

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 60

REPORT 2018

CHAIRMAN

DR PANG YIU-KAI, GBS, JP

MARCH 2019

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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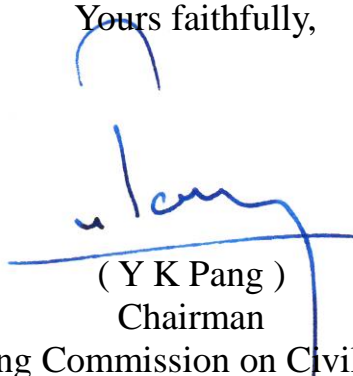
29 March 2019

The Honourable Mrs Carrie Lam Cheng Yuet-ngor, GBM, GBS
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

Dear Madam,

--- 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 2018.

Yours faithfully,



(Y K Pang)
Chairman

Standing Commission on Civil Service
Salaries and Conditions of Service

Encl.

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

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Standing Commission on Civil Service Salaries and Conditions of Service

(Membership as at December 2018)



Front Row: Hon Tony Tse, Mr Chan Mr Wilfred Wong Dr Wilfred Wong Mr Joseph Lo Mr Lee Luen-fai, Ms Angela Lee,
BBS Tze-ching, BBS, Kam-pui, JP Ying-wai, GBS, JP JP BBS, JP
JP
(Chairman)

Back Row: Mr Yau Kin-chung Mrs Edith Mr Lee Ms Elaine Ms Christina Ms Anne Teng
(Secretary Chan, MH Ming-kwai, GBS Lo Lee (Assistant
General) Secretary General)

Standing Commission on Civil Service Salaries and Conditions of Service

(Membership as at January 2019)



Front Row:	Mr Lee Ming-kwai, GBS	Hon Tony Tse, BBS	Mr Chan Tze-ching, BBS, JP	Dr Pang Yiu-kai, GBS, JP (Chairman)	Mr Lee Luen-fai, JP	Ms Angela Lee, BBS, JP	Ms Elaine Lo
Back Row:	Miss Winnie So, JP (Secretary General)	Dr Miranda Lou	Mrs Edith Chan, MH	Ms Christina Lee	Mr Joseph Ngai, JP	Ms Anne Teng (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 sixtieth report. It gives an account of our major undertakings in 2018. During the year, we held three Commission meetings in relation to the Review on Civil Service Pay Level Survey and Starting Salaries Survey. In January 2019, we held three informal meetings with the civil service staff bodies.

1.3 The Commission's membership is at **Appendix B**. All Commission Members are non-officials appointed in their personal capacity by the Chief Executive.

1.4 With the retirement of Dr Wilfred Wong Ying-wai, GBS, JP, on 31 December 2018 after serving for six years and five months, Dr Pang Yiu-kai, GBS, JP, was appointed as the Chairman of the Commission. We would like to record our heartfelt gratitude to Dr Wong whose exemplary leadership and insightful views had steered the Commission through many major reviews, including the Review on Civil Service Pay Level Survey and Starting Salaries Survey which was the first of its kind conducted since the implementation of the Improved Civil Service Pay Adjustment Mechanism in 2007. We would also like to express our gratitude to Mr Wilfred Wong Kam-pui, JP, who retired after seven years of dedicated service, and to Dr Carrie Willis Yau Sheung-mui, SBS, JP, and Mr Joseph Lo Kin-ching who both retired after six years of dedicated service.

1.5 We welcome Ms Christina Maisenne Lee, who was appointed as Member of the Commission with effect from 1 August 2018, Mr Joseph Luc Ngai, JP, and Dr Miranda Lou Lai-wah, who were both appointed with effect from 1 January 2019.

1.6 We would like to thank Mr Joshua Law Chi-kong, GBS, JP, Secretary for the Civil Service, as well as his staff for their assistance and co-operation.

1.7 On staffing, Miss Winnie So, JP, took over from Mr Yau Kin-chung as the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) in January 2019. We wish to record our thanks to Mr Yau for his contribution to the Commission during his tenure with the Joint Secretariat. Our appreciation also goes to the staff of the Joint Secretariat for their support during the year.

