

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

REPORT No. 53

# REPORT 2014

CHAIRMAN

DR WILFRED WONG YING-WAI, SBS, JP

FEBRUARY 2015

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

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電 話 Tel.:

27 February 2015

The Honourable C Y Leung, GBM, GBS, JP  
The Chief Executive  
Hong Kong Special Administrative Region  
People's Republic of China  
Tamar  
Hong Kong

Dear Sir,

----- On behalf of the Standing Commission on Civil Service Salaries  
and Conditions of Service, I have the honour to submit a report on our work  
during 2014.

Yours faithfully,



( Wilfred Wong Ying-wai )  
Chairman

Standing Commission on Civil Service  
Salaries and Conditions of Service

Encl.

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

REPORT NO. 53

# REPORT 2014

FEBRUARY 2015

# Standing Commission on Civil Service Salaries and Conditions of Service

*(Membership as at February 2015)*



Front Row: Mr T C Chan, BBS, JP      Prof Suen Wing-chuen      Miss Elaine Chan      Dr Wilfred Wong Ying-wai, SBS, JP (Chairman)      Mr Wilfred Wong Kam-pui      Dr Carrie Willis, SBS, JP      Mr Joseph Lo

Back Row: Ms Winnie Ng, JP (Secretary General)      Ms Angela Lee, BBS, JP      The Hon Tony Tse, BBS      Mr Lee Luen-fai      Mr Lee Ming-kwai, GBS      Ms Florence Chan (Assistant Secretary General)

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# Chapter 1

## Introduction

1.1 Since its establishment in 1979, the Standing Commission on Civil Service Salaries and Conditions of Service has been advising the Chief Executive on the principles and practices governing pay, conditions of service and salary structure of non-directorate civil servants, other than judicial officers and disciplined services staff. The Commission provides independent advice and makes recommendations to the Chief Executive, after taking into full account relevant factors and views expressed by the parties concerned. The Commission's terms of reference are at **Appendix A**.

1.2 This is our fifty-third report. It gives an account of our major undertakings in 2014. During the year, we held four Commission meetings, three staff consultation meetings in relation to the 2013 Pay Level Survey, and three informal meetings with the civil service staff bodies.

1.3 The Commission's membership in 2014 is at **Appendix B**. All Commission Members are non-officials appointed in their personal capacity by the Chief Executive. We would like to record our heartfelt gratitude to Mr Owen Chan, JP, who retired after six years of dedicated service in July 2014. We also welcome Ms Angela Lee, BBS, JP and Mr Lee Ming-kwai, GBS, who have been appointed to the Commission with effect from August 2014 and January 2015 respectively.

1.4 We would like to thank Mr Paul Tang, JP, Secretary for the Civil Service, and his staff for their assistance and co-operation. Our appreciation also goes to Ms Winnie Ng, JP, Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat), and her staff for their support during the year.

## Chapter 2

### 2013 Pay Level Survey

#### Background

2.1 As set out in our Report No. 50 “Report 2012”, the Commission accepted the Government’s invitation to conduct the 2012 Starting Salaries Survey (SSS) and the next Pay Level Survey (PLS) in January 2012. Following completion of the 2012 SSS in December 2012, the PLS was the focus of the Commission’s work in 2013 and 2014.

2.2 Under the *Improved Civil Service Pay Adjustment Mechanism (Improved Mechanism)*<sup>1</sup>, a PLS is conducted at six-yearly intervals to ascertain whether civil service pay remains broadly comparable with private sector pay. The 2013 PLS was the first one conducted by the Commission under the *Improved Mechanism*. The Commission appointed Aon Hewitt (the Consultant) to offer professional advice on the PLS, including proposing the methodology and collecting data from the private sector.

#### Consultation with Stakeholders

##### *Staff Consultation*

2.3 The Commission firmly believed that staff consultation was crucial to the smooth conduct of the PLS. The Commission closely engaged the Staff Sides of the four Central Consultative Councils<sup>2</sup> and the four major service-wide staff bodies<sup>3</sup> (Staff Sides), the grade/departmental management of Government bureaux/departments and the Departmental Consultative

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<sup>1</sup> The *Improved Mechanism* was endorsed by the Executive Council in 2007, and comprises, among others, the conduct of (a) a PLS every six years; (b) a SSS every three years; and (c) the annual Pay Trend Survey.

<sup>2</sup> The four Central Consultative Councils are the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council.

