

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

REPORT No. 44

REPORT 2008

CHAIRMAN

MR NICKY LO KAR-CHUN, JP

FEBRUARY 2009

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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The Honourable Donald Tsang, GBM
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China
Government House
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 2008.

Yours faithfully,



(Nicky Lo Kar-chun)
Chairman

Standing Commission on Civil Service
Salaries and Conditions of Service

Encl.

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Front Row: Dr Miranda Chung Mr Andy Lo Mr Nicky Lo Kar-chun, JP (Chairman) Ms Virginia Choi Mr Pang Yiu-kai, SBS, JP

Back Row: Ms Michelle Li, JP (Secretary General) Mr Owen Chan Miss Vega Wong (Assistant Secretary General)

Absent: Mr Barry Cheung, JP Prof Ho Lok-sang The Hon Jeffrey Lam, SBS, JP

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Chapter 1

Introduction

1.1 Established in 1979, the Standing Commission on Civil Service Salaries and Conditions of Service advises 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 forty-fourth report and it gives an account of our major undertakings in 2008. During the year, we held five Commission meetings, visited four departments relevant to the grade structure review for the selected non-directorate civilian grades, and conducted four informal meetings with the civil service staff councils/associations.

1.3 There are currently nine Commission Members, who are all non-officials appointed in their personal capacity by the Chief Executive. During 2008, **Mr Mark Lettenbichler** left the Commission and **Mrs Eleanor Ling, SBS, JP** retired from the Commission after six years of dedicated service in the Commission. We would like to express our heartfelt gratitude to them for their wise counsel and valuable contributions to the Commission. We also welcome **Mr Barry Cheung, JP; Dr Miranda Chung; the Hon Jeffrey Lam, SBS, JP; Mr Pang Yiu-kai, SBS, JP** and **Mr Owen Chan** upon their appointment to the Commission for the first time. The Commission's membership is at **Appendix B**.

1.4 We wish to thank **Miss Denise Yue, GBS, JP**, Secretary for the Civil Service, and her staff for their assistance and co-operation. Our appreciation also goes to **Ms Michelle Li, JP**, Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, and her staff for their support during the year.

Chapter 2

Grade Structure Review for the Selected Non-directorate Civilian Grades

2.1 At the invitation of the Administration, the Standing Commission began in December 2007 two grade structure reviews (GSR): one on the Veterinary Officer (VO) grade, and one on the Government Counsel (GC) grade and the related Legal Aid Counsel (LAC) grade and Solicitor grade. On 27 November 2008, we submitted to the Chief Executive the Commission's Report No. 43 on "Grade Structure Review" which contained our findings and recommendations.

Background

2.2 Unlike the overall reviews conducted by the Standing Commission in 1979 and 1989 that embraced all major grades and ranks under the purview of the Commission, the GSR had a well-defined scope. Since the Administration had already established the broad comparability of the pay level of non-directorate civilian grades with private sector pay in the 2006 Pay Level Survey (PLS), the GSR was intended to focus on selected non-directorate civilian grades with proven recruitment and retention difficulties and problems that had not been and could not be addressed through the service-wide PLS.

2.3 The Administration considered that the GC grade and the VO grade warranted a review by the Commission in view of their clearly demonstrated recruitment and retention difficulties. The Administration further recommended that the GSR on the GC grade should also include two related grades, namely the LAC grade and the Solicitor grade, given their similarity in work nature, job duties, responsibilities, grade structure and qualifications for appointment with the GC grade, although there were no recruitment and retention difficulties with the two related grades in the past few years.

General Approach and Principles

2.4 Taking into account the terms of reference of the Standing Commission, and building on the experiences of past reviews, we conducted the GSR through a combination of Commission meetings, visits, invitation and examination of written submissions and discussion with stakeholders. We invited written submissions from the relevant Heads of Grades and Heads of Departments, and received a total of 12 submissions. We also organised four visits to departments, during which the Commission had meetings with departmental management and staff associations/representatives of the grades under review.

2.5 In conducting the GSR, the Commission had given due regard to –

- (a) the established pay principles, such as the qualification benchmark system for determining entry pay and the broadbanding principle¹ for determining the pay scale for higher ranks, which reflected the outcome of detailed deliberation in previous reviews, notably the 1989 Salary Structure Review;
- (b) changes and developments since the last review in the work nature, job duties, responsibilities and workload of these grades and ranks, and in the public expectation of these grades consequential upon the changing social, economic and political landscape;
- (c) the recruitment, morale, retention and career progression situation of each grade; and
- (d) any wider community interest, including financial and economic considerations, which in the Commission's views are relevant.

2.6 We were mindful that pay and conditions of service could not, and should not, be the only solution to tackle recruitment and retention problems. We therefore adopted a holistic approach with a view to enabling

¹ Under the "broadbanding principle", the pay and rank structure of senior professional ranks are "broadbanded" with a common pay scale, irrespective of the particular type of qualification associated with individual grades. Details are set out in paragraphs 4.82 to 4.84, Standing Commission Report No. 23: First Report on 1989 Salary Structure Review.

the relevant grades to recruit, retain and motivate talent. While we focused primarily on the pay scale (e.g. the starting pay, omitted points and maximum pay) and the structure of the grades concerned, we also examined other issues which we came across and which we considered to be relevant to the GSR.

The Commission's Recommendations

The Veterinary Officer grade

2.7 For the VO grade, we recommended a modest increase in the starting pay (by two points from MPS 29 to MPS 31) and the repositioning of existing omitted points (from MPS 31, 35, 38 to MPS 33, 37 and 40) to address its unique recruitment and retention difficulties. The proposed new starting pay took into account the relativity with other professional grades, having due regard to their training routes and post-qualification requirements. The existing and the proposed pay scales for the VO grade are illustrated at **Appendix C**.

2.8 In line with the established practice, we recommended that in relation to the proposed new starting pay, normal conversion be adopted for incumbent staff. Under normal conversion, where a civil servant's pay is less than the minimum of the revised scale, he/she should receive the new minimum; where a civil servant's pay is equivalent to or above the new minimum, he/she should advance to the next point of the revised scale, subject to this not being above the scale maximum. The overriding principle is that no one should receive less pay on conversion to the new scale. As regards the proposal to reposition omitted points, we recommended that the Administration should draw up the conversion arrangement for serving staff, having regard to the established practice as appropriate.

The Government Counsel and related grades

2.9 For the GC grade, we recommended the re-positioning of an existing omitted point (from MPS 37 to MPS 36) and addition of one omitted point (at MPS 40) for the GC rank to address the recruitment and retention difficulties, subject to a review of the continued need for the additional omitted point three years after implementation.

