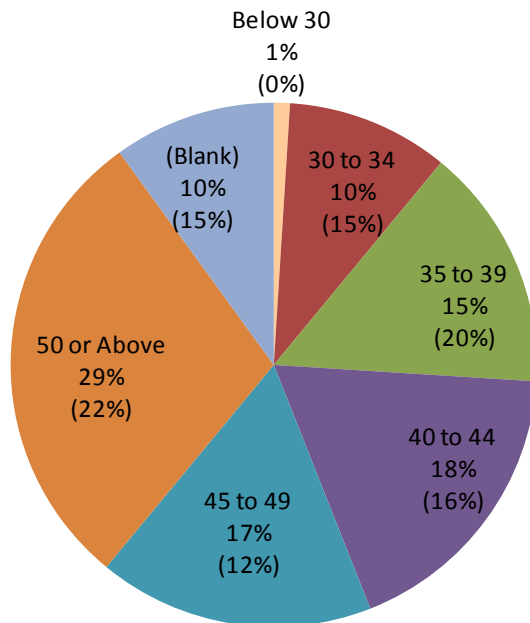
**Barrister Respondents by Age**



Note: Figures in brackets denote the relevant figures in the 2005 Pilot Study.

*Chart 3b*

**Solicitor Respondents by Age**



Note: Figures in brackets denote the relevant figures in the 2005 Pilot Study.

5.3.10 **Charts 3a and 3b** indicate that no barrister respondent was below 30 (compared to 2% in 2005), possibly suggesting fewer intakes in the Bar as compared to solicitors with 1% respondents below 30 (as compared to 0% in 2005).

5.3.11 As a considerable proportion of respondents have not indicated their age in their responses, and since age distribution is closely related to years of practice, no further analysis based on age is made. The observation in paragraph 5.3.10 above is for general reference only.

5.3.12 In fact, we have considered whether it was necessary to keep the question on age in the questionnaire. For consistency with the 2005 Pilot Study, we have kept it. In view of the responses received, and since the major analyses would not be affected by this information, we suggest that there may be no need to capture information on age in future surveys.

## 5.4 Distribution of Earnings

5.4.1 The distribution of earnings is analysed by –

- P75 level by professional status and years of practice with reference to the typical years of practice of JJOs before appointment to the three judicial recruitment ranks; and
- reported changes compared to 2005.

### *P75 Earnings by Professional Status and Years of Practice*

5.4.2 On the basis of the profiles of JJOs provided by the Judiciary, we have worked out the typical years of practice/relevant experience that JJOs at the entry ranks possessed prior to their appointment to such ranks, particularly those appointed in recent years, as follows –

- **Magistrate:** Junior counsel or solicitors with 5 to 14 years of practice;
- **District Judge:** Junior counsel or solicitors with 15 to 24 years of practice; and
- **CFI Judge:** Senior Counsel with 15 to 24 years of practice.

**Table 3** below shows the distribution of earnings of barristers (with breakdown by professional status of Senior Counsel and junior counsel) and solicitors by years of practice with reference to the typical years of practice of JJOs before appointment to the three judicial recruitment ranks –

**Table 3 : Earnings of Respondents by Professional Status and Years of Practice (in HKD \$ Million)**

Years of Practice	P75 Senior Counsel	P75 Junior Counsel	P75 Solicitors
5 to 14	-	1.75	1.65
15 to 24	7.5	2.5	2.5

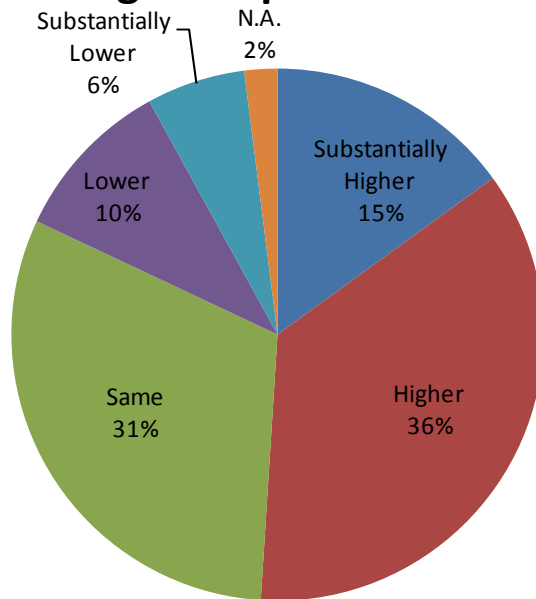
Note: No results shown for categories with fewer than 4 respondents.

**Changes in Earnings Compared to 2005**

5.4.3 A multiple choice question has been added in the questionnaires for individual respondents, inviting them to indicate whether their 2010 pay was “substantially higher”, “higher”, “same”, “lower” or “substantially lower” as compared to their 2005 earnings, or “not applicable” (e.g. in the case of respondents who were not in full-time legal practice in 2005). **Charts 4a and 4b** below show the distribution of responses to this question by barrister and solicitor respondents.

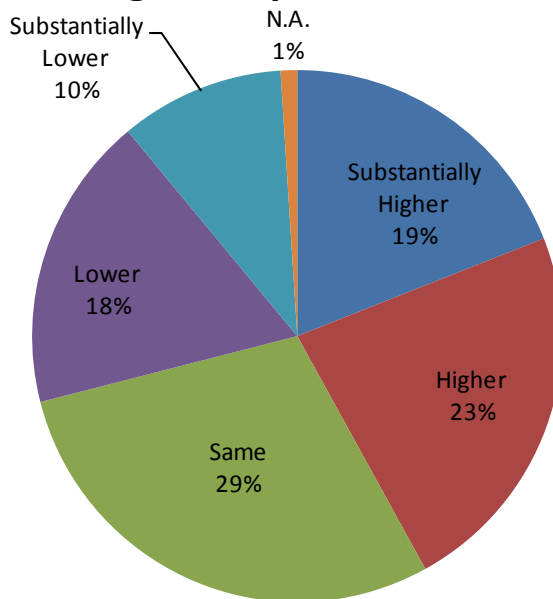
*Chart 4a*

**Barrister Respondents  
– Earnings Compared with 2005**



*Chart 4b*

**Solicitor Respondents  
– Earnings Compared with 2005**



- 5.4.4 **Chart 4a** shows that 51% of barrister respondents reported either “substantially higher” or “higher” earnings compared to 2005; 47% reported “same”, “lower” or “substantially lower”; and 2% reported “not applicable”.
- 5.4.5 **Chart 4b** shows that 42% of solicitor respondents reported “substantially higher” or “higher” earnings compared to 2005; 57% reported “same”, “lower”, or “substantially lower”; and 1% reported “not applicable”.
- 5.4.6 For both professions, the proportion of respondents reporting “substantially higher” or “higher” earnings compared to 2005 appear to be offset by those reporting “same”, “lower” or “substantially lower”. No clear trend can therefore be established based on the distribution of responses in **Charts 4a and 4b**.
- 5.4.7 Moreover, it should be noted that the survey field of the present survey has a much wider coverage than that in 2005. The respondents are not likely the same ones. Thus, while the findings can serve as general and useful reference for the comparison of earnings between 2005 and 2010, it is impossible to perfectly match the differences in findings as revealed in this Study and the 2005 Pilot Study.

## **5.5 Analyses on In-house Practitioners from Corporate Respondents**

- 5.5.1 One enhancement of the present survey is the inclusion of in-house barristers and solicitors in public bodies and major corporations. This section sets out specific analyses on corporate respondents and data on in-house practitioners. The analyses cover –

### ***Corporate Respondents***

- sizes of in-house legal departments;
- nature of legal work of in-house legal departments; and
- availability of LTIs.

### ***Distribution of In-house Practitioners***

- by profession;
- by years of practice; and
- by age.

## Corporate Respondents

5.5.2 Of the 28 public bodies and major corporations invited, 20 (71%) participated, adding 16 barristers and 155 solicitors to the pool of respondents. The list of corporate respondents is in **Table 4** below.

**Table 4: List of Corporate Respondents**

Organisation Name
1. Airport Authority Hong Kong
2. Cathay Pacific Airways Limited
3. CLP Holdings Limited
4. Estate Agents Authority
5. Hong Kong Exchanges and Clearing Limited
6. Hospital Authority
7. Hong Kong Housing Authority
8. Hong Kong Tourism Board
9. Power Assets Holdings Limited
10. Jardine Matheson Limited
11. Mandatory Provident Fund Schemes Authority
12. Mass Transit Railway Corporation
13. PCCW Limited
14. Securities & Futures Commission
15. Standard Chartered Bank (Hong Kong) Limited
16. Urban Renewal Authority
17. – 20. Anonymous*

\* These respondents do not want to have their names published.

5.5.3 As a first attempt, the response is quite encouraging, and has enriched our findings. This has also promoted awareness of the survey for more participation in the future.

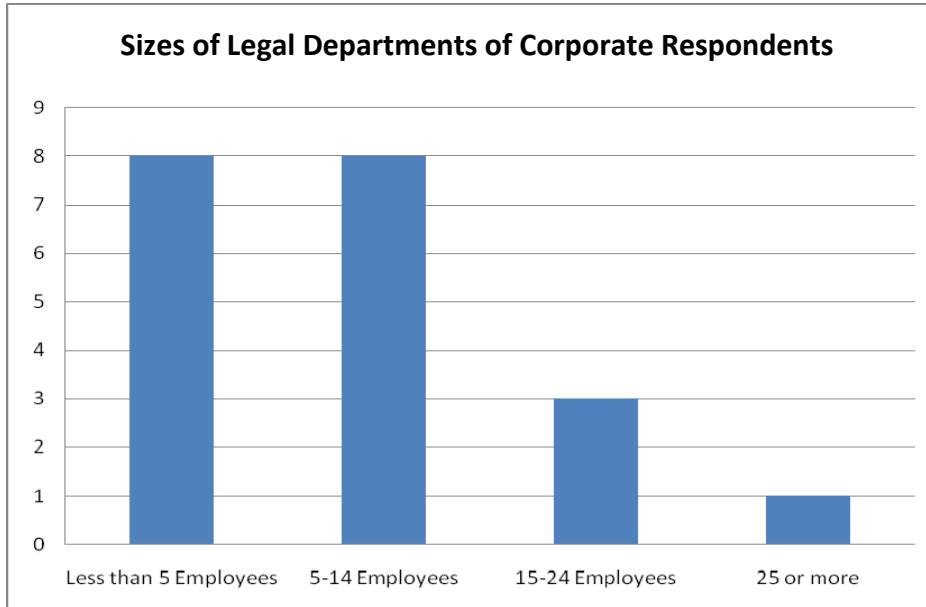
5.5.4 All the respondents meet our selection criteria, i.e. –

- (a) have an in-house legal unit staffed with at least five legal practitioners, to carry out functions such as research and legal standard setting, compliance, commercial/transaction, investigation, and/or litigation; or
- (b) perform dedicated statutory regulatory and enforcement functions.

### *Sizes of In-house Legal Departments*

5.5.5 The sizes of the legal departments of these 20 corporate respondents are shown in **Chart 5** below. Those with less than 5 employees meet criterion in paragraph 5.5.4(b) above.