<sup>3</sup> The four major service-wide staff bodies are the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union.

Committees during all the key steps of the survey. A total of six consultation meetings were held with representatives of the Staff Sides in 2013 and 2014 to exchange views on the survey methodology, survey field and application framework for the PLS.

### ***Private Sector***

2.4 The Commission also maintained close liaison with the Employers' Federation of Hong Kong (EFHK), the Hong Kong Institute of Human Resource Management (HKIHRM) and the Hong Kong People Management Association (HKPMA), and exchanged views with them on the prevailing practices of conducting pay surveys in the private sector.

### **Proceeding of Meetings**

2.5 The Government advised that the 2013 PLS only covered the non-directorate civilian civil service and would consult the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service on the application of survey findings to the disciplined services and directorate grades respectively. The Commission engaged the two committees by inviting them to each nominate a member as an observer. Mr William Chan, BBS and Mr Stanley Wong, SBS, JP attended the Commission's relevant proceedings as observers in 2014.

### **Conduct of the 2013 PLS**

2.6 With reference to the methodology for the 2006 PLS and the relevant stakeholders' comments received during the consultation period, the Consultant recommended and the Commission endorsed the continued adoption of the broadly-defined Job Family-Job Level (JF-JL) method as used in the 2006 PLS. Under this method, comparison of pay information was carried out by the following steps –



- (a) identifying jobs that are representative of the civil service (civil service benchmark jobs) and have reasonable private sector matches;
- (b) carrying out an intensive job inspection process which serves to ascertain details of the job characteristics of civil service benchmark jobs to facilitate identification of private sector job matches;
- (c) matching civil service benchmark jobs with broadly comparable counterparts in the private sector in terms of job content, work nature, level of responsibility, and typical requirements on qualification and experience;
- (d) collecting the pay information of matched private sector jobs; and
- (e) aggregating the matched private sector jobs by JFs and JLs, consolidating them into private sector pay indicators for five JLs, and comparing the consolidated private sector pay indicator for each JL with the corresponding civil service pay indicator.

2.7 Using 1 October 2013 as the survey reference date, the Consultant successfully collected pay data from 128 private sector organisations and matched private sector counterparts for 162 civil service benchmark jobs. The pay data of these matched jobs were used to calculate the private sector pay indicators for comparison with the civil service pay indicators.

## **Survey Findings**

2.8 The findings of the 2013 PLS are summarised in the following table –

| <b>Job Level</b>  | <b>Civil Service Pay Indicator (annual)(\$)</b><br><b>(a)</b> | <b>Private Sector Pay Indicator (annual)(\$)</b><br><b>(b)</b> | <b>Comparison Ratio</b><br><b>(a) / (b)</b> |
|---|---|--|---|
| <b>Job Level 1</b><br>(MPS Points 0 – 10 & Model Scale 1 (MOD 1)) | 178,017   | 182,536  | 98%   |
| <b>Job Level 2</b><br>(MPS Points 11 – 23)                        | 352,368   | 337,789  | 104%  |
| <b>Job Level 3</b><br>(MPS Points 24 – 33)                        | 589,552   | 614,298  | 96%   |
| <b>Job Level 4</b><br>(MPS Points 34 – 44)                        | 907,681   | 923,634  | 98%   |
| <b>Job Level 5</b><br>(MPS Points 45 – 49)                        | 1,223,094   | 1,333,969  | 92%   |

2.9 The survey findings indicated that the civil service pay indicators for JL 1, JL 3, JL 4 and JL 5 were lower than the private sector pay indicators by 2%, 4%, 2% and 8% respectively; and the civil service pay indicator for JL 2 was higher than the private sector pay indicator by 4%. The differences between the civil service pay indicators and private sector pay indicators for JL 1 to JL 4 were all within 4%, while the difference between the two indicators for JL 5 was 8%.

## **Application Framework**

2.10 In considering how the survey findings of the 2013 PLS should be applied, the Commission adopted a holistic approach under which a number of principles and considerations were formulated, making reference to those adopted in the 2009 and 2012 SSSs. The Commission had sought and suitably taken into account comments from the Staff Sides on these principles and considerations, which were broad comparability with the private sector, nature of the PLS, attractiveness and stability of civil service pay, inherent differences between the civil service and private sector and their uniqueness, inherent discrepancies in statistical surveys and elements of chance, as well as overall interest.