2.10 We considered whether the changes proposed for the GC grade should be applicable to the related legal grades. Whilst the available

information showed that the recruitment and retention problems faced by the LAC and Solicitor grades (except the Solicitor grade in the Intellectual Property Department) did not appear to be serious, we were mindful of their similarities in work nature, job duties, responsibilities, grade structure and qualifications for appointment with the GC grade. If the improvement were to be introduced to the GC rank but not the LAC and Solicitor ranks, the problems faced by the GC rank could be shifted to the LAC and Solicitor ranks over time. We therefore recommended that the proposed changes to the pay scale of the GC rank should also be applicable to the LAC and Solicitor ranks. The existing and the proposed pay scales for the GC and related legal grades are shown at **Appendix D**.

2.11 Similar to the VO rank, we recommended that the Administration should draw up the conversion arrangement for the repositioned and additional omitted points for serving members of the GC rank and the related ranks, having regard to the established practice as appropriate.

Other issues

2.12 Our exchanges with staff representatives have reaffirmed our belief that many civil servants are dedicated professionals with a strong sense of responsibility. They are committed to serving the community, and they take great pride in their public service. The Commission recognises that more recognition and appreciation of good performance, coupled with better prospect of professional development, would go a long way to enhancing a sense of achievement among the staff, motivating them to continue to render high standards of service to the society. Caring management practices and a cordial working environment would also enhance morale and foster a sense of belonging.

2.13 In the course of our review, we came across a few issues that, whilst might not be directly related to the grade structure per se, but could be explored to help alleviate the recruitment and retention problems facing the VO grade as well as the GC and related grades. We invited the Administration to consider the relevant issues detailed in our Report No. 43 and outlined below –

The VO grade

- (a) exploring the feasibility of offering bonded traineeships to veterinary students in universities and work out the implementation details;
- (b) reviewing whether it is appropriate to expand the lists of overseas veterinary qualifications registrable in Hong Kong; and in the long term, explore with local universities the desirability and feasibility of introducing veterinary training in Hong Kong;
- (c) reviewing whether it is functionally justified to create a new tier beyond the Senior Veterinary Officer rank;
- (d) reviewing whether any of the VO posts should be upgraded based on functional justifications; and
- (e) providing more advanced training opportunities for the VO grade with adequate training reserve and funding support.

The GC and related grades

- (f) conducting regular establishment reviews to meet the changing developments;
- (g) being more responsive to staff concerns about the working environment;
- (h) taking steps to streamline and expedite the recruitment process; and
- (i) providing more continuing professional development opportunities.

The Administration's Response

2.14 Upon receipt of our Report No. 43 on the GSR, the Chief Executive has asked the Civil Service Bureau to study and examine our findings and recommendations in consultation with the parties concerned,

including the relevant departmental management and the staff sides. We understand that the Administration aims to decide on the way forward in the first half of 2009. In view of the gravity of what is happening to the economy of Hong Kong, the Administration has also proposed to defer the implementation of those recommendations involving additional financial implications to until the local economy has returned to a steady state.

Way Forward

2.15 The Commission will keep in view the outcome of the Administration's consultation with the relevant parties and its decision on our recommendations for the GSR.

Chapter 3

Advice on Individual Submissions, Informal Meetings with Civil Service Staff Bodies and Other Activities

3.1 During the year, we were invited by the Administration to advise on a number of proposals dealing with pay, conditions of service and ranking of individual grades. The Commission also met with representatives of the major civil service staff bodies to keep abreast of issues of topical concern to staff. A brief account of these activities and our liaison with the external stakeholders is summarised in the following paragraphs.

Advice on Individual Submissions

Proposed conversion of Model Scale 1 staff from Category B to Category A status

Background

3.2 The pay and conditions of service of grades on the Model Scale 1 (MOD 1) are different from those on the Master Pay Scale (MPS) in various ways. Before the conversion took place in October 2008 (see paragraph 3.7 below) all serving Model Scale 1 (MOD 1) staff were “Category B” officers. In general, “Category B” officers mean those holding established offices² but not yet confirmed, or those holding non-established offices. “Category A” officers, which cover virtually all civil servants except those on probation and agreement, mean those appointed to and confirmed in established offices.

3.3 In May 2006, the Staff Side of the MOD 1 Staff Consultative Council requested that MOD 1 staff should be converted from Category B to Category A status. The Administration undertook to consider the Staff Side’s request after the completion of the 2006 Pay Level Survey and implementation of its findings. Having considered the request made by the

² An established office means an office declared to be such by an Order made by the Chief Executive and published in the Gazette, as defined under section 2 of the Pensions Ordinance (Cap. 89) and the Pensions Benefits Ordinance (Cap. 99). An office which has been declared an established office under section 2 of Cap. 99, is an established office for the purpose of both Cap. 89 and Cap. 99.

Staff Side, the Administration sought our advice on its proposal in February 2008.

3.4 The Administration believed that there was a need to retain a core civil service MOD 1 workforce to perform duties containing law enforcement or security elements and meet service needs during crises and emergencies. Having considered the Staff Side's request, the Administration took the view that, in principle, the conversion proposal should not lead to any substantial change in the pay and conditions of service of MOD 1 staff since the change in status would not give rise to any major change to their duties and skills.

The Administration's proposal

3.5 In February 2008, the Administration invited the Commission to advise on its proposal to convert MOD 1 staff from Category B to Category A status covering the following –

- (a) all serving MOD 1 staff should be allowed to opt, within a specified period of time and on an irrevocable basis, to convert from Category B to Category A status, subject to no change to their salary, pay scale, conditioned hours and education benefits, and subject to the inter-departmental posting arrangement;
- (b) the leave accumulation limit of serving MOD 1 staff on local terms who opt for and are converted to Category A status should be raised from 45 to 50 days for those with less than ten years' service, and from 90 to 100 days for those with ten or more years of service; and
- (c) new recruits to the MOD 1 grades should be given Category A status and be subject to the inter-departmental posting condition.

The Commission's advice

3.6 At the Commission meeting on 19 February 2008, we considered and supported the Administration's proposal. Noting that most MOD 1 staff members on Category B status were long-serving civil servants, we held the view that the proposed conversion of MOD 1 staff from Category B to Category A status would bring benefits to all by giving the staff concerned

greater security in employment, formally recognising their experience and service, boosting staff morale and enhancing fairness. The proposal would also give the management more discretion in inter-departmental posting and facilitate aspiring staff in maximising their potential through in-service transfer. The Commission therefore considered the proposal a step in the right direction in improving human resource management in the civil service.