**Chart 5**

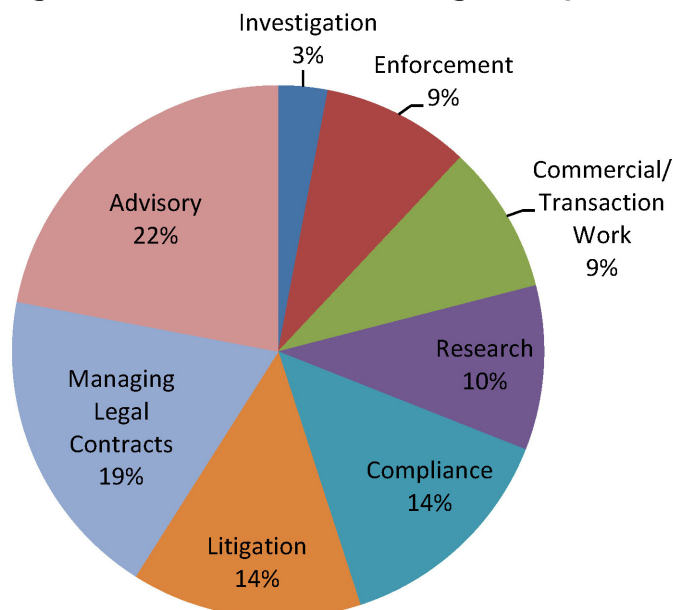


### *Nature of Legal Work of In-house Legal Departments*

5.5.6 **Chart 6** below shows the nature of legal work of the in-house legal departments in corporate respondents. The four major areas of work with most in-house practitioners are: advisory (22%), managing legal contracts (19%) and compliance and litigation (each with 14%). Such experience, particularly compliance and litigation, may be relevant to judicial work.

**Chart 6**

### **Nature of Legal Work of In-house Legal Departments**





### ***Availability of Long-term Incentives***

5.5.7 Of the 20 corporate respondents, two have reported offering LTIs to some of their in-house practitioners. The type of LTIs offered was in the form of share options. Those eligible for LTIs were mostly occupying senior positions in their legal departments, e.g. Senior Legal Counsel, Head of Legal Unit, and Legal Manager. The LTIs offered were not quantifiable during the survey period.

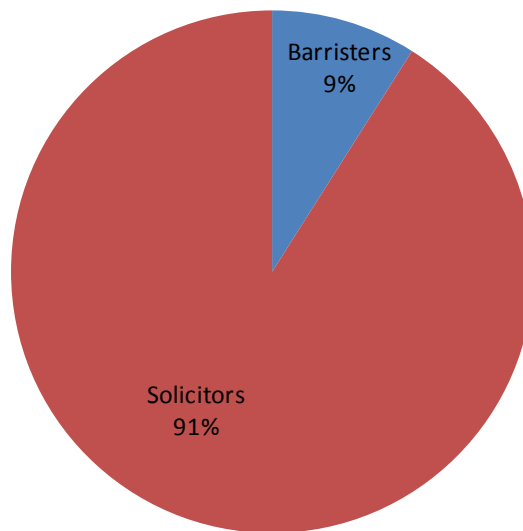
### **Distribution of In-house Practitioners**

#### ***By Profession***

5.5.8 **Chart 7** below shows the distribution of in-house practitioners by professional status. As can be seen, in-house barristers accounted for only 9% of total in-house practitioners from corporate respondents. This is understandable as most functions in corporate environment are commercial in nature and served by solicitors, whilst most barristers focus on compliance and litigation work.

***Chart 7***

### **Distribution of In-house Practitioners by Profession**

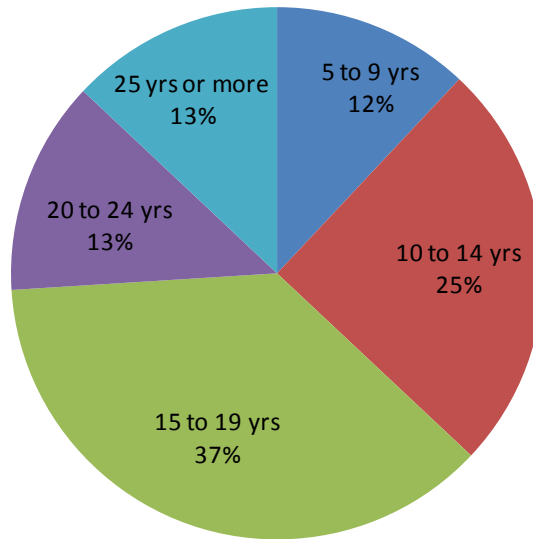


**By Years of Practice**

5.5.9 **Charts 8a and 8b** below show the distribution of in-house barristers and solicitors by years of practice.

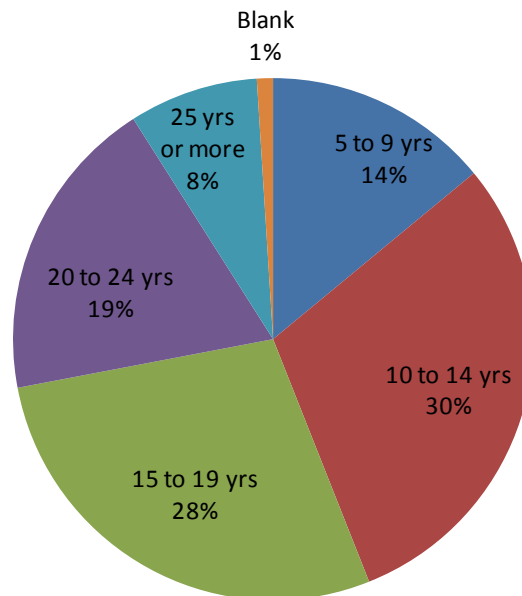
**Chart 8a**

**In-house Barristers by Years of Practice**



**Chart 8b**

**In-house Solicitors by Years of Practice**



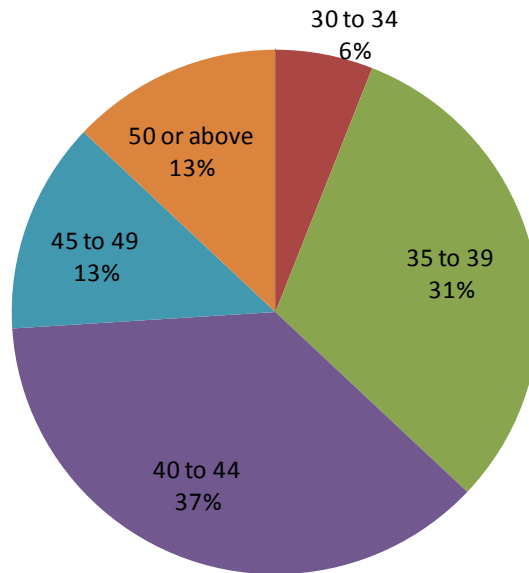
5.5.10 The distribution by years of practice shows that in-house barristers and solicitors are generally very experienced and are more experienced than the barrister and solicitor respondents in private practice in this survey: 63% in-house barristers and 55% in-house solicitors have 15 years of practice or more as compared to 51% barristers in private practice and 48% solicitors in private practice having 15 years of practice or more. They may be a potential pool of candidates for appointment as JJOs.

**By Age**

5.5.11 **Charts 9a and 9b** below show the distribution of in-house barristers and solicitors by age.

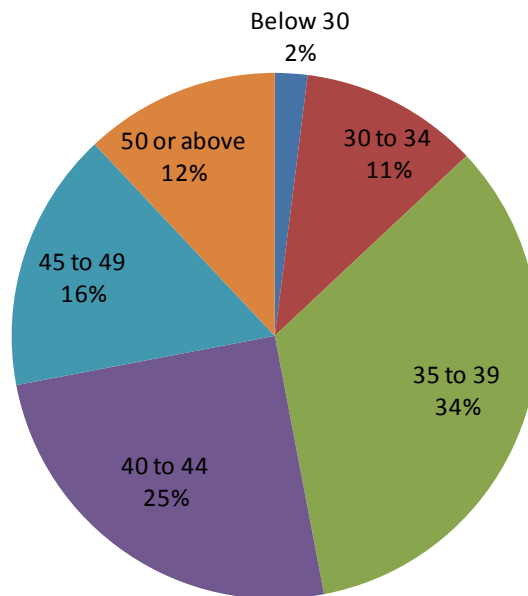
**Chart 9a**

**In-house Barristers by Age**



**Chart 9b**

**In-house Solicitors by Age**



5.5.12 For both in-house barristers and solicitors, most are within the age groups of 35 to 39 and 40 to 44. This may suggest that practitioners in these age groups may prefer more stable earnings, which tend to be the case in public bodies and major corporations.

## 6. Relativities between Legal Sector Pay and Judicial Pay

### 6.1 Basis for Comparison

- 6.1.1 Our analyses of the relativities between the earnings of legal practitioners and judicial remuneration at the three judicial entry ranks, i.e. Magistrate, District Judge and CFI Judge, are mainly based on the years of experience of appointees before joining the Bench.
- 6.1.2 The minimum qualification for appointment as a Magistrate or District Judge is 5 years practising law; the minimum qualification for appointment as CFI Judge is 10 years practising law. However, we understand that most Magistrates and Judges have more experience than the minimum requirements.
- 6.1.3 As mentioned in paragraph 5.4.2 above, based on the profiles of JJOs provided by the Judiciary, we have worked out the years of practice of legal practitioners suitable for pay comparison with the three entry ranks. On the basis of the typical years of practice/relevant experience that JJOs at the entry ranks possessed prior to their appointment to such ranks, particularly those appointed in recent years, the following references (same as those adopted for the 2005 Pilot Study) are adopted for analyses –
- **Magistrate:** Junior counsel or solicitors with 5 to 14 years of practice;
  - **District Judge:** Junior counsel or solicitors with 15 to 24 years of practice; and
  - **CFI Judge:** Senior Counsel with 15 to 24 years of practice.
- 6.1.4 A comparison of the JJO profiles in the present Study and the 2005 Pilot Study is set out in **Table 5** below –

**Table 5: JJO Profiles by Years of Experience Prior to Appointment (2005 vs 2010)**

Judicial Rank (a)	Legal Practitioners for Reference (b)	% of JJOs with the Same Years of Experience as in (b) before Appointment to the Rank at (a)	
		2005 Pilot Study	2010 Study
Magistrate	Junior counsel/solicitors with 5-14 years of practice	86%	85%
District Judge	Junior counsel/solicitors with 15-24 years of practice	60%	76%
CFI Judge	Senior Counsel with 15-24 years of practice	56%	53%

### 6.2 Definition of Judicial Pay

- 6.2.1 Judicial pay consists primarily of a base salary paid over 12 months; one or another form of allowance related to housing, or provision of departmental or non-departmental quarters; and a pension similar to the civil service pension but with an accelerated accrual rate. Judicial pay also includes fringe benefits such as leave passage, education allowances and medical benefits.
- 6.2.2 For comprehensive comparison, legal sector earnings are compared to the **average annual total cost** of judicial pay at the three entry ranks. The average annual total cost includes base salary and all fringe benefits including housing benefits, retirement schemes, medical benefits, leave passage and education allowances.

### 6.3 Differential Analyses

6.3.1 The differential between the legal sector reference earnings and judicial pay for each rank is defined as a percentage: Judicial pay less legal sector earnings divided by legal sector earnings, expressed as a percentage. If legal sector earnings are 100, and judicial pay is 60, then the differential is -40%. If judicial pay is 140 and legal sector earnings are 100, then the differential is +40%. The primary purpose of assessing the differential is to understand the magnitude of differences and to monitor the differentials.

6.3.2 **Table 6** presents the differentials between judicial pay and legal sector reference earnings for barristers and solicitors. Judicial pay is evaluated at the average annual total cost, while legal sector reference earnings are assessed at the level of P75. A comparison of the differentials in the present Study and the 2005 Pilot Study is also shown.

**Table 6: Differentials between Judicial Pay and P75 Legal Sector Reference Earnings (2010 vs 2005) (in HKD \$ Million)**

Judicial Entry Rank	Average Annual Total Cost		Legal Sector Reference (Years of Practice)	2010		2005	
	2010	2005		P75	Diff.	P75	Diff.
Magistrate	1.87	1.96	Junior Counsel (5-14 years)	1.75	7%	1.75	12%
	1.87	1.96	Solicitors (5-14 years)	1.65	13%	1.35	46%
District Judge	2.75	2.69	Junior Counsel (15-24 years)	2.5	10%	2.5	8%
	2.75	2.69	Solicitors (15-24 years)	2.5	10%	2.5	8%
CFI Judge	4.34	3.98	Senior Counsel (15-24 years)	7.5	-42%	7.5	-47%

6.3.3 The data in **Table 6** show the following changes in differentials between judicial pay and P75 legal sector pay for the three judicial entry ranks –

**Magistrate:**

- Pay differential above junior counsel (5-14 years) **narrowed** from 12% to 7%;
- Pay differential above solicitors (5-14 years) **narrowed** from 46% to 13%;

**District Judge:**

- Pay differential above junior counsel (15-24 years) **widened** from 8% to 10%;
- Pay differential above solicitors (15-24 years) **widened** from 8% to 10%; and

**CFI Judge:**

- Pay differential below Senior Counsel (15-24 years) **narrowed** from 47% to 42%.