## **Recommendations**

2.11 Having reviewed the survey findings and taking into account the principles and considerations under the holistic approach, the Commission was of the view that for JL 1 to JL 4 (i.e. MOD 1 and MPS Points 0 to 44) where the differences between the civil service pay indicators and private sector pay indicators were -2%, +4%, -4% and -2% respectively, their pay should be regarded as broadly comparable. Hence, the Commission recommended that no change be made to the salary of officers of JL 1 to JL 4.

2.12 As regards JL 5 (i.e. MPS Points 45 to 49) for which the pay difference was -8%, the Commission considered that a pay increase was warranted to ensure civil service pay at that level remained competitive vis-à-vis the private sector. It also noted that in the 2006 PLS (i.e. the last PLS), the pay comparison ratio for this JL was 95% (as compared to 92% in the 2013 PLS) which meant that the pay gap has widened by 3% between the two PLSs. At the same time, the Commission was mindful that a PLS only captured market information at a specific reference point in time and that there existed statistical discrepancies in a survey. Hence, in addressing the pay gap for JL 5, the Commission recommended a moderated upward adjustment of 3% to the salary of officers of JL 5. As regards the effective date of the pay adjustment for JL 5, the Commission recommended that it be set as the first day of the month our Report No. 52 “2013 PLS” was submitted (i.e. 1 October 2014).

2.13 In the light of the experiences gained in conducting the two PLSs, the Commission was of the view that it would be an opportune time for the Government to give thought to whether a review was warranted, which may possibly cover, inter alia, the survey methodology, application of survey findings and frequency for the conduct of the PLS.

2.14 Our Report No. 52 “2013 PLS” was submitted to the Chief Executive and published on 30 October 2014. This Report is available for public access on the Joint Secretariat’s website at <http://www.jsscs.gov.hk>. A press release was issued and a media briefing held on the day of publication of the Report. A meeting was held with representatives from the private sector and attended by the HKIHRM and HKPMA shortly thereafter to exchange views on the survey findings and the Commission’s considerations and recommendations.

## **Chapter 3**

### **Informal Meetings with Civil Service Staff Bodies and Other Activities**

#### **Liaison with the Major Civil Service Staff Bodies**

##### ***Background***

3.1 Since 1992, the Commission has held regular informal meetings with the Staff Sides of the Senior Civil Service Council (SCSC) and the Model Scale 1 Staff Consultative Council, the two Central Consultative Councils of the Government in respect of the civilian grades. The Staff Side of the SCSC is made up of the Association of Expatriate Civil Servants of Hong Kong, the Hong Kong Chinese Civil Servants' Association and the Hong Kong Senior Government Officers Association. In order to canvass a wider spectrum of views, the Commission decided in 1996 to meet also three major confederation-type unions not represented on the SCSC, viz. the Government Employees Association, the Hong Kong Civil Servants General Union, and the Hong Kong Federation of Civil Service Unions. These meetings have proven to be very useful in keeping the Commission apprised of issues of topical concern to civil servants.

##### ***Major Development of Matters Discussed at Previous Meetings***

3.2 We understand from the previous rounds of informal meetings that the provision of medical and dental benefits was a key concern to staff. As part of our follow-up actions after the last round of informal meetings, the Commission requested the Government to advise on the actions taken in improving the provision of medical and dental benefits to civil service eligible persons. We were pleased to note the update on the enhancement measures, including the setting up of a new families clinic with ten consultation rooms in Fanling and 48 general dental surgeries, and its continued efforts to work closely with the relevant parties to make further improvements.

### ***The Current Round of Informal Meetings***

3.3 The Commission continued to maintain liaison with civil service staff bodies through informal meetings. At these meetings, we exchanged views with the staff bodies on, among others, annual civil service pay adjustment, retirement age, conditioned hours of work, implementation of five-day week, provision of medical and dental benefits, training and development, family-friendly measures and civil service manpower. In particular, the Commission noted the staff representatives' view that bureaux and departments should continue to explore ways to migrate more staff to the five-day week.

3.4 We found the exchange of views with the staff bodies very fruitful. Their views will be conveyed to the Government for consideration and follow-up as appropriate.

### **Liaison with External Stakeholders**

3.5 In the course of the year, the Commission and the Joint Secretariat maintained close contact with major interested private sector organisations to keep track of developments in the private sector and exchange views on civil service pay, conditions of service and pay surveys. For example, the Commission met with representatives from the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association to exchange views on the survey findings and recommendations of the Pay Level Survey in November 2014.