3.7 We conveyed our advice to the Administration in a letter dated 3 March 2008 (**Appendix E**). We understand that the above proposal took effect from 1 October 2008. Serving MOD 1 staff were given an option to convert to Category A status with effect from 1 October 2008 or 1 January 2009, or to remain on Category B.

Proposed creation of a new rank of Senior Primary School Master/Mistress in the Education Bureau

Background

3.8 There are two teaching grades in primary schools, namely the Primary School Master/Mistress (PSM) grade (a graduate grade), and the Certified Master/Mistress (CM) grade (a non-graduate grade). Both are in Qualification Group 11: Education Grades. The grade and rank structure of these two grades before the implementation of the Administration’s proposals as set out in paragraph 3.11 below is summarised in the following table –

PSM Grade (graduate)		CM Grade (non-graduate)		Remarks
Rank	MPS (Monthly salary)	Rank	MPS (Monthly salary)	
HM I	38 – 41 (\$56,945 to \$64,830)	PAM ³	34 – 39 (\$47,485 to \$59,580)	HM I and PAM are Head of primary schools with 24 classes or more.
HM II	34 – 39 (\$47,485 to \$59,580)	SAM ⁴	30 – 33 (\$40,055 to \$45,970)	HM II and SAM are Head of primary schools with 12-23 classes.

³ At present, there is no PAM post in government primary schools. It is the Education Bureau’s policy not to appoint any more non-graduate school heads.

⁴ At present, there is no SAM post in government primary schools. Like the PAM, the existing SAM is being phased out.

PSM Grade (graduate)		CM Grade (non-graduate)		Remarks
Rank	MPS (Monthly salary)	Rank	MPS (Monthly salary)	
PSM	30 – 33 (\$40,055 to \$45,970)	AM	25 – 29 (\$31,835 to 38,265)	PSM and AM are senior teachers. For primary schools with 11 classes or less, their Head is at PSM/AM rank.
APSM	17 – 29 (\$21,830 to \$38,265)	CM	14 – 24 (\$18,840 to \$30,445)	Basic rank of teachers

Legends

HM I = Headmaster/Headmistress I

HM II = Headmaster/Headmistress II

PSM = Primary School Master/Mistress

APSM = Assistant Primary School Master/Mistress

PAM = Principal Assistant Master/Mistress

SAM = Senior Assistant Master/Mistress

AM = Assistant Master/Mistress

CM = Certificated Master/Mistress

3.9 Prior to 1989, the arrangement was to assign one of the more experienced Assistant Master/Mistress (AM) in primary schools as “deputy head” to share some of the commitments of the school heads. In the 1989 Salary Structure Review, whilst recognising the increase in scope and complexity of primary school management, the Commission took the view that the level of responsibilities of such a primary school “deputy head” was not significant enough to justify the creation of a separate rank. It recommended the payment of a “responsibility allowance” to one deputy head in each primary school with 12 or more classes and all primary school heads, to recognise their additional responsibilities compared with officers of equivalent ranks deployed on teaching duties.⁵ The Administration subsequently introduced an Extraneous Duties Allowance (Responsibility), or more commonly known as “responsibility allowance” at a rate of one increment and 75% of one increment above an officer’s substantive pay to AM serving as heads and deputy heads of primary schools with 12 or more classes respectively.

3.10 In 1994, the Administration proposed and the Commission accepted the proposals for the creation of a new grade of PSM. Similar to the AM, those PSM filling headship and deputy headship posts should be

⁵ Standing Commission Report No. 26: Third and Final Report on 1989 Salary Structure Review, paragraph 3.14

awarded a responsibility allowance equivalent to one increment and 75% of one increment respectively, in recognition of the additional commitments and demands on the officers.⁶

The Administration's proposals

3.11 In February 2008, the Administration invited the Standing Commission to advise on its proposals for the following changes in the salary and structure of the PSM grade in the Education Bureau with effect from the 2008/09 school year –

- (a) creation of a new rank of Senior Primary School Master/Mistress (SPSM) in the PSM grade as deputy school heads and, under special circumstances, as school heads, with the proposed pay scale of MPS 34 – 35; and
- (b) increasing the minimum pay point of the Headmaster/Headmistress II (HM II) rank in the PSM grade from MPS 34 to MPS 35.

The Commission's advice

3.12 The Administration's proposals were presented to the Commission for consideration at our meeting on 19 February 2008. Regarding the proposed creation of a new SPSM rank, the Commission accepted that in recent years, new developments in the school sector (including increased job responsibilities and complexity and a more complicated work environment) called for the provision of a formal rank of deputy heads in primary schools. The Commission therefore supported the creation of a new rank of SPSM to recognise the additional responsibilities and increasing complexity of the work of deputy school heads and attract the best candidates to take up these duties. As regards the proposed increase in the minimum point of HM II from MPS 34 to MPS 35, having balanced all considerations, we supported the proposal to recognise the higher responsibilities of HM II and maintain rank relativity with the SPSM rank.

3.13 We rendered our advice to the Administration on 3 March 2008 (**Appendix F**). We understand that with the approval of the Finance

⁶ Standing Commission Report No. 31: Progress Report – 1994, paragraphs 2.5 to 2.9

Committee of the Legislative Council, the Administration implemented the proposals in the school year of 2008/09.

2009 Starting Salaries Survey

3.14 On 31 October 2008, the Secretary for the Civil Service invited the Standing Commission to conduct the 2009 Starting Salaries Survey (SSS), using 1 April 2009 as the reference date, and make recommendations to the Administration on how the survey findings should be applied to the civil service civilian grades. Whilst the disciplined services grades are not covered by the SSS because of the lack of market comparators, we understand that the Administration will seek the advice of the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) on how the findings should be applied to the disciplined services grades in due course.

3.15 At the meeting on 28 November 2008, the Commission agreed to accept the Administration's invitation and considered the general approach to be adopted for the 2009 SSS. As part of the improved civil service pay adjustment mechanism, the three-yearly SSS is an important tool to complement the six-yearly Pay Level Survey and the annual Pay Trend Survey to ensure broad comparability between civil service pay and private sector pay. Specifically, SSS will ensure that civil service entry pay stays broadly in line with that of the private sector. As such, we consider it important to adopt a consistent approach in commissioning the SSS as well as its methodology and application.

3.16 Having regard to the established practices for previous salary reviews, we will conduct a pay comparison survey, with the assistance of a consultant, to provide a basis for comparing the starting salaries of entry-level jobs in the civil service and those in the private sector.

3.17 In view of the implications of the exercise on the disciplined services and in keeping with the arrangement for the 1999 Starting Salaries Review conducted by the Commission, we have invited the SCDS to nominate one or two members to attend relevant meetings of the Standing Commission as observers.