6.3.4 The changes in differentials between judicial pay and legal sector pay, with some widening and some narrowing at different ranges, point to the diversity of legal sector pay. No clear trend can be established from the above differential analyses. This coincides with the analyses on the changes in earnings compared to 2005 in **Section 5.4**.

6.3.5 When compared to 2005, the P75 legal sector reference earnings remain broadly similar, except for solicitors with 5 to 14 years of practice. While it is not the objective of this Study to examine the reasons for any increase or reduction in legal sector earnings, we would like to share a few observations.

- 6.3.6 Generally speaking, the earnings of solicitors tend to be more easily affected by economic cycles than those of barristers. In a better economy like that in the survey period, solicitors are likely to have more business, e.g. generated from conveyancing, financial activities such as merger and acquisition, initial public offering, business expansion into the Mainland and other commercial transactions.
- 6.3.7 On the other hand, barristers' earnings are mainly dependent upon the number and complexity of litigations and criminal cases they handled, and these are unlikely to be affected by economic cycles.
- 6.3.8 Moreover, a considerable number of solicitors have acquired the status of civil celebrant of marriages. Compared to 2005, this is a new source of earnings to solicitors with not less than 7 years of practice, who may apply for appointment as civil celebrants of marriages under the Marriage Ordinance, Cap. 181, which was amended in 2006 to provide for this.

***Impact of Inclusion of In-house Practitioners on Legal Sector Reference Earnings***

- 6.3.9 As in-house barristers and solicitors are included in the survey for the first time, we have analysed the impact of legal sector reference earnings with or without the in-house practitioners.
- 6.3.10 Our analyses indicate that, except for P75 earnings of solicitors with 5 to 14 years of practice and those of junior counsel with 15 to 24 years of practice, all other legal sector reference earnings will not be affected.
- 6.3.11 For solicitors with 5 to 14 years of practice, P75 earnings are \$1.65 million with the inclusion of in-house solicitors and \$1.75 million excluding in-house solicitors. For junior counsel with 15 to 24 years of practice, P75 earnings are \$2.5 million with the inclusion of in-house barristers and \$2.75 million excluding in-house barristers.
- 6.3.12 Whilst it is not the intention to include in-house practitioners to raise or reduce the respective legal sector reference earnings, the analyses show that overall there is minimal impact.

## 7. Summary of Interview Findings

### 7.1 Profiles of Interviewees

7.1.1 The profiles of the ten barristers and ten solicitors randomly selected for interviews are set out in **Table 7** below. The interviewees generally represented a balanced sample in terms of years of practice and professional status.

**Table 7: Profiles of Interviewees**

**(a) By Years of Practice –**

Years of Practice	No. of Barristers	No. of Solicitors
Less than 15 years	3	4
15 to 24 years	5	3
25 or above years	2	3
<b>Total:</b>	<b>10</b>	<b>10</b>

**(b) By Professional Status –**

Professional Status	No. of Barristers	Professional Status	No. of Solicitors
Senior Counsel	3	Partner/Sole Proprietor	2
Junior Counsel	5	Consultant/Assistant Solicitor	6
In-house Barrister	2	In-house Solicitor	2
<b>Total:</b>	<b>10</b>	<b>Total:</b>	<b>10</b>

### 7.2 Views of Interviewees

7.2.1 **Table 8** provides a summary of views of barristers and solicitors on the interview topics. Some general observations are summarised in the paragraphs below.

7.2.2 On judicial remuneration, most interviewees did not have in-depth understanding of the remuneration of JJOs. Most were aware that judicial remuneration included housing and retirement benefits. At least half of the interviewees did not know for sure whether their pay was over or lower than judicial pay. None of the interviewees considered that the prevailing judicial pay was too high.

7.2.3 On interests in joining the Bench –

- (a) A majority of barrister interviewees (including one in-house barrister) expressed interest in joining the Bench, considering judicial service as an honour and privilege. They felt that, at a certain point in their career, they would more seriously consider joining the Bench. The majority were prepared to join the Bench with a reduction in earnings, and had indicated that pay was not a key concern.
- (b) Solicitor interviewees tended to be less interested in joining the Bench. However, for those few expressing an interest, they indicated that they would consider joining the Bench in the later part of their career, by which time earnings would not be a key concern to them.
- (c) The majority of both barrister and solicitor interviewees appeared to be interested in short-term judicial appointments as Recorders or External Deputies.

**Table 8: Summary of Views**

Topic	Barristers	Solicitors
<b>◇ Topic 1: Earnings of Barristers / Solicitors</b>		
1.1 Structure of earnings	<ul style="list-style-type: none"> <li>- Barristers' earnings came from the fees they received for cases they handled, net of expenses for rent and secretarial support, etc (or their share of expenses of a chamber).</li> <li>- For those serving as in-house barristers, their earnings were mainly their salary plus allowances and variable pay.</li> </ul>	<ul style="list-style-type: none"> <li>- For partners, consultants and sole proprietors, their earnings were either based on the cases they handled or a % based on the income that they brought to the firm (especially for consultants).</li> <li>- Assistant solicitors, on the other hand, received base salary plus commissions for business brought in or cases handled, plus housing allowance (structured for tax effectiveness).</li> <li>- For those serving as in-house solicitors, their earnings were mainly their salary plus allowances and variable pay.</li> </ul>
1.2 Earnings as compared to 2005 and possible reasons for changes (if any)	<ul style="list-style-type: none"> <li>- Diverse views on changes in earnings from barristers in private practice. The level of fee charged was dependent on the client. There was a general increase in fee level for high profile cases, while that for the general cases was lower. Years of practice also played a part on the fee level.</li> <li>- The earnings of in-house barristers changed in tandem with the fluctuations in corporate performance. The increase in supply of legal practitioners in recent years did intensify the competition for in-house positions.</li> </ul>	<ul style="list-style-type: none"> <li>- For those in private practice, their earnings varied. Most indicated that fluctuations in demand and supply of legal service were the major factor affecting earnings. One mentioned that legal fee was much lower nowadays.</li> <li>- The earnings of in-house solicitors changed in tandem with the fluctuations in corporate performance. The increase in supply of legal practitioners in recent years did intensify the competition for in-house positions.</li> </ul>
<b>◇ Topic 2: Attractiveness of Joining the Judiciary</b>		
2.1 Qualifications and characteristics / requirements for being a judge	<ul style="list-style-type: none"> <li>- The following characteristics were important for being a judge – <ul style="list-style-type: none"> <li>• Judicial temperament and patience</li> <li>• Impartial and objective</li> <li>• Legal excellence</li> <li>• Solid experience</li> <li>• Integrity</li> <li>• Passion in public affairs</li> <li>• Hardworking</li> </ul> </li> <li>- Barristers/solicitors in private practice tended to focus more on their specialised fields, and were more client-focused. One indicated that training and experience of solicitors could be difficult to match the requirements for a judge.</li> </ul>	
2.2 Differences between serving as a judge and practising law	<ul style="list-style-type: none"> <li>- Practising law was a high tension job. Being a judge was a quality and quantity demanding job, but relatively less tension than private practice.</li> <li>- A judge had to listen to the arguments of the parties, whereas in private practice, one had to speak up for one's client.</li> </ul>	<ul style="list-style-type: none"> <li>- Being a judge had to be fair and impartial. Practising law placed more emphasis on client's interests.</li> <li>- Being a judge had less personal freedom than practising law.</li> </ul>
2.3 What is attractive about being a judge	<ul style="list-style-type: none"> <li>- Power and prestigious status.</li> <li>- Security of tenure, stability, regular pay, pension, housing benefits and more vacation leave.</li> <li>- Serving the community, performing public duties, in particular law development.</li> <li>- Money was not the key concern.</li> </ul>	



Topic	Barristers	Solicitors
2.4 What is unattractive about being a judge	<ul style="list-style-type: none"> <li>- High caseload and long working hours, rigid.</li> <li>- Too restrictive in returning to private practice professionally and personally.</li> <li>- Loss of freedom; private life also under scrutiny.</li> <li>- Cutting down of social ties.</li> <li>- Work subject to public scrutiny.</li> </ul>	
2.5 Interest in full-time appointment on the Bench	<ul style="list-style-type: none"> <li>- Majority (including one in-house counsel) expressed an interest for such appointment.</li> <li>- Those with less years of practice would consider accepting such appointment in future.</li> <li>- Most were prepared to join with a reduction in earnings, and indicating that pay was not a key concern.</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed views.</li> <li>- Most were not interested in joining the Bench.</li> <li>- For those few who indicated an interest, they expressed that they would consider joining in the later part of their career, and pay would not be a key consideration.</li> <li>- Some would consider joining when they had enough earnings themselves.</li> </ul>
2.6 Interest in appointment as Recorders / External Deputies	<ul style="list-style-type: none"> <li>- Majority (including one in-house counsel) expressed an interest in such ad hoc appointments.</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed views, but generally indicating some interest in such ad hoc appointments.</li> </ul>
<b>◇ Topic 3: Remuneration of JJOs</b>		
3.1 Remuneration of judges as compared to practitioners with same qualification and experience (perception)	<ul style="list-style-type: none"> <li>- Perception varied.</li> <li>- Some considered that judges' remuneration was better.</li> <li>- Some indicated that at CFI Judge level, those in private practice would have an edge.</li> <li>- Some considered that there was not much difference.</li> </ul>	<ul style="list-style-type: none"> <li>- No fixed perception.</li> <li>- One solicitor perceived judicial pay to be relatively higher than the market at junior level.</li> <li>- Some considered that it depended on the years of practice of the solicitors and the judges.</li> </ul>
3.2 Is remuneration an important factor to attract practitioners to serve as JJOs	<ul style="list-style-type: none"> <li>- The majority view was no.</li> <li>- One indicated that at Magistrate level, remuneration could be one of the considerations in the decision to join the Bench.</li> <li>- For barristers with less years of practice, Magistrate's pay remained attractive.</li> <li>- Some commented that those who elected to join the Bench usually had enough savings and remuneration should not be a major factor affecting their decision to join the Bench or not.</li> </ul>	
3.3 Current earnings as compared to judges	<ul style="list-style-type: none"> <li>- One Senior Counsel stated that his current earnings were comparable to that of judges. But the majority view was not comparable.</li> </ul>	<ul style="list-style-type: none"> <li>- The majority did not show much interest in judicial remuneration and had limited idea on the judicial pay package.</li> </ul>
3.4 General view on judicial remuneration	<ul style="list-style-type: none"> <li>- The general perception was that judicial pay need not necessarily be comparable with legal sector earnings, as most were prepared to join with a reduction in pay.</li> <li>- Some indicated that the prevailing judicial pay for Magistrates was attractive enough.</li> </ul>	<ul style="list-style-type: none"> <li>- The majority did not show much interest in judicial remuneration and had limited idea on the judicial pay package.</li> </ul>

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## 8. Observations and Recommendations

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### 8.1 Earnings in Legal Sector

- 8.1.1 Legal practitioners are remunerated in many different ways. Some may only be paid the base salary, and others may have different kinds of allowances and benefits.
- 8.1.2 Fundamentally, the nature of judicial work is very different from legal sector work. We do not consider it appropriate to draw any direct comparison between judicial pay and legal sector earnings.