## Chapter 4

### Pay Trend Survey System

4.1 The Pay Trend Survey (PTS) system aims to ascertain the year-on-year average movements in private sector pay. In accordance with the recommendations of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters, the Government deducts the values of civil service increments at their payroll cost in the relevant year (expressed as a percentage of the total payroll cost for each salary band) from the gross pay trend indicators (PTIs) to produce the net PTIs. Having regard to the net PTIs derived from the PTSs and other pertinent considerations, namely, the state of the economy of Hong Kong, the Government's fiscal position, changes in the cost of living, pay claims of the Staff Sides and civil service morale, the Chief Executive-in-Council decides on the specific rates of adjustment for civil service pay.

#### Pay Trend Survey Committee

4.2 The Pay Trend Survey Committee (PTSC) is an independent committee established by the Government on the Commission's advice in 1983. Its Chairman and Alternate Chairman are nominated from Members of the Commission. Mr Wilfred Wong Kam-pui and Dr Carrie Willis, SBS, JP, have been the Chairman and Alternate Chairman of the PTSC respectively since August 2012 and January 2013. The PTSC also comprises representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Civil Service Bureau (CSB) and the Staff Sides. Its composition is at Appendix C.

4.3 The main function of the PTSC is to commission the annual PTS, analyse the results of the survey, ensure that the agreed criteria for the interpretation of the data collected have been properly applied and agree on its results. The PTSC is the only and final authority for the conduct of the PTS. Once the findings of a PTS have been agreed, neither the PTSC nor the Commission is involved in any way in subsequent discussions between the CSB and the Staff Sides on any pay adjustment based on the survey results. The PTSC held seven meetings in 2014.

4.4 In tendering advice to the Government on the methodology for the PTS, the Standing Commission will, as prescribed by its terms of reference, have regard to the recommendations of the PTSC.

### **Pay Survey and Research Unit**

4.5 The fieldwork of the PTS is conducted by the Pay Survey and Research Unit (PSRU), which is an independent unit under the Joint Secretariat. The PSRU collects information from companies/organisations in the survey field as approved by the PTSC on changes in basic salaries and additional payments relating to cost of living, general prosperity and company performance, general changes in market rates, inscale increments and merit during the survey period. These data are analysed to produce gross PTIs for three different salary bands. The findings are then presented to the PTSC for validation and agreement.

### **The Improved Methodology of the Pay Trend Survey**

4.6 Starting from 2007, the PTS has adopted an improved methodology as approved by the Chief Executive-in-Council in March 2007. Under the improved methodology, the survey field is broadened to cover larger companies (with 100 or more employees) and smaller companies (with 50 to 99 employees) in order to enhance the representativeness and credibility of the PTS. To complement the broadening of survey field, the data consolidation method is modified to ensure that the data from smaller companies with 50 to 99 employees are suitably represented.

4.7 Since the 2008 PTS, a technical refinement in data collection has been adopted, whereby five salary bands are used for data collection while three bands are maintained for data consolidation and calculation of PTIs.

4.8 In the 2012 PTS, an exclusion category was added to exclude employees affected by Statutory Minimum Wage (SMW), which came into effect on 1 May 2011. The approach to exclude SMW-affected employees continues to be adopted in subsequent PTSs.

## **The 2014 Pay Trend Survey**

4.9 The 2014 PTS, commissioned by the PTSC in February 2014, was conducted between February and May 2014. It followed the improved PTS methodology with the addition of an exclusion category to exclude new recruits who are not subject to pay adjustment decisions during the survey period as a result of company policy.

4.10 A total of 110 companies, comprising 80 larger companies (73%) and 30 smaller companies (27%), participated in the 2014 PTS. The PSRU collected information on pay adjustments in these 110 companies (comprising 170 010 employees) over the 12-month period from 2 April 2013 to 1 April 2014 and analysed the data in accordance with the improved methodology. The survey findings were released on 16 May 2014 and considered and validated by the PTSC on 23 May 2014. A summary of the results of the survey is at **Appendix D**.

4.11 With the approval of the Chief Executive-in-Council in June 2014 and the funding support of the Finance Committee of the Legislative Council in January 2015, the 2014-15 civil service pay adjustment took retrospective effect from 1 April 2014. The approved salary increases were 5.96% for civil servants in the upper salary band and 4.71% for those in the middle/lower salary bands. The revised pay scales relevant to the Commission's purview are shown at **Appendix E**.