3.18 The Commission considers that staff engagement is crucial to the successful completion of a pay survey. The SC will engage the staff sides of the four Central Staff Consultative Councils and the four service-wide staff

bodies at various stages of the 2009 SSS as appropriate. The SC considers that private sector engagement is also important, and will have on-going exchanges with relevant private sector organisations in the process.

3.19 Meanwhile, we have started the preparatory work and aim at making available the Commission's recommendations to the Administration by end 2009/early 2010.

Liaison with the Major Civil Service Staff Bodies

3.20 Since 1992, we have held regular informal meetings with the Staff Sides of the Senior Civil Service Council (SCSC) and the Model Scale 1 Staff Consultative Council (MOD 1 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 (AECS), the Hong Kong Chinese Civil Servants' Association (HKCCSA) and the Hong Kong Senior Government Officers Association (HKSGOA). 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 (GEA), the Hong Kong Civil Servants General Union (HKCSGU), and the Hong Kong Federation of Civil Service Unions (HKFCSU). These meetings have proven to be very useful in keeping the Commission apprised of issues of topical concern to civil servants.

3.21 For this round of informal meetings with the civil service staff bodies, we met with the SCSC and the MOD 1 Council in mid-December 2008 respectively, and scheduled a joint meeting with the three service-wide staff bodies in mid-January 2009. At the two meetings in December, we informed the staff bodies that the Standing Commission had accepted the Administration to conduct the 2009 SSS, using 1 April 2009 as the reference date. We also briefed them on the general approach to be adopted for the exercise.

3.22 We exchanged views with the staff bodies on other civil service issues. Regarding the grade structure review (GSR) for the selected non-directorate civilian grades, the SCSC considered that the Standing Commission's recommendations on the Government Counsel and Veterinary Officer grades were pragmatic means to help alleviate the recruitment and retention difficulties facing the grades. On the Administration's proposal to

defer the implementation of the GSR recommendations involving additional financial implications until the local economy has returned to a steady state, we noted the SCSC's view that the Administration should consider implementing the recommendations by phases and starting with the measures with no financial implications.

3.23 Both the SCSC and the MOD 1 Council raised their concerns about the provision of medical and dental benefits to civil servants and their eligible persons, an issue that had been discussed at the 2007 round of informal meetings with the staff bodies. The Councils considered that the existing medical and dental benefits were inadequate, particularly the long waiting time for specialist treatment and diagnostic tests. As part of our follow-up actions after the last round of informal meetings, the Commission requested the Administration to advise on the actions taken in improving the provision of medical and dental benefits to civil servants and their eligible dependants. According to the information received, we noted that the Administration had adopted a number of improvement measures to address the said issues and would continue to explore both short-term and long-term measures. We encouraged the staff sides to continue discussion with the Administration on possible improvement measures.

3.24 On pay-related issue, the MOD 1 Council expressed the view that the practice of bringing up the pay adjustment rate for the lower salary band to the same level as that for the middle salary band where the net pay trend indicators (PTI) for the lower salary band was below that of the middle salary band ("bring-up" arrangement) should continue to be adopted. Whilst noting the Council's concerns, the Commission understood that the "bring-up" arrangement was not an integral part of the civil service annual pay adjustment mechanism. Whether or not to adopt the arrangement in a particular year was a decision made by the Chief Executive-in-Council each year having regard to all relevant considerations. The Council advised that it would pursue the matter with the Administration in due course.

3.25 Furthermore, we exchanged views with the SCSC on matters relating to the grant of the incremental credit for experience, staff succession and the proposed extension of retirement age of civil servants. We found the exchange of views with the staff bodies very useful. Their views will be conveyed to the Administration for consideration and follow-up as appropriate.

Liaison with External Stakeholders

Exchange with interested private sector organisations

3.26 Apart from the informal meetings with the civil service staff bodies, the Standing Commission and the Joint Secretariat maintained close contact with major interested private sector organisations to keep track of developments in the private sector. We also took the opportunity to exchange views on civil service pay and conditions of service as well as pay trend surveys.

Meetings with overseas visitors

3.27 This year, the Chairman of the Standing Commission was invited to meet with two overseas visitors who visited Hong Kong under the HKSAR Government sponsorship. In September 2008, the Chairman had a meeting with Ms Lim Soo Hoon, Permanent Secretary of the Public Service Division, Singapore. During the meeting, Ms Lim was briefed on the work of the Standing Commission and shared the Singapore's experiences in the management of the civil service. Views on the remuneration systems in Singapore and Hong Kong were also exchanged.

3.28 The second meeting was held in October 2008 with Professor Ian Harper, Chairman of the Australian Fair Pay Commission. Apart from briefing the visitor on the work of the Commission, we noted the Australia's experiences in conducting wage reviews and adjusting the federal minimum and classification wages.

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 a Committee of Inquiry in 1988, the Administration deducts the value 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 (PTI) to produce the net PTI. Having regard to the net PTI derived from the PTS 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 Administration on the Standing Commission's advice in 1983. Its Chairman and Alternate Chairman are nominated from Members of the Commission. The PTSC also comprises representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Administration and the staff sides. Its composition is at **Appendix G**.

4.3 In January 2008, Ms Virginia Choi took over from Professor the Honourable Anthony Cheung, BBS, JP as the PTSC Chairman following the latter's retirement from the Standing Commission. Mr Barry Cheung, JP, succeeded Ms Choi as the Alternate Chairman of the PTSC. We would like to take this opportunity to thank Professor Cheung for his valuable contributions.

4.4 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 Administration and the staff sides on any pay adjustment based on the survey results. The PTSC held three meetings during 2008.

4.5 In tendering advice to the Administration 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

4.6 The fieldwork of the PTS is conducted by the Pay Survey and Research Unit, which is an independent unit under the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service. The Pay Survey and Research Unit collects information from companies/organisations in the survey field as approved by the PTSC on changes in basic salary 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 PTI 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

4.7 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.

2008 Pay Trend Survey

4.8 The 2008 PTS, commissioned by the PTSC in December 2007, was conducted between January and May 2008. It followed the improved

PTS methodology with a technical refinement in data collection, i.e. using five salary bands as adapted from the Pay Level Survey (PLS) for data collection, while maintaining the existing three-band system for data consolidation and calculation of PTI. The technical refinement aims to facilitate future assessment on the feasibility of aligning the methodologies for the PLS and the PTS.