### 8.2 Perceptions of Judicial Service and Remuneration

- 8.2.1 From the interviews, we note that many factors may affect a legal practitioner's decision as to whether he/she wants to become a judge.
- 8.2.2 It is worth noting that the perception and attitude of barrister and solicitor respondents towards judicial service remain broadly the same as the findings in 2005. Among others, judicial remuneration is not a key concern for barristers or solicitors in deciding whether to join the Bench.
- 8.2.3 Rather, prestige and honour of being a judge, and the desire to serve the community are the major factors which attract legal practitioners to join the Bench.
- 8.2.4 As the nature of barrister's work is closer to judicial work due to its litigation focus, understandably, relatively more barrister interviewees (including one in-house barrister) expressed the wish to join the Bench at some point in their career. On the other hand, solicitors are more diverse in their practice and specialisation. Compared to barristers, they have less intention in joining the Judiciary.
- 8.2.5 Notably, the majority of barrister interviewees and some solicitor interviewees appeared to be interested in temporary judicial appointments, e.g. Recorders and External Deputies.
- 8.2.6 We recommend that future surveys should continue to monitor the perception of legal practitioners on judicial service and remuneration.

### 8.3 Survey Findings as a Reference

- 8.3.1 The primary purpose of the survey is to assess the differentials between judicial pay and legal sector pay. The purpose of the survey is not to determine the target pay level for a judge.
- 8.3.2 The differentials can serve as reference points in monitoring the changes in their pay relativities over time. The reasons for changes in the pay relativities over time should be taken into account as there are cycles in the earnings of solicitors and barristers that may follow, lead or lag those of the broader economy.
- 8.3.3 As mentioned above, we consider it inappropriate to draw any direct comparison between judicial pay and legal sector pay. It would not be appropriate to create instability in judicial pay for the sake of keeping the differentials at fixed magnitudes, nor is it appropriate to adjust judicial pay solely because there exists a differential as compared to legal sector pay.

- 8.3.4 Whilst noting the differentials are widening in some cases and narrowing in others, we do not recommend any increase nor reduction in judicial pay for the sake of keeping the differentials unchanged. Neither do we propose any increase in the pay for CFI Judge nor reduction in the pay for Magistrate and District Judge, because there exists a differential with the legal sector.
- 8.3.5 We understand that under the new mechanism for determining judicial pay, the Judicial Committee adopts a balanced approach, taking into account a basket of factors in making its recommendation on judicial pay. The basket of factors include, among others, the recruitment or retention difficulties (if any) for the Judiciary and the possible reasons for these challenges, private sector pay levels and trends, and public sector pay as a reference.

#### **8.4 Technical Aspects of Methodology for Future Surveys**

- 8.4.1 The inclusion of corporate respondents and the earnings data on in-house practitioners they provided has enriched the pool of respondents and the representativeness of the survey findings. Consideration may be given to the continued inclusion, and possibly enlarging the sample size, of corporate respondents in future surveys.
- 8.4.2 The appeals by the Judicial Committee Chairman, the Bar Chairman and the Law Society President have helped soliciting positive responses from target respondents. These should continue in future surveys with a view to further improving the responses.
- 8.4.3 The different modes of appeals and responses to facilitate respondents have proved to be effective in enhancing the number of responses. Continued efforts should be made to further enhance the modes of appeals and responses having regard to technological advances and respondents' preferences.
- 8.4.4 The increased number of reminders at timely intervals has served their intended purpose to remind respondents to respond, as the number of responses was boosted each time after the reminders were issued. This may be due to the fact that barristers and solicitors are usually busy people with short attention span in checking mails/emails. Respondents decided to participate within a very short time span and could be affected by all types of factors, including disruptions and other random situations. We recommend the continued issue of timely reminders to respondents in future surveys.
- 8.4.5 The Joint Secretariat's close liaison with the Secretariats of the Bar Association and the Law Society, as well as the prompt logistical assistance they provided have greatly facilitated the data collection process. Continued engagement with the Secretariats of the two professional bodies and fostering a close working relationship with them will be conducive to data collection in future surveys.

***Findings and Conclusions of the  
Pilot Study on the Earnings of Private Sector Legal Practitioners***

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January 2006

Submitted to:  
The Standing Committee on Judicial Salaries and Conditions of Service

**HayGroup**

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***Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners***

***Executive Summary***

1. The Government of the HKSAR has invited the Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) to conduct a comprehensive study on the institutional structure, mechanism and methodology for determining judicial remuneration in Hong Kong. Recognising the pivotal importance of judicial independence and quality of justice in Hong Kong, the Judicial Committee considers it important to ensure that the judicial remuneration is sufficient to attract and retain legal professionals of suitable calibre for the respective ranks in the Judiciary. In this connection, the Committee has engaged Hay Group to collect information and views on the earnings of private sector legal practitioners with an aim to comparing them with judicial remuneration in Hong Kong.
2. The survey field covers all barristers (members of the Hong Kong Bar Association) and solicitors with practising certificates (members of the Hong Kong Law Society) who have more than five years of practice in Hong Kong. Because of the relatively small number of barristers and their importance as a source of judges, all barristers meeting the requirement on years of practice were surveyed, while a sample of about 40% of eligible solicitors has been drawn randomly.
3. The survey questionnaire, which was distributed by post, is a one-page document requesting basic information about the respondent (professional status, years of practice and age) and the total annual earnings from the practice of law, before taxes.
4. In addition to the survey questionnaire, a sample of ten barristers and ten solicitors was drawn for more in-depth questioning in a personal interview. The focus of that interview is on the structure of pay in the private sector as well as perceptions about service in the Judiciary and pay of judges.
5. The table on the following page summarises some of the key findings from the survey, the individual interviews, and the analyses of differentials between the private sector and the Judiciary.

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Summary of survey results**

<b>Survey</b>	A survey questionnaire requesting information on annual earnings was distributed to 713 barristers who were members of the bar before 2001 and to a sample of 1650 out of about 4000 solicitors with practising certificates for more than five years (in Hong Kong), a sampling rate of 41%.
<b>Response rates</b>	A total of 185 barristers responded, a rate of 26%. After removing invalid responses, the final number of usable responses was 164, a valid response rate of 23%. A total of 433 solicitors responded, also a response rate of 26%. After eliminating invalid responses, the number of usable responses was 402, a valid response rate of 24%.
<b>Earnings</b>	Upper quartile of earnings of counsel was at \$2,500,000 overall, while that of solicitors was at \$1,750,000 overall.
<b>Differentials</b>	The differential is defined as judicial pay less private sector earnings, as a percentage of private sector earnings. The results of the survey show that the earnings of private sector legal practitioners vary significantly. Any direct comparison between the private and judicial sectors should therefore be interpreted with caution. Generally speaking, the earnings of private sector legal practitioners are greatest relative to judicial pay at the senior level of the judiciary (i.e. Judge of the Court of First Instance). The differential tends to be smaller at the levels of District Judge and Magistrate.
<b>Interview results</b>	Solicitors did not express interest in becoming judges because they did not have the appropriate background. Barristers were more likely to express interest in becoming a judge, considering it an honour and privilege to serve. They did enjoy the freedom of being a barrister, but some felt that at a certain point in their career they would more strongly consider being a judge. At that point, judicial pay would not be an important consideration.

## **Section 1. Introduction**

1.1. The Government of the HKSAR has invited the Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) to conduct a comprehensive study on the institutional structure, mechanism and methodology for determining judicial remuneration in Hong Kong. Recognising the pivotal importance of judicial independence and quality of justice in Hong Kong, the Judicial Committee considers it important to ensure that the judicial remuneration is sufficient to attract and retain legal professionals of suitable calibre for the respective ranks in the Judiciary. In this connection, the Committee has engaged Hay Group to collect information and views on the earnings of private sector legal practitioners with an aim to comparing them with judicial remuneration in Hong Kong.

1.2. This final report outlines the methodology for conducting the study, and presents results. Its sections include -

- Overview of methodology
- Analyses of survey results
- Summary of findings of interviews with barristers and solicitors
- Comparison to judicial pay scales

1.3. The annexes to this report include the survey materials – such as questionnaires and cover letters.

## **Section 2. Overview of Methodology**

2.1. This section provides an overview of the methodology.

### *Survey field*

2.2. The survey field included both barristers and solicitors engaged in private practice or working for private employers with more than five years of practice. The survey field included 4003 solicitors with practising certificates in Hong Kong for more than five years (as provided by the Law Society of Hong Kong) and 713 barristers who were called to the bar before 2001 (as indicated in the bar list on the website of the Hong Kong Bar Association).

2.3. Because of the large number of solicitors, and because they made up a minority of those joining the Judiciary at the levels of Magistrate or District Judge, a sample of 30% of all solicitors was surveyed, or 41% of those with more than five years of practice. All eligible barristers, including counsel and Senior Counsel, were surveyed.

### *Information to be collected*

2.4. The purpose of the survey is to provide private sector reference earnings for comparison to judicial pay scales. The earnings of many legal practitioners are derived from the profits of a sole proprietorship or partnership in a firm. Others may receive salaries or fees for services performed for a firm. For purposes of this survey, earnings are defined as –

*The total amounts received from the practice of law less any expenses incurred in operating the law practice, before taxes.*

2.5. For an employee or consultant, earnings include base salary, hourly or per diem fees, allowances, guaranteed bonuses, variable bonuses or commissions, and employers' contributions to retirement schemes. For a sole proprietor or partner, earnings include drawings from the firm, as well as any housing or other cash allowances that the firm paid to the proprietor or partner, contributions made on behalf of the proprietor or partner to a retirement scheme, and amounts attributable to the proprietor or partner that are retained in the firm.

### *Survey sampling*

2.6. All barristers meeting the eligibility requirement were surveyed. For solicitors, Hay Group has originally proposed to randomly sample 30%, or 1650 members of the Law Society of Hong Kong. As only 4003 of Law Society members had held practising certificates in Hong Kong for more than five years, the actual sampling rate over the eligible population was about 41%.

2.7. Both the Law Society and the Bar Association graciously provided mailing labels to support the survey. In the case of solicitors, sample selection was performed through a systematic, manual process to select the mailing labels that would be used. For barristers, names on the mailing labels were cross-



## ***Findings and Conclusions of the Pilot Study on the Earnings of Private Sector Legal Practitioners***

referenced to the Bar Association's web site to determine who had been called to the Bar from 2001 onward and those mailing labels were deleted.

### *Selection of interviewees*

2.8. It was agreed to sample ten solicitors and ten barristers for more in-depth interviews. For barristers, we selected interview candidates at random by years of practice to ensure a balanced representation of Senior Counsel and counsel.

2.9. A similar process was undertaken to ensure the ten solicitors to be interviewed were representative in terms of years of practice.

### *The questionnaire*

2.10. **Annex 1 and Annex 2** contain the questionnaires distributed to members of the Bar Association and members of the Law Society, respectively. Each questionnaire consists of two parts – the first part identifying the professional status of the respondent, and the second asking for the earnings of the respondent. The questionnaire is kept as simple as possible, so that complexity or time to respond will not be an obstacle to timely completion and submission of the response.

2.11. Key information – years in practice and earnings – was requested in ranges rather than free entry to simplify the accurate entry of information. With the information on the individual respondent (solicitor or barrister, professional status, and years in practice), earnings can be analysed by different categories. The specific ranges for comparison to different entry ranks are given in paragraph 4.2 of this report.

### *Data collection and data preparation*

2.12. The survey was distributed by post, with the data collection package consisting of a cover letter from Hay Group, the questionnaire, a stamped and addressed return envelope, and, in the case of solicitors, a copy of relevant circular from the Law Society to its members. The cover letters are found at **Annexes 3 and 4**.

2.13. A reminder letter was sent to all invited participants about one week after the questionnaire was sent. A sample of the letter is attached in **Annex 5**.

2.14. As responses were received, each questionnaire was given a sequence number and checked for completeness and consistency. The following conditions had to be met for the questionnaire to be accepted –

- For barristers, the professional status (counsel, Senior Counsel) must be indicated
- The questionnaire must indicate that the respondent's primary occupation is the practice of law
- The years in practice must be indicated and it must be at least five years

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- A range of earnings must be indicated
- Surveys were to be returned by November 25 for solicitors, and November 28 for barristers. The final cut-off for receipt of questionnaires by post was November 30.