## **Review of Survey Methodology**

4.12 It has been an established practice for the PTSC, as assisted by the PSRU, to conduct a review of the PTS methodology and submit its recommendations to the Commission before the conduct of the next PTS. The PTSC completed the review in January 2015.

4.13 After careful deliberations, the PTSC recommended that the methodology of the 2014 PTS should be adopted for the 2015 PTS.



## **The Commission's Views on the Review of PTS Methodology**

4.14 The Commission supported the PTSC's recommendation for the continued adoption of the 2014 PTS methodology for the 2015 PTS. A copy of our letter dated 19 January 2015 tendering advice to the Government on the review of the PTS methodology is at **Appendix F** (with key features of the methodology at **Annex** to the letter).

## **Chapter 5**

### **Future Programme of Work**

5.1 Under the *Improved Civil Service Pay Adjustment Mechanism*, a Starting Salaries Survey (SSS) is conducted at three-yearly intervals. As mentioned in Chapter 2, the last SSS was conducted in 2012. Hence, the next SSS is due to be conducted in 2015. On 12 January 2015, the Government invited the Commission to conduct the 2015 SSS and to advise on how the survey findings should be applied to the non-directorate civilian grades of the civil service. At the time of preparation of this Report, the Commission is considering the invitation. Subject to the Commission's decision to accept the invitation, the SSS is expected to be in full swing in 2015.

5.2 We shall continue to carry out our responsibilities under the Commission's terms of reference and tender advice on any proposals from the Government for changes to the pay and conditions of service for individual grades or for the civil service as a whole. We shall also keep the methodology of the Pay Trend Survey under review to ensure that the data collected are as credible as possible.

5.3 As in the past, we shall maintain our contact with the major civil service staff bodies and interested private sector organisations to ensure that we keep abreast of developments relating to the discharge of our duties and responsibilities.

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

### Terms of Reference

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

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

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

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

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

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

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

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

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

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

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

**Membership of the Commission in 2014**

**Chairman**

Dr Wilfred Wong Ying-wai, SBS, JP

**Members**

Mr Owen Chan Shui-shing, JP (until 31 July 2014)

Mr T C Chan, BBS, JP

Miss Elaine Chan Wing-yi

Mr Lee Luen-fai

Ms Angela Lee Wai-yin, BBS, JP (since 1 August 2014)

Mr Joseph Lo Kin-ching

Professor Suen Wing-chuen

The Hon Tony Tse Wai-chuen, BBS

Dr Carrie Willis Yau Sheung-mui, SBS, JP

Mr Wilfred Wong Kam-pui

## **Composition of the Pay Trend Survey Committee**

### **Members**

Two Members of the Standing Commission on Civil Service Salaries and Conditions of Service, one as Chairman and the other as Alternate Chairman

Up to two Representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service

Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service

Two Representatives of the Civil Service Bureau

Three Staff Side Representatives of the Senior Civil Service Council

Three Staff Side Representatives of the Model Scale 1 Staff Consultative Council

Two Staff Side Representatives of the Police Force Council

Two Staff Side Representatives of the Disciplined Services Consultative Council

### **Observers**

Three Staff Side Representatives of the Senior Civil Service Council

Three Staff Side Representatives of the Model Scale 1 Staff Consultative Council

A Management Side and two Staff Side Representatives of the Police Force Council

Three Staff Side Representatives of the Disciplined Services Consultative Council

## Summary of the 2014 Pay Trend Survey

### Introduction

Pay Trend Surveys (PTSs) yield information on the general movements of pay in the private sector over a given period. They are not concerned with the comparison of pay levels for specific occupational groups. Prior to 1983, PTSs were undertaken by the then Pay Investigation Unit, under the auspices of a Steering Committee of the Senior Civil Service Council. The Pay Survey and Research Unit (PSRU) was established in December 1982 and the Pay Trend Survey Committee (PTSC) shortly after. The 2014 PTS was the 37<sup>th</sup> of its kind.

### Survey Period

2. The survey covered a 12-month period from 2 April 2013 to 1 April 2014.

### Participating Companies

3. A total of 110 companies took part in the survey including 80 larger companies (with 100 or more employees) and 30 smaller companies (with 50 to 99 employees) in the ratio of 73 : 27. The pay data of their 170 010 employees were used in the calculation of the 2014 gross pay trend indicators (PTIs).