4.9 A total of 97 companies, comprising 72 larger companies (74%) and 25 smaller companies (26%), participated in the 2008 PTS. The Pay Survey and Research Unit collected information on pay adjustments in these 97 companies (comprising 141 289 employees) over the 12-month period from 2 April 2007 to 1 April 2008 and analysed the data in accordance with the improved methodology. The survey findings were released on 14 May 2008 and formally validated by the PTSC on 21 May 2008. A summary of the validated results of the survey is at **Appendix H**.

4.10 With the approval of the Chief Executive-in-Council in June 2008 and the funding support of the Finance Committee of the Legislative Council in July 2008, the 2008-09 civil service pay adjustment took retrospective effect from 1 April 2008. The approved salary increases were 6.30% for the civil servants in the upper salary band and 5.29% for those in the middle/lower salary bands. The revised pay scales relevant to the Commission's purview, as backdated to take effect from 1 April 2008, are shown at **Appendix I**.

Review of Survey Methodology

4.11 It has been an established practice for the PTSC, as assisted by the Pay Survey and Research Unit, to conduct a review of the PTS methodology and submit its recommendations to the Standing Commission before the conduct of the next PTS. To prepare for the 2009 PTS, the PTSC completed the review of the PTS methodology and submitted its recommendations to the Commission in November 2008. Overall speaking, the PTSC took the view that the conduct of the 2008 PTS was smooth, and the current methodology, including the technical refinement in data collection, was reasonable and feasible. It recommended the continued adoption of the 2008 PTS methodology for the 2009 PTS. The key recommendations of the PTSC on the review of the survey methodology are summarised at the Annex to **Appendix J**.

4.12 At the Commission meeting on 28 November 2008, we considered the PTSC's recommendations. We supported that the methodology of the 2008 PTS should continue to be adopted for the 2009 PTS. A copy of our letter dated 9 December 2008 tendering advice to the Administration on the review of the PTS methodology is reproduced at **Appendix J**. The Administration replied that it had noted our advice and looked forward to receiving the results of the survey in May 2009.

Review of Survey Field for the 2009 Pay Trend Survey

4.13 As part of its review on the PTS methodology, the PTSC recommended and the Standing Commission supported that the current definition of smaller companies, and the current ratio between larger and smaller companies (i.e. 75 : 25) should be maintained. The Committee also agreed that within the established ratio, the Pay Survey and Research Unit should make continuous efforts to include more smaller companies, and hence more employees of these companies in the PTS with a view to improving their representation in individual salary bands.

4.14 The PTSC has scheduled a meeting in January 2009 to consider, among other things, endorsement of the survey field for the 2009 PTS and to commission the conduct of the 2009 PTS using the methodology for the 2008 PTS.

Chapter 5

Future Programme of Work

5.1 In the year of 2009, our efforts will mainly be focused on the 2009 Starting Salaries Survey. In the first half of 2009, we will work on the methodology of the pay comparison survey, and proceed to select and appoint a consultant to carry out the survey. The selected consultant will then conduct the survey fieldwork and submit its findings. Taking into account the findings of the pay comparison survey, the Commission will formulate its recommendations for submission to the Administration by end 2009/early 2010. We will engage the staff sides and relevant private sector organisations to exchange views at various stages of the SSS as appropriate.

5.2 We understand that, in view of the implementation of the “3-3-4” new academic structure for secondary and tertiary education and the introduction of the Hong Kong Diploma of Secondary Education Examination in 2012 replacing the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination, the Administration is reviewing the implications on civil service appointments and expects to finalise the proposals in the third quarter of 2009. The Administration will keep the Standing Commission informed of the development and seek the Commission’s advice on the proposals as appropriate.

5.3 We shall continue to carry out our responsibilities under the Commission’s terms of reference and tender advice on any proposals from the Administration 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.

5.4 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 the Judiciary and the Disciplined Services, 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 2008

Chairman

Mr Nicky Lo Kar-chun, JP

Members

Mr Owen Chan Shui-shing (since 1 August 2008)

Mr Barry Cheung Chun-yuen, JP

Ms Virginia Choi Wai-kam

Dr Miranda Chung Chan Lai-foon

Professor Ho Lok-sang

The Honourable Jeffrey Lam, SBS, JP

Mr Mark Lettenbichler (until 1 January 2008)

Mrs Eleanor Ling Lee Ching-man, SBS, JP (until 31 March 2008)

Mr Andy Lo Kwong-shing

Mr Pang Yiu-kai, SBS, JP (since 1 April 2008)

Grade Structure Review for the Veterinary Officer Grade

Existing and Proposed Pay Scales

		<u>Existing Pay Scale</u>		<u>Proposed Pay Scale</u>		
		Master Pay Scale	\$	Master Pay Scale	\$	
Senior Veterinary Officer rank	↕	49	92,720	↕	49	92,720
		48	89,505		48	89,505
		47	86,395		47	86,395
		46	83,370		46	83,370
	↕	45	80,485	↕	45	80,485
Veterinary Officer rank	↕	44	77,675	↕	44	77,675
		43	74,970		43	74,970
		42	71,880		42	71,880
		41	68,915		41	68,915
		40	66,060		40	66,060
		39	63,335		39	63,335
		38	60,535		38	60,535
		37	57,875		37	57,875
		36	55,265		36	55,265
		35	52,815		35	52,815
		34	50,475		34	50,475
		33	48,400		33	48,400
		32	46,230		32	46,230
		31	44,155		31	44,155
	↕	30	42,175	↕		
	29	40,290				

Omitted Point

Grade Structure Review for the Government Counsel and Related Grades

Existing and Proposed Pay Scales

		<u>Existing Pay Scale</u>		<u>Proposed Pay Scale</u>	
		Master Pay Scale	\$	Master Pay Scale	\$
Senior Government Counsel and related ranks	↕	49	92,720	↕	92,720
		48	89,505		89,505
		47	86,395		86,395
		46	83,370		83,370
	↕	45	80,485	↕	80,485
Government Counsel and related ranks	↕	44	77,675	↕	77,675
		43	74,970		74,970
		42	71,880		71,880
		41	68,915		68,915
		40	66,060		66,060
		39	63,335		63,335
		38	60,535		60,535
		37	57,875		57,875
		36	55,265		55,265
		35	52,815		52,815
		34	50,475		50,475
		33	48,400		48,400
		32	46,230		46,230
	↕	31	44,155	↕	44,155
		30	42,175		
↕	29	40,290			

Omitted Point

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/PS/1 V
尊函檔號 Your Ref. : CSBCR/PG/4-085-001/24 Pt. 8

3 March 2008

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,

**Conversion of Model Scale 1 Staff
from Category B to Category A Status**

The Standing Commission (SC) has considered the Administration's proposal on the conversion of Model Scale 1 (MOD 1) staff from Category B to Category A status as set out in papers attached to your letters of 4 and 15 February 2008. I am writing on behalf of the SC to offer our advice under Clause 1(b) and 1(e) of our terms of reference.

