

Press Release

Standing Commission on Civil Service Salaries and Conditions of Service: Report No. 54: Civil Service Starting Salaries Survey 2015

The following is issued on behalf of the Standing Commission on Civil Service Salaries and Conditions of Service:

The Standing Commission on Civil Service Salaries and Conditions of Service submitted its report on the Civil Service Starting Salaries Survey (SSS) 2015 to the Chief Executive today (February 26). The report sets out the work and recommendations of the Standing Commission in relation to the 2015 SSS.

Having considered and balanced all the relevant factors, the Standing Commission recommended that the existing civil service benchmarks of all the Qualification Groups (QGs) should remain unchanged. The Standing Commission also recommended that a specific study be conducted for QG 8 (Degree and Related Grades).

The three-yearly SSS is an important component of the Improved Civil Service Pay Adjustment Mechanism. In early 2015, the Government invited the Standing Commission to conduct the 2015 SSS and to recommend how the survey findings should be applied to the starting salaries for non-directorate civilian grades in the civil service.

The Standing Commission appointed a consultant to assist in the conduct of the survey. Information on the entry pay of jobs in the private sector was collected for comparison with the starting salaries of non-directorate civilian grades in the civil service requiring similar qualifications and/or experiences. The survey reference date was set as April 1, 2015 for data collection. A total of 139 private sector organisations, which covered a wide range of economic sectors in Hong Kong, provided data to the consultant.

"In recommending how the 2015 SSS results should be applied to the non-directorate civilian grades in the civil service, the Standing Commission is of the view that as in past SSSs a holistic approach should continue to be adopted instead of a mechanical application of the survey findings. To this end, a number of principles and considerations which together formed the basis of a holistic approach have been formulated," the Chairman of the Standing Commission, Dr Wilfred Wong Ying-wai, said. These principles and considerations were broad comparability with the private sector, attractiveness and stability of civil service pay, inherent differences between the civil service and private sector and their uniqueness, the nature of the SSS, inherent discrepancies in statistical surveys and elements of chance as well as overall interest.

A key objective of the Government's civil service pay policy is to maintain broad comparability between civil service pay and private sector pay. This recognises that it is neither fair nor practical to achieve strict comparability in view of the inherent

differences between the civil service and private sector and their respective uniqueness.

The findings of the survey showed that except for QG 8, the differences in the private sector pay and civil service benchmarks for all the QGs were insignificant (ranging from +3.6 per cent to -5.2 per cent) and the Standing Commission recommended that no adjustment be made to their benchmarks.

As for QG 8, there was a relatively larger difference of -15.3 per cent with the market pay level lower than the civil service benchmark. "The Standing Commission notes that there are some distinctive features and characteristics associated with QG 8, which support the adoption of a broader and longer-term perspective in considering this QG. As compared with other jobs requiring a lesser qualification, degree grade jobs generally have a longer career path allowing the incumbents to rise to middle and senior management positions. Moreover, the Standing Commission observes that even though a degree graduate joining the Government may initially enjoy a pay lead over its private sector counterpart at the point of entry, within a matter of a few years, it is possible that the pay lead may diminish or even disappear given the latter's faster pace of salary increase over time. In view of the inherent differences in salary structure and career progression between the civil service and private sector, the Standing Commission considers it appropriate to set the starting salaries for QG 8 at a level such that it remains reasonably attractive to recruit talents not only at entry but also to retain and motivate them further down the career path," Dr Wong said.

At the same time, the Standing Commission considered that due recognition should be given to the importance of degree education which would in turn facilitate upward social mobility of the younger generation. In addition, it was essential to take into account the relationship of QG 8 with QGs of adjacent educational qualifications. If the benchmark of QG 8 was reduced, such a reduction would render the new benchmark equal to or even lower than the benchmarks of QGs requiring a lesser educational qualification (such as Higher Diploma or Associate Degree).

In addition, the Standing Commission observed from the recent SSSs that the total cash compensation for QG 8 in the private sector consistently recorded a relatively larger dispersion as compared with the other QGs. This larger dispersion reflected the nature of this QG, i.e. degree graduates in QG 8 were employed in a wide range of starting positions across all sectors with diverse pay practices, leading to highly varied remunerations in this QG. QG 8 also consistently recorded the lowest growth rate in the market pay in between SSSs, such as a cumulative increase of 5.7 per cent only in the past three years, as compared with the average growth rate of 12.6 per cent for all QGs.

Having balanced the relevant considerations, the Standing Commission recommended that (a) no change be made to the benchmark of QG 8; and (b) following the conclusion of the 2015 SSS, a specific study be conducted for QG 8 to

allow a thorough understanding of the distinctive features and characteristics of this QG.

"On the proposed study on QG 8, it should take a broader and longer-term view in tracking the remuneration of QG 8 new recruits a few years down their career. Opportunity should also be taken to review the internal relativities between the benchmark of QG 8 with the benchmarks of its adjacent QGs," Dr Wong said.

The Standing Commission would like to express its appreciation to all parties that have contributed to the 2015 SSS, including the Staff Sides of the four central consultative councils and the four major service-wide staff unions, the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association. Last but not least, our gratitude also goes to the participating private sector organisations for their support and co-operation.

The Standing Commission Report No. 54 is available for public access on the website of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at www.jsscs.gov.hk/reports/en/54/sssindex.html.

The Standing Commission is appointed by the Chief Executive to advise on the structure, salaries and conditions of service of the non-directorate civilian grades in the civil service. The Standing Commission is chaired by Dr Wilfred Wong Ying-wai. Its members are Mr Chan Tze-ching, Miss Elaine Chan Wing-yi, Mr Lee Luen-fai, Mr Lee Ming-kwai, Ms Angela Lee Wai-yin, Mr Joseph Lo Kin-ching, Professor Suen Wing-chuen, Mr Tony Tse Wai-chuen, Dr Carrie Willis Yau Sheung-mui and Mr Wilfred Wong Kam-pui.

End/Friday, February 26, 2016