### Data Collection

4. Following the adoption of a technical refinement to the improved methodology for the PTSs (the methodology was endorsed by the Chief Executive-in-Council in March 2007), data collection in the 2014 PTS was based on five salary bands by subdividing the middle and upper salary bands into two bands while keeping the lower salary band intact. The classification was as follows –

- |     |  |                                |
|-----|--|--------------------------------|
| (a) | <u>Lower Salary Band</u><br>(below MPS <sup>1</sup> Point 10)                            | below \$18,535 per month       |
| (b) | <u>Middle Salary Band (I)</u><br>(MPS Points 10 to 23)                                   | \$18,535 – \$35,930 per month  |
| (c) | <u>Middle Salary Band (II)</u><br>(above MPS Point 23 to Point 33)                       | \$35,931 – \$56,810 per month  |
| (d) | <u>Upper Salary Band (I)</u><br>(above MPS Point 33 to Point 44)                         | \$56,811 – \$86,440 per month  |
| (e) | <u>Upper Salary Band (II)</u><br>(above MPS Point 44 to<br>GDS(O) <sup>1</sup> Point 39) | \$86,441 – \$112,155 per month |

5. Data collection commenced in February 2014 and ended in May 2014. Questionnaires with guidance notes were sent to participating companies for completion. The staff of the PSRU followed up by field visits or telephone discussions. The companies were asked to provide data on changes in basic salaries and additional payments other than those relating to fringe benefits.

6. Information collected for the survey was recorded in individual company statements, after their accuracy had been confirmed by the company concerned. Strict confidentiality was observed in the handling of company data which were made non-attributable in survey reports, so as to preserve the anonymity of the participating companies.

## **Survey Findings**

7. The PSRU analysed the company data in accordance with the approved methodology and presented its findings to the PTSC on 16 May 2014. Taking into account only those adjustments which related to the cost of living, general prosperity and company performance, general changes in market rates, inscale increment and merit, the following pay

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<sup>1</sup> MPS denotes Master Pay Scale; GDS(O) denotes General Disciplined Services (Officer) Pay Scale.



adjustments had been made in the surveyed companies during the period from 2 April 2013 to 1 April 2014 –

|     |  |         |
|-----|--|---------|
| (a) | Lower Salary Band<br>(below \$18,535 per month)        | + 5.32% |
| (b) | Middle Salary Band<br>(\$18,535 to \$56,810 per month) | + 5.61% |
| (c) | Upper Salary Band<br>(\$56,811 to \$112,155 per month) | + 6.91% |

8. The PTSC met on 23 May 2014 to verify and consider validating the 2014 PTS findings. The two representatives of the Commission, the representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the two representatives of the Civil Service Bureau, the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, the three Staff Side representatives of the Model Scale 1 Staff Consultative Council and two Staff Side representatives of the Senior Civil Service Council validated the survey findings. In line with the established practice, the PTSC submitted its Report to the Government for consideration.

### **Pay Trend Indicators**

9. The findings of the PTSs were known as the gross PTIs. In accordance with the recommendations of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters, the Government, after deducting the values of civil service increments at their payroll cost, which were 1.52%, 0.90% and 0.95% respectively for the lower, middle and upper salary bands in 2014, arrived at the net PTIs as follows –

|     |                    |         |
|-----|--------------------|---------|
| (a) | Lower Salary Band  | + 3.80% |
| (b) | Middle Salary Band | + 4.71% |
| (c) | Upper Salary Band  | + 5.96% |