The Administration's Proposal

The Administration proposes that serving MOD 1 staff should be allowed to opt, within a specified period of time and on an irrevocable basis, to convert from Category B to Category A status, provided that –

- (a) there will be no change in their salary, pay scale, leave-earning rate and conditioned hours resulting from the conversion exercise;
- (b) the staff concerned will forego their eligibility for the Overseas Education Allowance; and

- (c) those who belong to the MOD 1 common grades will be subject to inter-departmental posting at the discretion of the Administration to fill posts in the same grades.

For new recruits, the Administration proposes that they should be given Category A status and be subject to the inter-departmental posting condition.

Having regard to the views expressed by the staff side of the MOD 1 Staff Consultative Council during the staff consultation, the Administration further recommends that the leave accumulation limit of serving MOD 1 staff on local terms be raised from 45 to 50 days for those with less than ten years' service, and from 90 to 100 days for those with ten or more years of service.

The Commission's Views

Overall comments

Given that most MOD 1 staff members on Category B status are long-serving civil servants, we consider it timely to consider changing the current arrangements by which MOD 1 staff are appointed on month-to-month terms. Indeed, the proposed conversion of MOD 1 staff from Category B to Category A status should bring benefits to all by giving the staff concerned greater security in employment, formally recognising their experience and service, boosting staff morale and enhancing fairness. After conversion, any MOD 1 staff member can be appointed on trial terms upon in-service transfer and revert to the parent grade in the event that the staff member concerned does not pass the trial bar for whatever reason. The management will also have more discretion in inter-departmental posting, giving the Administration greater flexibility in staff deployment to deal with any mismatch of staff resources supply and demand at the departmental level and, at the same time, facilitating aspiring staff in maximising their potential through in-service transfer. The proposal is therefore a step in the right direction in improving human resource management in the civil service, and we would like to express our endorsement and support.

Pay

We agree that the conversion should not entail any adjustment to salary or the pay scale. Our guiding policy has always been that civil service pay should be broadly comparable to that of their counterparts in the private sector, and the 2006 Pay Level Survey has confirmed the broad comparability between the civil service and the private sector. Since the proposed conversion does not involve any consequential change in the duties and skills required of MOD 1 staff, we agree that the conversion should not result in any change in their salary and pay scale. This is in line with the “pay-for-the-job” principle established by the SC.

Pension benefits

We note that depending on their years of service upon conversion, MOD 1 staff on the Old Pension Scheme may stand to lose or gain in pension benefits, whereas the pension benefits of those on the New Pension Scheme will not be affected whether or not they are converted to Category A. In this connection, we support the proposal to allow serving MOD 1 staff an option to decide whether or not to convert from Category B to Category A status. We note that any financial implication should be minimal since only a small number (less than 60) of serving MOD 1 staff may receive increased pension benefits after conversion.

Leave-earning rate and leave accumulation limit

We note that having considered the requests of the staff side of the MOD 1 Staff Consultative Council, the Administration recommends to maintain the current leave-earning rate whilst enhancing the leave accumulation limit. We support this approach. As the proposed conversion will not entail any change in the duties, skills or nature of work required of MOD 1 staff, we do not see any case for enhancing the leave-earning rate.

We understand that the proposed increase in leave accumulation limit could serve as an incentive to encourage more serving MOD 1 staff to opt for conversion without involving additional financial resources. The proposed higher limit for MOD 1 staff (50/100 days for staff with less than ten years’ service/ten or more years of service) seems reasonable, and we note that it is still below the limit applicable to officers below Master Pay Scale Point 14 (60/120 days for staff with less than ten years’ service/ten or more years of service).

Consultation with the Staff Side

At the SC's regular informal meetings with the staff side of the MOD 1 Staff Consultative Council, the staff representatives expressed their wish for an early implementation of the proposed conversion of their staff from Category B to Category A status. We understand that the Administration has consulted the staff side on the proposal, and are pleased to note that the staff side has indicated acceptance of the Administration's proposal.

Conclusion

In conclusion, we support the proposed conversion of MOD 1 staff from Category B to Category A status.

Yours sincerely

Nicky

(Nicky Lo Kar-chun)
Chairman

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/SC7/COM/25 (5)

尊函檔號 Your Ref. : PC/210/0E9/2 Pt. 2

3 March 2008

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,

**Proposed Creation of a New Rank of
Senior Primary School Master/Mistress in the Education Bureau**

The Standing Commission (SC) has considered the Administration's proposal for the creation of a new rank of Senior Primary School Master/Mistress (SPSM) in the Primary School Master/Mistress (PSM) grade in the Education Bureau as set out in the paper attached to your letter of 5 February 2008. I am writing on behalf of the SC to offer our advice under Clause 1(b) of our terms of reference.

The Administration's Proposals

The Administration proposes to –

- (a) create a new rank of SPSM in the PSM grade as deputy school heads and, under special circumstances, as school heads. The proposed pay scale for the SPSM rank is Master Pay Scale (MPS) Points 34 – 35; and

- (b) increase the minimum pay point of the Headmaster/ Headmistress II (HM II) rank in the PSM grade from MPS Point 34 to MPS Point 35.

The Commission's Views

Creation of a new rank of SPSM in the PSM grade

In line with established principles adopted by the SC, a new rank is created only if it is functionally justified. The number of ranks and the division of responsibilities among ranks in a grade are determined by the operational requirements.

Whilst the SC advised in the 1989 Salary Structure Review that the level of responsibilities of a primary school “deputy head” was then not significant enough to justify the creation of a separate rank, we accept the justifications put forth by the Administration that the functional role of deputy heads of primary schools has become increasingly important over the past two decades. The heads and deputy heads of primary school have to face increased job responsibilities and complexity after the introduction of education reform initiatives including school-based management, curriculum reform, whole-day schooling, school self-evaluation and teachers’ continuing professional development framework. The working environment has become more complicated, and the demands and expectations of stakeholders have increased.

Having regard to the above justifications, we support the creation of a new SPSM rank at MPS Points 34 – 35. The creation of a new rank of SPSM will serve to formally recognise the function of a deputy head, provide appropriate remuneration for carrying out the function, and establish a clear career path for teachers who have the professional competence and leadership qualities to lead the primary schools.

The Administration’s proposal involves the cessation of payment of a responsibility allowance as previously recommended by the SC. We consider this in line with the guiding principle that Job-related Allowances should not be paid for inherent duties performed by staff recruited directly by departments, unless the pay structure of the grades concerned is such that these duties cannot be reflected in the pay scale.