2.15. Once validity was confirmed, the responses were entered into a worksheet, with data entry accuracy verified by a second person. The original questionnaires will be destroyed once the results of the survey are confirmed.

### *Interviews*

2.16. Interviews were conducted by a consultant with ten barristers and ten solicitors by phone. **Table 1** provides a list of topics and questions discussed in the interviews. The purpose of the interviews was to understand the perceptions of the individuals toward the remuneration of judges and how these perceptions affected consideration of service in the Judiciary. The interviewees were not asked for their opinion on whether judicial remuneration was too high or too low in general, but only whether it was attractive to them individually.

*Table 1. Interview Guideline*

<p><b>Introduction:</b></p> <p>Purpose of interview Outline of topics to be covered Confidentiality</p> <p><b>Topic 1. Earnings of barristers/solicitors</b> How are earnings received – from net profits of practice, salaries, bonuses, housing allowances, long-term incentives, travel allowances, education allowances for children, car, club memberships, leave entitlements, medical insurance, life insurance, retirement scheme, etc?</p> <p><b>Topic 2. Characteristics and qualifications for a judge</b> What special characteristics or qualifications should a candidate for a judicial role possess (behaviours, attitudes, types of experience, etc.)?</p> <p><b>Topic 3. Attractiveness of serving as a judge</b> How does being a judge differ from practising law? What is attractive about serving as a judge? What are the benefits or rewards? What is unattractive about serving as a judge? What are disadvantages compared to remaining a practising lawyer?</p> <p><b>Topic 4. Remuneration of judges</b> To the best of your understanding, how does the compensation of a Magistrate or District Judge compare to the remuneration of a barrister/solicitor with the necessary qualifications, experiences and personal characteristics? Is compensation a major factor in ability or inability of the Judiciary to attract suitable candidates? How important are the provision of housing and pensions to the attractiveness of the remuneration package? To the best of your knowledge are your earnings much less than, comparable, or much better than the remuneration of a magistrate or judge?</p>
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***Findings and Conclusions of the Pilot Study  
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Is the remuneration package attractive to you – whether or not you would ever actually wish to serve as a judge?

***Topic 5. Your interest in service in the Judiciary***

Have you ever seriously considered joining the Judiciary?

If not, why not? Is remuneration one of the factors?

If you have considered joining the Judiciary, how does remuneration affect your decision?

If you do have the desire and opportunity to join the Judiciary, how much of a reduction in remuneration would you be willing to accept, if any?

### **Section 3. Data Analyses**

*Response rate: questionnaires*

3.1. The response rates and valid response rates are indicated in **Table 2**. The response rates for barristers and solicitors are quite similar at 26% before removing invalid responses. Responses were invalid either because the respondent indicated they were not full time practitioners, or they had fewer than five years of practice. Responses not indicating years of practice were accepted but would not be used in any analyses based on years of practice.

*Table 2. Response Rates*

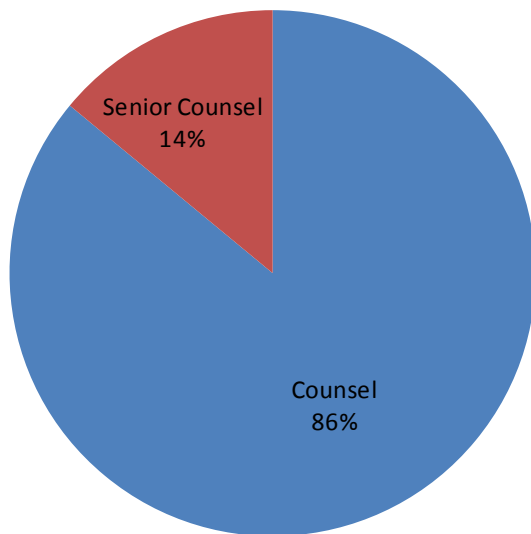
	<b>Solicitors</b>		<b>Barristers</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Questionnaires Sent	1650	100%	713	100%
Responses Received	433	26%	185	26%
Invalid				
Not Full-Time	25	1.5%	5	0.7%
< 5 Years of Practice	6	0.4%	16	2.2%
Valid Responses	402	24%	164	23%

*Distribution analyses*

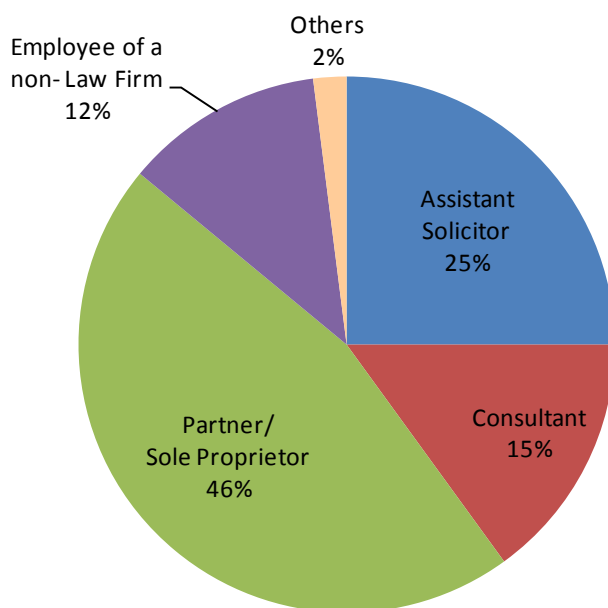
3.2. **Figures 1a, 2a and 3a** show the distributions of barristers by professional status, years of practice and age. **Figures 1b, 2b and 3b** show the same distributions for solicitors. Items labelled (blank) refer to cases where respondents did not answer the relevant question.

**Findings and Conclusions of the Pilot Study  
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*Figure 1a. Barristers by Professional Status*

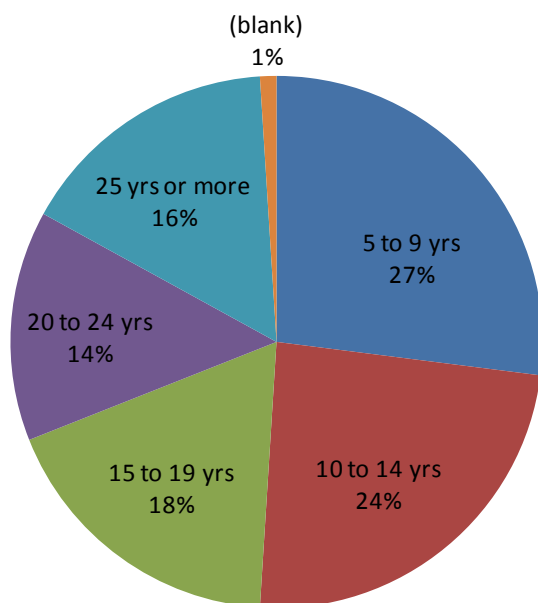


*Figure 1b. Solicitors by Professional Status*

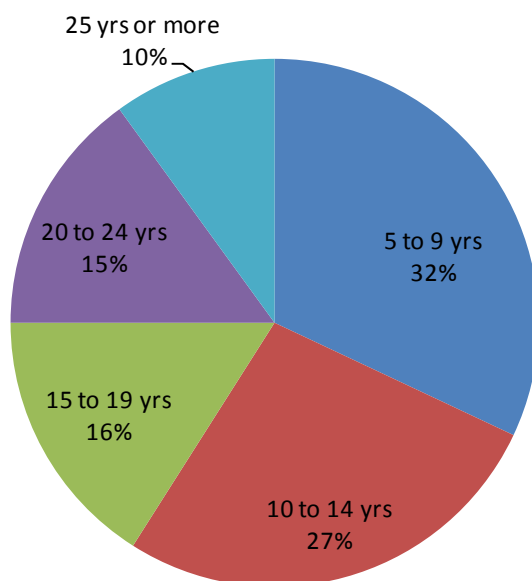


**Findings and Conclusions of the Pilot Study  
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*Figure 2a. Barristers by Years of Practice*

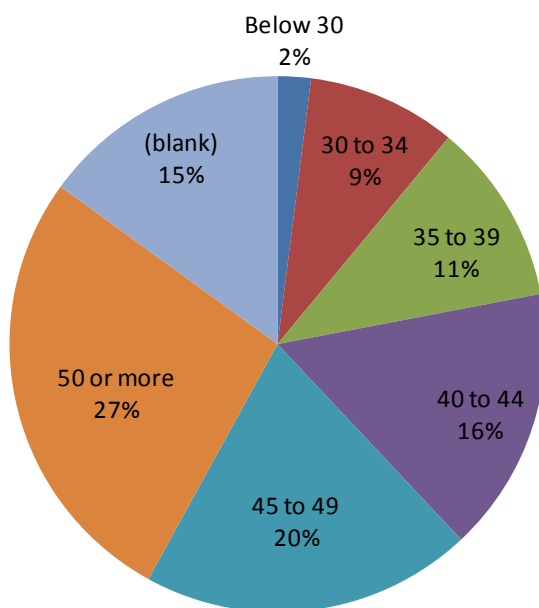


*Figure 2b. Solicitors by Years of Practice*

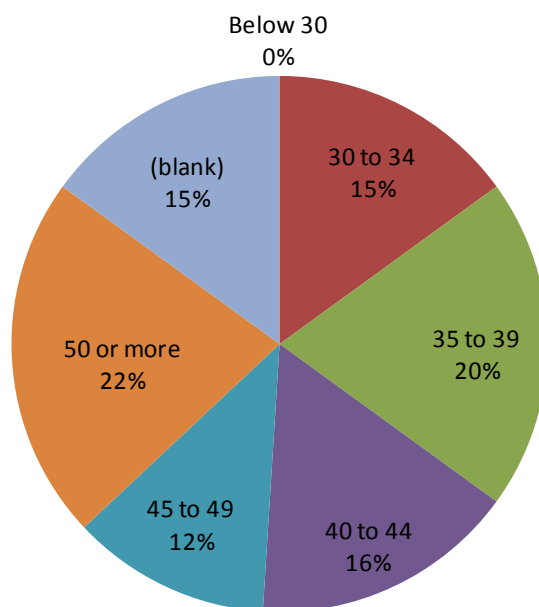


**Findings and Conclusions of the Pilot Study  
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*Figure 3a. Barristers by Age*



*Figure 3b. Solicitors by Age*



**Findings and Conclusions of the Pilot Study  
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3.3. **Table 3** shows the distribution of (junior) counsel by years of practice as found in the Bar List on the Bar Association’s website under the heading of “All Counsel” in comparison to the distribution of the respondents to this survey. The statistics for respondents vary from **Figure 2a** because this table excludes Senior Counsel. The table shows that the distribution of respondents and the population are remarkably similar, except there is a slight over-representation of very experienced barristers in the survey (12%) compared to the population (7%) and an offsetting under-representation at 5 to 9 and 10 to 14 years of practice.

*Table 3. Distribution of Counsel by Years of Practice:  
“All Counsel” and Survey Respondents*

<b>Years of Practice</b>	<b>“All Counsel”</b>	<b>Respondents</b>
5 to 9	33%	31%
10 to 14	31%	28%
15 to 19	16%	16%
20 to 24	13%	13%
25 or more	7%	12%



## **Section 4. References to Judicial Pay**

4.1. There are two key considerations in comparing the results of the survey to judicial pay. Each will be discussed in turn:

- The appropriate selection of categories of respondents for comparison to each judicial rank; and
- The definition of judicial pay to be used in the aggregate.