**Civil Service Pay Scales Relevant to the Commission’s Purview  
(with effect from 1 April 2014)**

| <u>Master Pay Scale</u> |           | <u>Model Scale 1 Pay Scale</u> |           | <u>Craft Apprentice Pay Scale</u> |           |
|-------------------------|-----------|--------------------------------|-----------|-----------------------------------|-----------|
| <u>Point</u>            | <u>\$</u> | <u>Point</u>                   | <u>\$</u> | <u>Point</u>                      | <u>\$</u> |
| 49                      | 109,340   | 13                             | 14,395    | 4                                 | 9,805     |
| 48                      | 105,540   | 12                             | 14,110    | 3                                 | 8,985     |
| 47                      | 101,880   | 11                             | 13,820    | 2                                 | 8,125     |
| 46 (44B)                | 98,300    | 10                             | 13,550    | 1                                 | 7,305     |
| 45 (44A)                | 94,905    | 9                              | 13,285    | 0                                 | 6,890     |
| 44                      | 91,590    | 8                              | 13,035    |                                   |           |
| 43                      | 88,410    | 7                              | 12,790    |                                   |           |
| 42                      | 84,770    | 6                              | 12,540    |                                   |           |
| 41                      | 81,260    | 5                              | 12,285    |                                   |           |
| 40                      | 77,905    | 4                              | 12,040    |                                   |           |
| 39                      | 74,690    | 3                              | 11,780    |                                   |           |
| 38                      | 71,385    | 2                              | 11,540    |                                   |           |
| 37                      | 68,250    | 1                              | 11,290    |                                   |           |
| 36 (33C)                | 65,165    | 0                              | 11,055    |                                   |           |
| 35 (33B)                | 62,280    |                                |           |                                   |           |
| 34 (33A)                | 60,690    |                                |           |                                   |           |
| 33                      | 59,485    |                                |           |                                   |           |
| 32                      | 56,820    |                                |           |                                   |           |
| 31                      | 54,265    |                                |           |                                   |           |
| 30                      | 51,825    |                                |           |                                   |           |
| 29                      | 49,515    |                                |           |                                   |           |
| 28                      | 47,280    |                                |           |                                   |           |
| 27                      | 45,150    |                                |           |                                   |           |
| 26                      | 43,135    |                                |           |                                   |           |
| 25                      | 41,200    |                                |           |                                   |           |
| 24                      | 39,395    |                                |           |                                   |           |
| 23                      | 37,620    |                                |           |                                   |           |
| 22                      | 35,930    |                                |           |                                   |           |
| 21                      | 34,305    |                                |           |                                   |           |
| 20                      | 32,670    |                                |           |                                   |           |
| 19                      | 31,120    |                                |           |                                   |           |
| 18                      | 29,650    |                                |           |                                   |           |
| 17                      | 28,255    |                                |           |                                   |           |
| 16                      | 26,895    |                                |           |                                   |           |
| 15                      | 25,600    |                                |           |                                   |           |
| 14                      | 24,380    |                                |           |                                   |           |
| 13                      | 23,210    |                                |           |                                   |           |
| 12                      | 21,890    |                                |           |                                   |           |
| 11                      | 20,600    |                                |           |                                   |           |
| 10                      | 19,410    |                                |           |                                   |           |
| 9                       | 18,310    |                                |           |                                   |           |
| 8                       | 17,200    |                                |           |                                   |           |
| 7                       | 16,140    |                                |           |                                   |           |
| 6                       | 15,145    |                                |           |                                   |           |
| 5                       | 14,245    |                                |           |                                   |           |
| 4                       | 13,350    |                                |           |                                   |           |
| 3                       | 12,540    |                                |           |                                   |           |
| 2                       | 11,765    |                                |           |                                   |           |
| 1                       | 11,060    |                                |           |                                   |           |
| 0                       | 10,400    |                                |           |                                   |           |

  

| <u>Training Pay Scale</u> |           | <u>Technician Apprentice Pay Scale</u> |           |
|---------------------------|-----------|--|-----------|
| <u>Point</u>              | <u>\$</u> | <u>Point</u>                           | <u>\$</u> |
| 16                        | 25,540    | 4                                      | 12,400    |
| 15                        | 24,320    | 3                                      | 11,305    |
| 14                        | 23,150    | 2                                      | 10,215    |
| 13                        | 22,140    | 1                                      | 9,400     |
| 12                        | 20,785    | 0                                      | 8,820     |
| 11                        | 19,075    |  |           |
| 10                        | 17,515    |  |           |
| 9                         | 16,495    |  |           |
| 8                         | 15,480    |  |           |
| 7                         | 14,535    |  |           |
| 6                         | 13,655    |  |           |
| 5                         | 12,805    |  |           |
| 4                         | 12,030    |  |           |
| 3                         | 11,305    |  |           |
| 2                         | 10,595    |  |           |
| 1                         | 9,960     |  |           |

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

本會檔號 Our Ref.: JS/SC6/PIU/10 Pt.19

尊函檔號 Your Ref.: CSBCR/PG/4-085/001/73

電話 Tel.:

19 January 2015

Mr Tang Kwok-wai, Paul, JP  
Secretary for the Civil Service  
9th Floor, West Wing  
Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

*Dear Paul,*

**Review of the Methodology of the Pay Trend Survey**

I am writing on behalf of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) to offer our advice, under Clause I(d) of our terms of reference, on the methodology of the Pay Trend Survey (PTS).

