

首長級薪俸及服務條件常務委員會 Standing Committee on Directorate Salaries and Conditions of Service

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31 August 2009

Miss Denise Yue, GBS, JP
Secretary for the Civil Service
10th Floor, West Wing
Central Government Offices
11 Ice House Street
Central
Hong Kong

Dear Denise,

Grade Structure Review for the Directorate Grades – Update of Directorate Pay Comparison Study

As advised in my letter of 10 July 2009, the Directorate Committee has accepted the Administration's invitation to commission a study to update the findings of the 2008 pay comparison study using 1 April 2009 as the reference date and the same methodology as in the last study and, in the light of updated findings, to advise the Administration on whether any refinement should be made to the recommendations set out in the Directorate Committee's Eleventh Report. I am writing to offer our advice.

Update of the 2009 Pay Comparison Study

The Directorate Committee commissioned an independent consultant (Hay Group Limited) to conduct the updated pay comparison study. A copy of the Consultant's report on the 2009 study is at the
----- **Annex.**

Broadly speaking, the findings of the 2009 study reflect similar situation as that noted in the 2008 study. Key findings are summarised below –

- (a) Base Salary – the civil service directorate remains close to the third quartile of the market for D1 and D2 officers, and median for D3 and D4 officers, but is still paid below market median at the senior levels;
- (b) Guaranteed cash – the civil service directorate is close to the median of the market for D1 to D4 officers, but is still paid below market median at the senior levels, whereas pay for D1 and D2 is below the market third quartile with variance still within 15%; and
- (c) Total Cash Compensation – the civil service directorate is below median of the market across all levels, and the gaps are significant at the senior levels. Based on the Consultant’s analysis, these gaps have slightly narrowed in 2009 when compared to that in 2008, primarily due to the reduction of variable pay in the private sector in 2009.

The study also shows that, other than some reduction in variable pay, there is no major adjustment in pay practices and remuneration of directorate-equivalent positions in the private sector as a result of the financial tsunami in late 2008.

Recommendations


Having regard to the findings of the updated study, the Directorate Committee reaffirms all the recommendations as summarised in paragraph 50 of the Report, which are recapitulated below –

- (a) the Directorate Pay Scale to be revised from ten to eight levels, with the obsolete levels of D9 and D10 removed and the D7 level retained for the time being to cater for any possible regrouping of departments in future;
- (b) the Directorate (Legal) Pay Scale to be revised to six levels, with the obsolete level of DL7 removed and the existing relativity with the Directorate Pay Scale preserved;
- (c) the salaries of the heads of the Hong Kong Police Force and the Independent Commission Against Corruption to continue to be equivalent to D8; the salaries of the heads of the Correctional Services Department, the Customs and Excise Department, the Fire Services Department and the Immigration Department to continue to be equivalent to D6; and the salary of the Controller, Government Flying Service to continue to be equivalent to D3;

- (d) comparison with private sector pay to be based on Guaranteed Cash, with a target market position of the third quartile for D1 and D2, and median for D3 and D4. No target market position to be set for officers on D5 and above;
- (e) one additional increment at the top of the pay scales for D1 to D4 officers, and an increment to be introduced to D5 to D8 officers, with corresponding changes to the Directorate (Legal) Pay Scale and the salaries of the heads of disciplined services;
- (f) all increments to be awarded on a biennial basis; and
- (g) the revised directorate pay scales and revised salaries of the disciplined services heads at Appendix I of the Eleventh Report to take effect from a future date.

For the avoidance of doubt, by “future date” in (g) above, the Committee is referring to any date after promulgation of the Eleventh Report on 27 November 2008 as deemed appropriate by the Administration for the implementation, if so decided, of the recommended revised pay scales.

We hope the findings of the 2009 study and the Committee’s advice will provide useful reference to the Administration in formulating its position on the recommendations in the Eleventh Report.

Yours sincerely,


(Tim Lui)
Chairman

Encl.