### *Categories for comparison*

4.2. The minimum qualification for selection as a Magistrate or District Judge is five years practising law; the minimum qualification for selection as a Judge of the Court of First Instance is ten years practising law. However, most Magistrates and Judges have more experience when they are appointed to the Judiciary. We recommend the following primary categories for comparison to each of the three main entry ranks in the Judiciary:

- Magistrate: Junior counsel or solicitors with five to fourteen years in practice. Out of 49 serving Magistrates appointed since 1997, Principal Magistrates and the Chief Magistrate, only seven had more than fourteen completed years of practice prior to their appointments as Magistrates, of whom four had either fifteen or sixteen completed years of practice.
- District Judge: Junior counsel or solicitors with 15 to 24 years of practice. Of five current District Judges entering from outside the Judiciary since 1997, two had more than 20 years of practice (one barrister and one solicitor), two were barristers with about 18 years in practice but only one had as little as twelve years experience, in this case as a government lawyer. Of the other fifteen District Judges who were promoted from Magistrate since 1997, three, including the Chief District Judge, had between ten and fifteen years of total experience including their services as Magistrates.
- Judge of the Court of First Instance: Senior Counsel with 15 to 24 years of practice. Four of six direct entrants to this rank meet the criteria in terms of years of practice, one had 27 years of practice including seven as a government lawyer, and one had nearly thirty years of practice.

### *Definition of Judicial Pay*

4.3. Judicial pay consists primarily of a base salary paid over 12 months; one or another form of allowance related to housing, or provision of departmental or non-departmental quarters; and a pension similar to the civil service pension but with an accelerated accrual rate. Judicial pay also includes fringe benefits such as leave passage, education allowances and medical benefits.

## ***Findings and Conclusions of the Pilot Study on the Earnings of Private Sector Legal Practitioners***

### *Analyses of the Differential*

4.4. The differential between the private sector reference earnings and the judicial pay for each rank is defined as a percentage: Judicial pay less private sector earnings divided by private sector earnings, expressed as a percentage. If private sector earnings are 100, and judicial pay is 60, then the differential is –40%. If judicial pay is 140 and private sector earnings are 100, then the differential will be +40%.

4.5. The primary purpose of assessing the differentials is to understand the magnitude of differences and to establish a base line for monitoring the differentials in the future. The Judicial Committee will make a balanced judgment based on the magnitude and direction of the differentials at various levels of the Judiciary, the existence of recruitment or retention difficulties and the possible reasons for these challenges, the general trends on pay in the market (both private and public sectors). The Judicial Committee will also consider why the differentials are changing – there are cycles in the earnings of barristers and solicitors that may follow, lead or lag those of the broader economy. It would not be appropriate to create instability in judicial pay in the interests of keeping the gaps at fixed magnitudes. Instead, the Committee will ensure over a period of years that the relationships of judicial and private sector earnings are kept in balance.

4.6. **Tables 4a and 4b** present the differentials between judicial pay and private sector reference earnings for barristers and solicitors, respectively. Judicial pay is evaluated at the average, the private sector reference earnings are assessed at the upper quartile values. We do not use averages because they may be skewed significantly by “outlier” cases, e.g., the relatively small number of practitioners with very large earnings.

**Findings and Conclusions of the Pilot Study  
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*Table 4a Differential Analyses: Judicial Pay Relative to Private Sector Reference Earnings (Barristers)*

<b>Judicial Entry Rank</b>	<b>Annual Pay</b>	<b>Reference</b>	<b>Upper Quartile</b>	<b>Differential</b>
<i>Magistrate</i> Average total cost	1,964,676	Junior Counsel 5-14 Years of Practice	1,750,000	12%
<i>District Judge</i> Average total cost	2,688,660	Junior Counsel 15-24 Years of Practice	2,500,000	8%
<i>Judge of the Court of First Instance</i> Average total cost	3,977,184	Senior Counsel 15-24 Years of Practice	7,500,000	-47%

*Table 4b Differential Analysis: Judicial Pay Relative to Private Sector Reference Earnings (Solicitors)*

<b>Judicial Entry Rank</b>	<b>Annual Pay</b>	<b>Reference</b>	<b>Upper Quartile</b>	<b>Differential</b>
<i>Magistrate</i> Average total cost	1,964,676	Solicitors 5-14 Years of Practice	1,350,000	46%
<i>District Judge</i> Average total cost	2,688,660	Solicitors 15-24 Years of Practice	2,500,000	8%

## ***Findings and Conclusions of the Pilot Study on the Earnings of Private Sector Legal Practitioners***

### *The Relativities*

4.7. The primary purpose of assessing the differentials is to measure the magnitudes of differences and to establish the existing pay relativities between the judges and the private sector legal practitioners which could then be taken as reference points in monitoring the changes in their pay relativities over time.

4.8. In reviewing the level of pay for the judges, due regard has to be given to the magnitudes and directions of the differentials at various levels of the Judiciary, the recruitment or retention difficulties (if any) and the possible reasons for these challenges, the general trends on pay in the market (both private and public sectors). The reasons for changes in the pay relativities over time should also be taken into account as there are cycles in the earnings of barristers and solicitors that may follow, lead or lag those of the broader economy. It would not be appropriate to create instability in judicial pay in the interests of keeping the differentials at fixed magnitudes. Instead, the relationships of judicial and private sector earnings should be kept in balance over a period of years.

4.9. In the private sector, legal practitioners are remunerated in many different ways. Some may only be paid the base salary, and others may have different kinds of allowances and benefits. Also, the results of the survey show that the earnings of private sector legal practitioners vary significantly. Any direct comparison between the private and judicial sectors should therefore be interpreted with caution. Generally speaking, the earnings of private sector legal practitioners are greatest relative to judicial pay at the senior level of the Judiciary (i.e. Judge of the Court of First Instance). The differentials tend to be smaller at the levels of District Judge and Magistrate.

4.10. The survey field was not limited to those legal practitioners considered as suitable for joining the Judiciary. Those who may be considered suitable for the Judiciary may have earnings that are higher or lower than earnings reported in this survey.

4.11. From the interviews, we note that a legal practitioner who considers becoming a judge may not look only at current earnings compared to the relevant judicial pay point. The practitioner will consider the future earnings from becoming a judge in light of previous earnings and accumulated wealth as well as the opportunity cost of leaving private practice. There are many factors affecting the decision of a legal practitioner as to whether he/she wants to become a judge. The survey results will not lead to any conclusion in this direction.

4.12. For these reasons, we do not draw a conclusion that Magistrates should be paid less, just as we do not conclude that Judges of the Court of First Instance should be paid more.

## ***Section 5. In-Depth Interviews***

5.1. **Table 5** provides a summary of views of barristers or solicitors drawn from personal interviews. Only about 10% of those initially contacted to participate in the interview agreed to do so; the remainder either refused or did not respond to our request before we completed the targeted number of interviews.

5.2. Solicitors tended not to express interest in becoming judges because they did not have the appropriate background. Barristers were more likely to express interest in being a judge, considering it an honour and privilege to serve as a judge. They did enjoy the freedom of being a barrister, but some feel that at a certain point in their career they would more strongly consider being a judge. At that point, judicial pay would not be the most important consideration. Separate responses are given for barristers or solicitors when appropriate.

5.3. It would be useful to repeat similar interviews in future surveys to monitor the changes in perception and attitude with a view to ensuring that the prevailing remuneration package is sufficient to attract and retain people of suitable calibre in the Judiciary.

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Table 5. Summary of Views**

<b>Topic</b>	<b>Barristers</b>	<b>Solicitors</b>
Structure of earnings	Barristers' income came from the fees they received for cases they handled, net of expenses for rent and secretarial support, etc (or their share of expenses of a chamber).	For partners, consultants and sole proprietors, their income were either based on the cases they handled or a % based on the income that they brought to the firm (especially for consultants). Assistant solicitors, on the other hand, received base salary plus commissions for business brought in or cases handled, plus housing allowance (structured for tax effectiveness).
Qualifications for being a judge	Actual court experience was required, case preparation (paper work) was not sufficient. Experience: i.e. for Magistrate - 5 years court experience was sufficient, for District Judge - at least 10 years was needed, for Judge of the Court of First Instance - at least 15 years experience handling complex cases in court. Experience in dealing with a variety of cases and 'important' cases. Personal characteristics included impartiality, patience, receptiveness, with an open-mind, and hard-working. Integrity, honesty, needed to be a good litigation lawyer, fair and should not have any self-interest in commercial organisations. Should come from a neutral background.	
Differences between judicial service and lawyer	As a barrister, you needed to be an advocate, acted on behalf of your client. As a Judge it was different, after listening to the best arguments of both sides, you had to strike a balance and come up with a judgment that was in accordance with the law, fair and balanced.	Some solicitors expressed that it was not extremely relevant, that solicitors rarely became judges.
What is attractive about being a judge	Having power and status. The respect, prestige, job satisfaction, security of tenure, stability, pension plan. Also the opportunity to serve society. Money was not the most important consideration.	
What is unattractive about being a judge	9-5 time frame, not flexible, bureaucratic, hierarchical. Restrictive professionally and personally. Might need to stay late to do preparation and write judgments after normal working hours. Loss of freedom on cases and personal time.	

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

*Table 5. Summary of Views, continued*

<b>Topic</b>	<b>Barristers</b>	<b>Solicitors</b>
Remuneration of judges (perception)	Barristers with considerable experience believed that the pay of being a judge was comparable or somewhat lower than barristers' earnings.	Solicitors perceived judicial pay to be relatively high compared to market earnings at junior level.
Does compensation affect recruitment	In general no. Remuneration should not be a major factor so long as it was sufficient to maintain a reasonable standard of living. Some felt that it might not be a determining factor for some Senior Counsel (e.g. they would take the job in spite of reduction in earnings). Barristers/solicitors who joined Judiciary because of remuneration would not make a good judge. Those who were doing well in the field, had the right experience and were willing/ready to serve the community would not care about the remuneration because they would have enough savings. They did it because of the status, interest in serving.	
Housing and pensions	Those were important. They provided judges with security and peace of mind, and in case of housing, provided status as well.	
Is pay attractive	Some found it to be reasonably attractive or not important as a factor anyway. Others, e.g., those with no interest or expectation of being a judge, found it to be unattractive.	
Ever interested in being a judge	Some barristers, yes, or would consider it at appropriate time in the future.	Solicitors, no, because it was not perceived as a viable path.
Is pay a factor	Not a determining factor. Either they were not interested, or pay would not be a primary consideration when they were interested.	Solicitors would not express opinion here, as they would not expect to become judges anyway.

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Annex 1**

**Survey of the Earnings of Barristers**

Thank you for participating in this important survey commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. The information collected will be kept in the strictest confidence at all times and under safe custody until such time they are destroyed.

**Professional background**

1. Please indicate your professional status.

- Counsel  
 Senior Counsel

2. Indicate whether the practice of law in Hong Kong is your primary occupation.

- Yes  No

If the answer to Question 2 is "Yes", please continue to answer the remaining questions. If "No", please STOP completing the questionnaire, and return it to the Hay Group for statistical purposes.

3. Please indicate the number of years that you have been practising law in Hong Kong or any other jurisdiction (including any period as a legal officer in Government or as a solicitor) and your age.

Years of practice

- Less than 5 years  
 5 to 9 years  
 10 to 14 years  
 15 to 19 years  
 20 to 24 years  
 25 years or more

Age

- Below 30  
 30 to 34  
 35 to 39  
 40 to 44  
 45 to 49  
 50 or above

**Earnings as a legal practitioner**

4. Please indicate your earnings<sup>Note</sup> in the most recent financial year ending on or before March 31, 2005.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Less than \$500,000      | <input type="checkbox"/> \$1,000,001 to \$1,200,000 | <input type="checkbox"/> \$6,000,001 to \$9,000,000   |
| <input type="checkbox"/> \$500,000 to \$600,000   | <input type="checkbox"/> \$1,200,001 to \$1,500,000 | <input type="checkbox"/> \$9,000,001 to \$12,000,000  |
| <input type="checkbox"/> \$600,001 to \$700,000   | <input type="checkbox"/> \$1,500,001 to \$2,000,000 | <input type="checkbox"/> \$12,000,001 to \$15,000,000 |
| <input type="checkbox"/> \$700,001 to \$800,000   | <input type="checkbox"/> \$2,000,001 to \$3,000,000 | <input type="checkbox"/> More than \$15,000,000       |
| <input type="checkbox"/> \$800,001 to \$900,000   | <input type="checkbox"/> \$3,000,001 to \$4,000,000 |   |
| <input type="checkbox"/> \$900,001 to \$1,000,000 | <input type="checkbox"/> \$4,000,001 to \$6,000,000 |   |

**END OF QUESTIONNAIRE. Thank you for completing the questionnaire. Please return the completed questionnaire to Hay Group in the enclosed envelope by November 28, 2005.**

<sup>Note</sup> Earnings are your income from the practice of law after deduction of all expenses directly related to your practice, before taxes.

please tick "✓" as appropriate



**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Annex 2**

**Survey of the Earnings of Solicitors**

Thank you for participating in this important survey commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. The information collected will be kept in the strictest confidence at all times and under safe custody until such time they are destroyed.