The PTS is part of the civil service pay adjustment mechanism, and is conducted annually to ascertain the average year-on-year pay movements in the private sector. Since 2007, the conduct of the PTS has been based on the improved methodology as approved by the Chief Executive-in-Council in March 2007. The Pay Trend Survey Committee (PTSC), a tripartite forum comprising representatives from independent advisory bodies, the Staff Sides and the Administration, may propose changes to the PTS methodology for consideration by the Standing Commission. The Standing Commission will in turn tender its advice to the Administration. As an established practice, the PTSC, as assisted by the Pay Survey and Research Unit, conducts a review of the PTS methodology after each round of PTS in preparation for the next and will put forth its recommendation in the form of a report to the Standing Commission for its consideration. Over the years, a number of refinements have been made to the PTS methodology in accordance with this well-established mechanism.

The PTSC has conducted the latest round of review, and recommended that the methodology of the 2014 PTS should continue to be adopted for the 2015 PTS. Having considered PTSC's review report, we are pleased to inform you that the Standing Commission supports the PTSC's recommendation for the continued adoption of the 2014 PTS methodology for the 2015 PTS (key features of which have been set out at **Annex**). The Standing Commission also wishes to place on record its appreciation of the dedication and professionalism of PTSC Members involved in this important review exercise.

A handwritten signature in black ink that reads "Wilfred Wong". The signature is written in a cursive, flowing style.

( Wilfred Wong Ying-wai )  
Chairman

Encl.

**Review of the Methodology of the Pay Trend Survey  
conducted by the Pay Trend Survey Committee**

**Key Features of the PTS Methodology**

**Overall**

- (a) The 2014 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2015 PTS.

**Survey Field**

- (b) Smaller companies should continue to be included in the survey field, and the ratio of 75 : 25 between the number of larger and smaller participating companies with a flexibility of deviation of plus or minus 5 percentage points should be maintained. The situation will be kept under monitoring to assess if there is any clear trend indicating a significant change in the ratio of employees between larger and smaller companies in the market which might warrant a review of the ratio of 75 : 25 under the current PTS methodology.
- (c) A company with its surveyed employees falling below 50 should continue to be included in the calculation of Pay Trend Indicators (PTIs) so long as it fulfills all the criteria stipulated in the methodology. Information concerning the number of surveyed employees falling under 50 should be provided for the Pay Trend Survey Committee (PTSC)'s consideration.
- (d) The existing incremental approach to address the over-representation of the "Financing, insurance and real estate" sector and the under-representation of the "Professional and business services" sector in the survey field should be continued.

**Salary Bands**

- (e) The arrangement to collect data for both three and five salary bands, and consolidate data for PTI calculation based on three salary bands should be maintained. The practice of including the composite PTI across all salary bands in the PTSC Report to be submitted to the Administration should continue.

### **New Recruits**

- (f) Detailed information in respect of new recruits awarded pay adjustment on a pro rata basis will be collected.
- (g) The questions on new recruits will be refined and grouped under one item in order to facilitate the provision of the relevant information in a more consistent and comprehensive manner by companies.

### **Components of Pay Adjustment**

- (h) The Pay Survey and Research Unit (PSRU) will request the surveyed companies to provide more detailed information in the context of the 2015 PTS in relation to inscale increment and merit payment.
- (i) The existing practice of excluding long-term incentive awards from the calculation of PTIs should be maintained.
- (j) Companies awarding other forms of payments in lieu of basic salary and/or additional payments would continue to be requested to provide further information on the details and the extent of changes for the PTSC's consideration.

### **Companies with Wide Fluctuation of Additional Payment**

- (k) The PSRU will continue to provide additional information of companies with wide fluctuation of additional payment at the meeting prior to the distribution of the Controller's Report for the PTSC's consideration.

### **Exclusion of Employees Not Subject to Pay Adjustment Decisions during the Survey Period**

- (l) In accordance with the existing methodology, employees who are not subject to pay adjustment decisions due to company policy but not any of the five pay-trend-related factors, or whose pay adjustment information is not available, should be excluded from the survey. In order to assist companies to report such exclusions, an exclusion category should be explicitly added to paragraph 7 of the survey methodology, with an explanation in the guidance notes listing known scenarios as examples.