Increase in the minimum pay point for HM II

We have carefully considered the proposal to increase the minimum point of HM II from MPS Point 34 to MPS Point 35. In line with the pay-for-the-job principle, the minimum point of a higher rank should be raised only if it is justified on the ground of increased functions and responsibilities of the rank concerned. In this connection, the Administration has put forth two major considerations. First, we are advised that HM II, similar to deputy heads, have to shoulder higher responsibilities following the introduction of education reform initiatives. Secondly, preserving the existing minimum point (MPS Point 34) of the HM II rank may result in potential problem for aided schools in rank relativity because aided schools may promote either the deputy head (at the rank equivalent to SPSM) or teachers at PSM/AM rank to HM II. If the HM II pay scale remains unchanged at MPS Points 34 – 39, an HM II promoted directly from PSM/AM will start at MPS Point 34, a pay point lower than that of a senior deputy head.

Regarding the first consideration, we accept that HM II, as the head of the primary school, is ultimately responsible for leading the primary school to rise to the challenges presented by the education reform initiatives. The increased role should warrant some recognition. We note that there is no similar proposal to raise the minimum point of HM I, who will have two officers at the SPSM rank to share out the leadership duties.

Regarding the second consideration, we note that the problem will not exist in government primary schools as all HM II must be promoted from SPSM in the future. Whilst the SC should in principle confine its ambit to the civil service, we are mindful of our terms of reference to give due weight to any wider community interest which we consider relevant.

Having balanced all considerations, we support the proposal to increase the minimum point of HM II from MPS Point 34 to Point 35 to recognise the higher responsibilities of HM II and maintain rank relativity with the SPSM rank.

Read-across implications for other grades

We are mindful of the read-across implications for other related grades. When the SC considered the proposed new grade of PSM in 1994, the Administration proposed to set the pay scale of HM II rank at the same level as that of the Education Officer (EO) rank (MPS Points 34 – 39). We have been assured by the Administration that given the developments in primary school management, the role of HM II has changed from administration to professional leadership. On the other hand, an EO in a secondary school is mainly deployed in a functional post, such as discipline master or subject panel. In view of the significant difference between the responsibilities of HM II and EO, the Administration has advised that it is no longer appropriate to draw reference from the pay scale of the EO rank in considering the pay scale of the HM II rank, and that the increase in minimum point of the HM II rank would not result in a similar proposal to increase the minimum point of the EO rank.

Overlapping pay scales

We note that the proposed minimum point (MPS Point 35) of the HM II rank will overlap with the maximum point of the proposed SPSM rank (MPS Points 34 – 35). Overlapping pay scales are acceptable in accordance with the principle laid down by the SC. In the 1979 overall review, the SC observed that overlapping scales might be both necessary and unavoidable. In the 1989 Salary Structure Review, the SC considered that where necessary, overlapping scales should continue to apply or be further introduced. We consider it acceptable to have the pay scale for HM II overlapping with that for SPSM given that both are well justified on functional grounds.

Conversion arrangement

The Administration's proposal to increase the minimum pay point for HM II, if endorsed, will affect incumbent staff. The Administration proposes that the normal conversion arrangement be adopted. We support the adoption of the normal conversion arrangement, as this is in line with the principle established by the SC in 1979/80 and reaffirmed in subsequent reviews including the application of the outcome of the 2006 Starting Salaries Survey.

Conclusion

In conclusion, we support the Administration's proposals to create the new SPSM rank in the PSM grade in the Education Bureau and to increase the minimum pay point of the HM II rank from MPS Point 34 to MPS Point 35.

Yours sincerely

Nicky

(Nicky Lo Kar-chun)
Chairman

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 Administration

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 2008 Pay Trend Survey

Introduction

Pay trend surveys (PTS) 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, PTS 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 was established in December 1982 and the Pay Trend Survey Committee (PTSC) shortly after. The 2008 PTS was the 31st of its kind.

Survey Period

2. The survey covered a 12-month period from 2 April 2007 to 1 April 2008.

Participating Companies

3. Of the 120 companies in the survey field, 97 took part in the survey including 72 larger companies (with 100 or more employees) and 25 smaller companies (with 50-99 employees) in the ratio of 74 : 26. The pay data of their 141 289 employees were used in the calculation of the 2008 gross pay trend indicators (PTI).

Data Collection

4. Following the adoption of a technical refinement to the improved methodology for the PTS (the methodology was endorsed by the Chief Executive-in-Council in March 2007), data collection in the 2008 PTS was based on five salary bands by subdividing the Middle Salary Band and Upper Salary Bands into two bands while keeping the Lower Salary Band intact. The classification is as follows –

- | | | |
|-----|--|-------------------------------|
| (a) | <u>Lower Salary Band</u>
(below MPS ¹ Point 10) | below \$14,990 per month |
| (b) | <u>Middle Salary Band (I)</u>
(MPS Points 10 to 23) | \$14,990 – \$29,075 per month |
| (c) | <u>Middle Salary Band (II)</u>
(Above MPS Point 23 to 33) | \$29,076 – \$45,970 per month |
| (d) | <u>Upper Salary Band (I)</u>
(Above MPS Point 33 to 44) | \$45,971 – \$73,070 per month |
| (e) | <u>Upper Salary Band (II)</u>
(Above MPS Point 44 to
GDS(O) ¹ Point 38) | \$73,071 – \$91,765 per month |

5. Data collection commenced in early January 2008 and ended in early May 2008. Questionnaires with guidance notes were sent to participating companies for completion. The staff of the Pay Survey and Research Unit 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 Pay Survey and Research Unit analysed the company data in accordance with the approved methodology and presented its findings to the PTSC on 14 May 2008.