**Professional background**

1. Please indicate your professional status below.

- Partner/Sole Proprietor
- Consultant
- Assistant Solicitor
- Employee of a company that is not a law firm
- Others \_\_\_\_\_

2. Indicate whether the practice of law in Hong Kong is your primary occupation.

- Yes                                       No

If the answer to Question 2 is "Yes", please continue to answer the remaining questions. If "No", please STOP completing the questionnaire, and return it to the Hay Group for statistical purposes.

3. Please indicate the number of years that you have been practising law in Hong Kong or any other jurisdiction (including any period as a legal officer in Government or as a barrister) and your age.

- |   |   |
|---|---|
| <p><u>Years of practice</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Less than 5 years</li> <li><input type="checkbox"/> 5 to 9 years</li> <li><input type="checkbox"/> 10 to 14 years</li> <li><input type="checkbox"/> 15 to 19 years</li> <li><input type="checkbox"/> 20 to 24 years</li> <li><input type="checkbox"/> 25 years or more</li> </ul> | <p><u>Age</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Below 30</li> <li><input type="checkbox"/> 30 to 34</li> <li><input type="checkbox"/> 35 to 39</li> <li><input type="checkbox"/> 40 to 44</li> <li><input type="checkbox"/> 45 to 49</li> <li><input type="checkbox"/> 50 or above</li> </ul> |
|---|---|

**Earnings as a legal practitioner**

4. Please indicate your earnings<sup>Note</sup> from the practice of law in the most recent financial year ending on or before March 31, 2005.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Less than \$500,000      | <input type="checkbox"/> \$1,000,001 to \$1,200,000 | <input type="checkbox"/> \$6,000,001 to \$9,000,000   |
| <input type="checkbox"/> \$500,000 to \$600,000   | <input type="checkbox"/> \$1,200,001 to \$1,500,000 | <input type="checkbox"/> \$9,000,001 to \$12,000,000  |
| <input type="checkbox"/> \$600,001 to \$700,000   | <input type="checkbox"/> \$1,500,001 to \$2,000,000 | <input type="checkbox"/> \$12,000,001 to \$15,000,000 |
| <input type="checkbox"/> \$700,001 to \$800,000   | <input type="checkbox"/> \$2,000,001 to \$3,000,000 | <input type="checkbox"/> More than \$15,000,000       |
| <input type="checkbox"/> \$800,001 to \$900,000   | <input type="checkbox"/> \$3,000,001 to \$4,000,000 |   |
| <input type="checkbox"/> \$900,001 to \$1,000,000 | <input type="checkbox"/> \$4,000,001 to \$6,000,000 |   |

**END OF QUESTIONNAIRE. Thank you for completing the survey. Please return the completed questionnaire to Hay Group in the enclosed envelope by November 25, 2005.**

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**Note** For purposes of this survey, earnings are your income from the practice of law after deduction of all expenses directly related to your practice, before taxes. If you are an employee of a law firm or other company, your earnings are the salary, fixed and variable bonuses, and allowances paid by your employer, including your employer's contributions to a retirement scheme, before taxes. If you are a partner or sole proprietor, earnings include your share of income of the firm after deduction of all expenses but before taxes. Earnings include any drawings you may take from the firm, any allowances paid to you, contributions made to a retirement scheme on your behalf, and any amounts retained in the firm (if applicable).

please tick "✓" as appropriate

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Annex 3**

November 14, 2005

Re: *Study on the Earnings of Private Sector Legal Practitioners in Hong Kong*

To: Members of the Law Society of Hong Kong

Hay Group is undertaking a survey on the earnings of legal practitioners in Hong Kong on behalf of the Standing Committee on Judicial Salaries and Conditions of Service (Judicial Committee). The background to this study has been provided to Members in the Law Society's Circular 05-669 on November 7, 2005 (copy attached).

The enclosed survey questionnaire is being distributed to a sample of Members of the Law Society. The questionnaire asks for details about your professional status and your earnings from the practice of law. A stamped, addressed envelope has been provided for you to return the questionnaire **by November 25, 2005**.

A small number of Members may also be asked to participate in a personal interview to collect additional information in connection with this study.

Hay Group and the Judicial Committee have undertaken to keep all data and information collected in the strictest confidence at all times and under safe custody until such time they are destroyed. Personal data will be handled in strict accordance with the provisions of the Personal Data (Privacy) Ordinance.

If you have any questions about the survey, you may contact Andrew Arnold or Irene Heng of Hay Group at 2527 9797.

Thank you very much for your timely cooperation in this important study.

Sincerely,



Andrew Arnold  
Director  
Hay Group Limited

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Annex 4**

November 14, 2005

Re: *Study on the Earnings of Private Sector Legal Practitioners in Hong Kong*

To: Members of the Hong Kong Bar Association

Hay Group is undertaking a survey on the earnings of legal practitioners in Hong Kong on behalf of the Standing Committee on Judicial Salaries and Conditions of Service (Judicial Committee). The background to this study has been provided to Members of the Bar Association in Circular No. 105/05.

The survey questionnaire is being distributed to Members called to the Hong Kong Bar before January 1, 2001. The enclosed questionnaire asks for details about your professional status and your earnings from the practice of law. A stamped, addressed envelope has been provided for you to return the questionnaire **by November 28, 2005**.

A small number of Members may also be asked to participate in a personal interview to collect additional information in connection with this study.

Hay Group and the Judicial Committee have undertaken to keep all data and information collected in the strictest confidence at all times and under safe custody until such time they are destroyed. Personal data will be handled in strict accordance with the provisions of the Personal Data (Privacy) Ordinance.

If you have any questions about the survey, you may contact Andrew Arnold or Irene Heng of Hay Group at 2527 9797.

Thank you very much for your timely cooperation in this important study.

Sincerely,



Andrew Arnold  
Director  
Hay Group Limited

**Findings and Conclusions of the Pilot Study  
on the Earnings of Private Sector Legal Practitioners**

**Annex 5**

November 18/21, 2005

Re: *Study on the Earnings of Private Sector Legal Practitioners in Hong Kong*

To: Members of the Hong Kong Bar Association/Law Society of Hong Kong

You may recall receiving a questionnaire in the past week from Hay Group on the above study commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. If you have already returned the questionnaire to Hay Group, please ignore this reminder, and we thank you for your cooperation.

If you have not returned the questionnaire yet, we appeal to you to take a few moments to complete and return it to Hay Group by **November 25/28, 2005**.

If you have any questions about the survey, you may contact Andrew Arnold or Irene Heng of Hay Group at 2527 9797.

Thank you very much for your timely cooperation in this important study.

Sincerely,



Andrew Arnold  
Director  
Hay Group Limited

### *Survey of the Earnings of Barristers*

Thank you for participating in this important survey commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. The information collected will be kept in the strictest confidence at all times and under safe custody until such time they are destroyed.

#### **Professional background**

For enquiries on this questionnaire, please contact Hay Group consultants at 2527 9900.

1. Please indicate your professional status.

- Counsel  
 Senior Counsel

2. Indicate whether the practice of law in Hong Kong is your primary occupation.

- Yes  
 No

If the answer to Question 2 is "Yes", please continue to answer the remaining questions. If "No", please STOP completing the questionnaire, and return it to the Hay Group for statistical purposes.

3. Please indicate the number of years that you have been practising law in Hong Kong and/or any other common law jurisdiction (including any period as a legal officer in Government or as a solicitor) and your age.

#### Years of practice (as at 31 March 2010)

- Less than 5 years  
 5 to 9 years  
 10 to 14 years  
 15 to 19 years  
 20 to 24 years  
 25 years or more

#### Age

- Below 30  
 30 to 34  
 35 to 39  
 40 to 44  
 45 to 49  
 50 or above

#### **Earnings as a legal practitioner**

4. Please indicate your earnings<sup>Note</sup> in the financial year ending on 31 March 2010.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Less than \$500,000      | <input type="checkbox"/> \$1,000,001 to \$1,200,000 | <input type="checkbox"/> \$6,000,001 to \$9,000,000   |
| <input type="checkbox"/> \$500,000 to \$600,000   | <input type="checkbox"/> \$1,200,001 to \$1,500,000 | <input type="checkbox"/> \$9,000,001 to \$12,000,000  |
| <input type="checkbox"/> \$600,001 to \$700,000   | <input type="checkbox"/> \$1,500,001 to \$2,000,000 | <input type="checkbox"/> \$12,000,001 to \$15,000,000 |
| <input type="checkbox"/> \$700,001 to \$800,000   | <input type="checkbox"/> \$2,000,001 to \$3,000,000 | <input type="checkbox"/> More than \$15,000,000       |
| <input type="checkbox"/> \$800,001 to \$900,000   | <input type="checkbox"/> \$3,000,001 to \$4,000,000 |   |
| <input type="checkbox"/> \$900,001 to \$1,000,000 | <input type="checkbox"/> \$4,000,001 to \$6,000,000 |   |

5. Compared to 2005, your earnings are –

- substantially higher    higher    same    lower    substantially lower    not applicable

6. The main reason for the above difference is (optional) \_\_\_\_\_

**END OF QUESTIONNAIRE. Thank you for completing the questionnaire. Please return the completed questionnaire to Hay Group by 18 October 2010 with the enclosed stamped return envelope.**

**Note** Earnings are your income from the practice of law after deduction of all expenses directly related to your practice, before taxes.

- Please tick "✓" as appropriate.

### Survey of the Earnings of Solicitors

Thank you for participating in this important survey commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. The information collected will be kept in the strictest confidence at all times and under safe custody until such time they are destroyed.

#### Professional background

For enquiries on this questionnaire, please contact Hay Group consultants at 2527 9900.

1. Please indicate your professional status below.

- Partner/Sole Proprietor       Consultant  
 Assistant Solicitor       Others \_\_\_\_\_

2. Indicate whether the practice of law in Hong Kong is your primary occupation.

- Yes       No

If the answer to Question 2 is "Yes", please continue to answer the remaining questions. If "No", please STOP completing the questionnaire, and return it to the Hay Group for statistical purposes.

3. Please indicate the number of years that you have been practising law in Hong Kong and/or any other common law jurisdiction (including any period as a legal officer in Government or as a barrister) and your age.

#### Years of practice (as at 31 March 2010)

- Less than 5 years  
 5 to 9 years  
 10 to 14 years  
 15 to 19 years  
 20 to 24 years  
 25 years or more

#### Age

- Below 30  
 30 to 34  
 35 to 39  
 40 to 44  
 45 to 49  
 50 or above

#### Earnings as a legal practitioner

4. Please indicate your earnings<sup>Note</sup> from the practice of law in the financial year ending on 31 March 2010.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Less than \$500,000      | <input type="checkbox"/> \$1,000,001 to \$1,200,000 | <input type="checkbox"/> \$6,000,001 to \$9,000,000   |
| <input type="checkbox"/> \$500,000 to \$600,000   | <input type="checkbox"/> \$1,200,001 to \$1,500,000 | <input type="checkbox"/> \$9,000,001 to \$12,000,000  |
| <input type="checkbox"/> \$600,001 to \$700,000   | <input type="checkbox"/> \$1,500,001 to \$2,000,000 | <input type="checkbox"/> \$12,000,001 to \$15,000,000 |
| <input type="checkbox"/> \$700,001 to \$800,000   | <input type="checkbox"/> \$2,000,001 to \$3,000,000 | <input type="checkbox"/> More than \$15,000,000       |
| <input type="checkbox"/> \$800,001 to \$900,000   | <input type="checkbox"/> \$3,000,001 to \$4,000,000 |   |
| <input type="checkbox"/> \$900,001 to \$1,000,000 | <input type="checkbox"/> \$4,000,001 to \$6,000,000 |   |

5. Compared to 2005, your earnings are –

- substantially higher     higher     same     lower     substantially lower     not applicable

6. The main reason for the above difference is (optional) \_\_\_\_\_

7. If you are an employee, please indicate whether you have received any long-term incentives (e.g. equity shares) in the financial year ending on 31 March 2010:  Yes  No.