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

8. The PTSC accepted the findings of the Pay Survey and Research Unit on 21 May 2008. 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 PTSC concluded that the following pay adjustments had been made in the surveyed companies during the period from 2 April 2007 to 1 April 2008 –

(a)	Lower Salary Band (below \$14,990 per month)	+4.47%
(b)	Middle Salary Band (\$14,990 to \$45,970 per month)	+5.87%
(c)	Upper Salary Band (\$45,971 to \$91,765 per month)	+6.90%

Pay Trend Indicators

9. The above survey findings validated by the PTSC were known as the gross PTI. In accordance with the recommendations of a Committee of Inquiry in 1988, the Administration, after deducting the value of civil service increments at their payroll cost, which were 0.57%, 0.58% and 0.60% respectively for the lower, middle and upper salary bands in 2008, arrived at the net PTI as follows –

(a)	Lower Salary Band	+3.90%
(b)	Middle Salary Band	+5.29%
(c)	Upper Salary Band	+6.30%

**Civil Service Pay Scales Relevant to the Commission's Purview
(with effect from 1 April 2008)**

<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	92,720	13	11,700	4	7,970
48	89,505	12	11,470	3	7,300
47	86,395	11	11,230	2	6,600
46 (44B)	83,370	10	11,015	1	5,935
45 (44A)	80,485	9	10,800	0	5,595
44	77,675	8	10,595		
43	74,970	7	10,395		
42	71,880	6	10,190		
41	68,915	5	9,985		
40	66,060	4	9,785		
39	63,335	3	9,580		
38	60,535	2	9,375		
37	57,875	1	9,175		
36 (33C)	55,265	0	8,980		
35 (33B)	52,815				
34 (33A)	50,475				
33	48,400				
32	46,230				
31	44,155				
30	42,175				
29	40,290				
28	38,470				
27	36,740				
26	35,095				
25	33,520				
24	32,055				
23	30,615				
22	29,235				
21	27,910				
20	26,585				
19	25,320				
18	24,120				
17	22,985				
16	21,880				
15	20,835				
14	19,835				
13	18,885				
12	17,805				
11	16,760				
10	15,785				
9	14,890				
8	13,985				
7	13,120				
6	12,310				
5	11,580				
4	10,845				
3	10,190				
2	9,565				
1	8,985				
0	8,455				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	20,785	4	10,080
15	19,790	3	9,190
14	18,840	2	8,305
13	18,015	1	7,640
12	16,910	0	7,165
11	15,505		
10	14,240		
9	13,405		
8	12,585		
7	11,815		
6	11,100		
5	10,410		
4	9,775		
3	9,190		
2	8,610		
1	8,090		

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.15

尊函檔號 Your Ref. : CSBCR/PG/4-085/001/55

9 December 2008

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,

Review of the Methodology of the Pay Trend Survey

I am writing on behalf of the Standing Commission (SC) to offer our advice, under Clause I(d) of our terms of reference, on the methodology of the pay trend survey (PTS). Our views have taken into account the recommendations of the Pay Trend Survey Committee (PTSC).

Background

In accordance with the established practice, the PTSC, as assisted by the Pay Survey and Research Unit (PSRU), has conducted a review of the PTS methodology after the completion of the 2008 PTS and submitted a report to the SC. The key recommendations of the PTSC are summarised at the **Annex**. They were discussed at the SC meeting held on 28 November 2008.

Overall Comments

For the 2008 PTS, the PTSC adopted the improved methodology for the PTS as approved by the Chief Executive-in-Council in March 2007,

with a technical refinement as stated in my letter of 20 November 2007 on the review of the 2007 PTS methodology. With this technical refinement, the 2008 PTS used five salary bands as adapted from the Pay Level Survey (PLS) for data collection while maintaining the existing three-band system for data consolidation and calculation of pay trend indicators (PTI). This refinement was introduced to facilitate assessment on the feasibility of aligning the methodologies of the PLS and PTS.

We are pleased to note that the conduct of the 2008 PTS was smooth, and the improved methodology with the technical refinement of data collection is considered reasonable and feasible. We support the PTSC's recommendation that the methodology for the 2008 PTS should continue to be used in the 2009 PTS.

Survey Field

The inclusion of smaller companies in the PTS survey field has achieved its desired objective of enhancing the credibility and representativeness of the PTS. The encouraging responses of the smaller companies in the 2008 PTS also demonstrate that the expansion of the survey field to cover smaller companies is feasible. While noting the suggestions to revisit the current definition of smaller companies (i.e. companies employing 50 to 99 employees) and the stipulated ratio of larger companies and smaller companies (i.e. 75 : 25 with a deviation of plus/minus 5%), we support the PTSC's recommendation to maintain the status quo since the new methodology has been adopted for two years only. We trust that the PTSC would conduct a review again after the completion of the 2009 PTS.

Salary Bands

We are pleased to note that the participating companies have not expressed great difficulties in providing pay data by five salary bands as required under the technical refinement. As this arrangement has been adopted for one year only, we support the PTSC's recommendation to continue with this approach in data collection for the 2009 PTS, while maintaining the arrangement to consolidate data and calculate PTI by three

salary bands. We understand that the PTSC would examine the subject again after the completion of the 2009 PTS.

Formula for Calculation of Additional Payments

In accordance with the established methodology, changes in additional payments are taken into account in the calculation of PTI and one month's bonus is deemed as equal to 8.33% of the annual basic salary. The PTSC has reviewed whether this formula should continue to be adopted, taking into account a study conducted by the PSRU, with the assistance of the Census and Statistics Department, on the existing formula and five other alternative formulae for calculating changes in additional payments. As the study shows that none of the six formulae stands out as the best option under all circumstances, we support the PTSC's recommendation that the existing formula should continue to be adopted for the 2009 PTS. We note the PTSC's plan to conduct further study on possible alternatives in the longer term.

Conclusion

In conclusion, we support the PTSC's recommendation that the 2008 PTS methodology should continue to be adopted for the 2009 PTS. We also support the PTSC's continued efforts to conduct regular reviews of the survey field, salary bands and criteria for calculating changes in additional payments in future reviews of the PTS methodology.

Yours sincerely
Nicky

(Nicky Lo Kar-chun)
Chairman

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

Summary of Recommendations

Overall Recommendation

- (a) The 2008 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2009 PTS.

Survey Field

- (b) The current definition of smaller companies should be maintained.
- (c) The current ratio between larger and smaller companies should be maintained.
- (d) Within the established ratio, continuous efforts should be made to include more smaller companies and hence more employees of these companies in the PTS with a view to improving their representation in individual salary bands.
- (e) Companies with changes in employment size during the course of survey should be retained in the survey field and be re-classified to the appropriate grouping of companies subject to certain conditions.
- (f) The specific selection guidelines for smaller companies should not be extended to larger companies.

Salary Bands

- (g) The technical arrangement of using five salary bands to collect data, while maintaining the arrangement to consolidate data and calculate pay trend indicators (PTI) by three salary bands, should continue.
- (h) The pay range of the three existing salary bands should not be revised at this stage.

Components of Pay Adjustment

- (i) Additional payments should continue to be included in the calculation of PTI.

Calculation Criteria

- (j) The existing formula for calculating changes in additional payments should continue to be adopted.
- (k) The “all employees” approach in calculating weighted average additional payments should continue.

Related Issues

- (l) The current arrangement for releasing PTS results to the general public (i.e. the announcement should cover only the gross PTI for each salary band with no breakdown of basic pay indicator and additional pay indicator) should continue.
- (m) Refining the questionnaire in the light of the feedback from the participating companies.