If yes, please specify the types and quantify, if possible:

Types: \_\_\_\_\_ Approx. value: \$ \_\_\_\_\_

**END OF QUESTIONNAIRE.** Thank you for completing the questionnaire. Please return the completed questionnaire to Hay Group by 18 October 2010 with the enclosed stamped return envelope.

#### Note

- For purposes of this survey, earnings are your income from the practice of law after deduction of all expenses directly related to your practice, before taxes.
  - If you are a partner or sole proprietor, earnings include your share of income of the firm after deduction of all expenses but before taxes. Earnings include any drawings you may take from the firm, any allowances paid to you, contributions made to a retirement scheme on your behalf, and any amounts retained in the firm (if applicable).
  - If you are an employee of a law firm, your earnings are the salary, fixed and variable bonuses, and allowances paid by your employer, including your employer's contributions to a retirement scheme, before taxes.
- Please tick "✓" as appropriate.





### ***Survey of the Earnings of Legal Practitioners in Public Bodies / Major Corporations***

Thank you for participating in this important survey commissioned by the Standing Committee on Judicial Salaries and Conditions of Service. The information collected will be kept in the strictest confidence at all times and under safe custody until such time they are destroyed.

Please tick "✓" as appropriate.

For enquiries on this questionnaire, please contact Hay Group consultants – *Davis Liu* at 2527 9900.

1. Please indicate –

(a) how many legal professionals are employed by your company? \_\_\_\_\_

(b) how many of them have at least 5 years of private practice before in-house practice? \_\_\_\_\_

2. What principal legal work is the legal unit of your company involved in (please check one or more)?

- Research                       Compliance                       Investigation                       Enforcement  
 Litigation                       Advisory                       Managing legal contracts                       Commercial/transaction work  
 Others \_\_\_\_\_

3. Please complete the following for each of the legal professionals in your company with at least 5 years of private practice before in-house practice.

✧ Job title: _____ ✧ Professional status: <input type="checkbox"/> Barrister <input type="checkbox"/> Solicitor			
<u>Years of legal experience</u> (as at 31 March 2010) <input type="checkbox"/> 5 to 9 years <input type="checkbox"/> 10 to 14 years <input type="checkbox"/> 15 to 19 years <input type="checkbox"/> 20 to 24 years <input type="checkbox"/> 25 years or more	<u>Age</u> <input type="checkbox"/> Below 30 <input type="checkbox"/> 30 to 34 <input type="checkbox"/> 35 to 39 <input type="checkbox"/> 40 to 44 <input type="checkbox"/> 45 to 49 <input type="checkbox"/> 50 or above	<u>*Remuneration between 1 April 2009 and 31 March 2010</u> <input type="checkbox"/> Less than \$500,000 <input type="checkbox"/> \$1,500,001 to \$2,000,000 <input type="checkbox"/> \$500,000 to \$600,000 <input type="checkbox"/> \$2,000,001 to \$3,000,000 <input type="checkbox"/> \$600,001 to \$700,000 <input type="checkbox"/> \$3,000,001 to \$4,000,000 <input type="checkbox"/> \$700,001 to \$800,000 <input type="checkbox"/> \$4,000,001 to \$6,000,000 <input type="checkbox"/> \$800,001 to \$900,000 <input type="checkbox"/> \$6,000,001 to \$9,000,000 <input type="checkbox"/> \$900,001 to \$1,000,000 <input type="checkbox"/> \$9,000,001 to \$12,000,000 <input type="checkbox"/> \$1,000,001 to \$1,200,000 <input type="checkbox"/> \$12,000,001 to \$15,000,000 <input type="checkbox"/> \$1,200,001 to \$1,500,000 <input type="checkbox"/> More than \$15,000,000	<u>Any Long-term incentives?</u> <input type="checkbox"/> Yes <input type="checkbox"/> No

✧ Job title: _____ ✧ Professional status: <input type="checkbox"/> Barrister <input type="checkbox"/> Solicitor			
<u>Years of legal experience</u> (as at 31 March 2010) <input type="checkbox"/> 5 to 9 years <input type="checkbox"/> 10 to 14 years <input type="checkbox"/> 15 to 19 years <input type="checkbox"/> 20 to 24 years <input type="checkbox"/> 25 years or more	<u>Age</u> <input type="checkbox"/> Below 30 <input type="checkbox"/> 30 to 34 <input type="checkbox"/> 35 to 39 <input type="checkbox"/> 40 to 44 <input type="checkbox"/> 45 to 49 <input type="checkbox"/> 50 or above	<u>*Remuneration between 1 April 2009 and 31 March 2010</u> <input type="checkbox"/> Less than \$500,000 <input type="checkbox"/> \$1,500,001 to \$2,000,000 <input type="checkbox"/> \$500,000 to \$600,000 <input type="checkbox"/> \$2,000,001 to \$3,000,000 <input type="checkbox"/> \$600,001 to \$700,000 <input type="checkbox"/> \$3,000,001 to \$4,000,000 <input type="checkbox"/> \$700,001 to \$800,000 <input type="checkbox"/> \$4,000,001 to \$6,000,000 <input type="checkbox"/> \$800,001 to \$900,000 <input type="checkbox"/> \$6,000,001 to \$9,000,000 <input type="checkbox"/> \$900,001 to \$1,000,000 <input type="checkbox"/> \$9,000,001 to \$12,000,000 <input type="checkbox"/> \$1,000,001 to \$1,200,000 <input type="checkbox"/> \$12,000,001 to \$15,000,000 <input type="checkbox"/> \$1,200,001 to \$1,500,000 <input type="checkbox"/> More than \$15,000,000	<u>Any Long-term incentives?</u> <input type="checkbox"/> Yes <input type="checkbox"/> No

4. For long-term incentives (e.g. equity shares) granted to any of the employees above in the financial year ending on 31 March 2010, please specify the types and quantify the average value, if possible -  
 Types: \_\_\_\_\_ Average value: \$ \_\_\_\_\_

***END OF QUESTIONNAIRE. Thank you for completing the questionnaire.***

*Please return the completed questionnaire to Hay Group by 18 October 2010.*

***(Fax: 2866 8194 or Email: wilson\_ng@haygroup.com)***

\* Remuneration includes salary, fixed and variable bonuses, and any allowances paid to the employees, including your company's contributions to a retirement scheme.

## ***Interview Guideline***

### **Introduction**

- Purpose of the interview
- Outline of topics to be covered
- Confidentiality

### **Topic 1: Earnings of Barristers/Solicitors**

- How are current earnings received – from practice net profit, salaries, bonuses, allowances, long-term incentives, leave entitlement, medical and life insurance benefit, retirement benefit, etc.?
- How different is the current earnings compared to 2005 – same, higher, much higher, lower or much lower? What is the main reason for the significant difference, if any?

### **Topic 2: Attractiveness of Joining the Judiciary**

- What characteristics do you think are important for judicial roles? What are the differences between serving as a judge and practising law?
- What are the attractions and motivating factors about serving as a judge? What is unattractive and disadvantageous? How important are the provision of housing and pensions to the attractiveness of the judges' remuneration package?
- Are you interested to serve as a magistrate/judge? Any condition you would place on to serve as one? How much of a reduction in remuneration would you be willing to accept a full-time appointment on the Bench?
- Would you consider joining the Bench on an ad hoc basis, e.g. as Recorders / External Deputies?

### **Topic 3: Remuneration of Magistrate/Judge**

- In your understanding, how does the remuneration of a judge compare to that of a barrister/solicitor with the same qualification, experience and characteristics?
- Is remuneration an important factor to attract legal practitioners to serve as a magistrate/judge?
- In your understanding, are your current earnings comparable to the remuneration of a magistrate/judge?
- What is your view about remuneration for a magistrate/judge in general? Should it be higher than the legal practice? If yes, how much higher would be appropriate?



**Letter to Corporate Participants**

7 October 2010

Dear Sir/Madam,

Room 2701 27/F  
3 Lockhart Road  
Wanchai, Hong Kong

Tel: (852) 2527 9797  
Fax: (852) 2866 1111  
www.haygroup.com

**2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong**

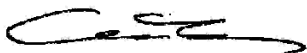
Hay Group has been appointed by the Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) to conduct a Benchmark Study on the Earnings of Legal Practitioners in Hong Kong. An appeal from Mr Christopher Cheng, the Chairman of the Judicial Committee, is attached, explaining the importance of the survey and asking you and your organization to support this effort by participating in the survey.

Upon confirmation of the survey participation, you are required to complete the enclosed simple questionnaire survey for the legal practitioners serving as in-house lawyers in your organization who possess the requisite experience for appointment as Judges and Judicial Officers by **18 October 2010**. The data collected will be kept in **the strictest confidence at all times** and under safe custody by Hay Group. The data will be used solely for the purpose of this survey and for Hay Group's internal use only. Personal data will be handled in strict compliance with the provisions of the Personal Data (Privacy) Ordinance. In reporting, all participants and data are presented in a non-attributable form so as to preserve the anonymity of the participating organizations. Hay Group will not report results in anyway that would permit identification of a participating company's practices. Individual company data will not be provided to the Judicial Committee.

If you have any questions about this survey, please do not hesitate to contact Wilson Ng (wilson\_ng@haygroup.com) or Davis Liu (davis\_liu@haygroup.com) by email or phone at 2527 9797 and please confirm whether your group/organization will participate by **13 October 2010**.

Your support is vital to the success of this project. Hay Group and the Judicial Committee would like to thank you for your support.

Yours sincerely,



William Lo

Director

Hay Group Hong Kong

**Reminder Letter to Members of the Bar Association**

Room 2701 27/F  
3 Lockhart Road  
Wanchai, Hong Kong

Tel: (852) 2527 9797  
Fax: (852) 2866 1111  
www.haygroup.com

13 October 2010

Dear Sir/ Madam,

**Reminder: 2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong**

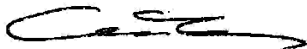
I refer to the Bar Circular No. 100/10 mailed to you on 4 October 2010, enclosing a copy of the survey questionnaire for the above study commissioned by the Judicial Committee. If you have already returned the questionnaire to Hay Group, please ignore this reminder and we thank you for your cooperation.

If you have not returned the questionnaire yet, we appeal to you to take a few moments to complete and return it to Hay Group by **18 October 2010 (Monday)**, either by the prepaid envelope enclosed with the Circular mailed to you previously, or via our fax number at **2866-8194**.

If you have any questions about this survey, please do not hesitate to contact Wilson Ng (wilson\_ng@haygroup.com) or Davis Liu (davis\_liu@haygroup.com) by email or by phone at 2527 9900.

Thank you very much for your cooperation in this important study.

Yours sincerely,



William Lo  
Director  
Hay Group Hong Kong

**Reminder Letter to Members of the Law Society**

Room 2701 27/F  
3 Lockhart Road  
Wanchai, Hong Kong

Tel: (852) 2527 9797  
Fax: (852) 2866 1111  
www.haygroup.com

13 October 2010

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**Reminder: 2010 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong**

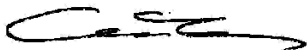
I refer to the Law Society Circular No. 10-597 mailed to you on 4 October 2010, enclosing a copy of the survey questionnaire for the above study commissioned by the Judicial Committee. If you have already returned the questionnaire to Hay Group, please ignore this reminder and we thank you for your cooperation.

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