Chapter 2

Review on Civil Service Pay Level Survey and Starting Salaries Survey

2.1 Following the completion of the 2013 Pay Level Survey (PLS), we recommended in our Report No. 52 “Civil Service Pay Level Survey 2013” that in the light of experiences gained in conducting the 2006 and 2013 PLSs, it was an opportune time for the Government to give thought to whether conducting a review, possibly covering the PLS survey methodology, the application issues and the frequency for the survey, was warranted. In the context of the 2015 Starting Salaries Survey (SSS), we further recommended in our Report No. 54 “Civil Service Starting Salaries Survey 2015” that a specific study be conducted for Qualification Group (QG) 8 in respect of Degree and Related Grades.

2.2 On 26 April 2017, the Government invited the Commission to conduct a review on the PLS and the SSS, including a specific study on QG 8 in respect of Degree and Related Grades (the Review). The Review was the first of its kind to be conducted on the PLS and the SSS since the inception of the *Improved Civil Service Pay Adjustment Mechanism* in 2007. We considered the Government’s invitation at the Commission meeting on 26 June 2017 and agreed to accept the Government’s invitation to take on this important task. The Review, commenced in 2017, continued to be one of the foci of our work in 2018.

Background

2.3 Upon acceptance of the Government’s invitation, we commenced the Review with the following scope –

- (a) a review on the methodologies of the PLS and the SSS;
- (b) a specific study on QG 8; and
- (c) a research on civil service pay arrangements in overseas countries.

Conduct of the Review

2.4 Hay Group Limited (the Consultant) was appointed in October 2017 to provide professional advice on the Review and collect relevant market data.

2.5 As the Review findings might have a bearing on the directorate and disciplined services staff, in line with past practice, we invited the Standing Committee on Directorate Salaries and Conditions of Service (Directorate Committee) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) to each nominate a member as an observer to participate in the Commission's relevant meetings. The Directorate Committee nominated Dr Clement Chen Cheng-jen, SBS, JP, and the SCDS, Mr Victor Lam Hoi-cheung, JP.

Consultation with Stakeholders

2.6 All along, we believed that it was imperative to engage the Staff Sides in an exercise as important as the Review. We had exchanged views with the Staff Sides of the four Central Consultative Councils¹ and the four major service-wide staff unions² on four occasions during the exercise.

2.7 In addition, the Consultant also arranged a meeting with the Staff Sides in November 2017 to seek their views on the Review.

2.8 The Staff Sides contributed valuable inputs during the exercise. We had considered their views in the deliberations.

Key Findings and Recommendations

2.9 We completed the Review in December 2018. After considering the findings of the Consultant and the views of the Staff Sides, we formulated the Commission's recommendations as set out in our Report No. 59 "Review on Civil Service Pay Level Survey and Starting Salaries

¹ 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.

² The four service-wide staff unions 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.

Survey”, which was submitted to the Chief Executive on 17 December 2018. The Report is available on the website of the Joint Secretariat at <http://www.jsscs.gov.hk>. In formulating our recommendations, we had due regard to the need to strike a balance among the interests of different stakeholders, including the civil servants and the wider community.

PLS Methodology

2.10 We recommended a continued adoption of the broadly-defined Job Family-Job Level (JF-JL) method and the five JL categorisation. Recommendations on key enhancements to the PLS methodology included –

- (a) to increase the number of JFs from five to six to enhance precision in job comparison. The number of organisations to be surveyed should be increased from 70-100 to 100-130 to ensure data sufficiency;
- (b) to request private sector organisations participating in future PLSs to provide additional pay related data specifically targeted at entry-level positions for the purpose of providing broad indications on whether the levels of pay for private sector entry-level positions as classified into different QGs were generally in tandem with the benchmarks for the corresponding QGs in the civil service. We also recommended encouraging participating private organisations to provide duty lists of these jobs for matching with the civil service benchmark jobs; and
- (c) to relax the selection criteria for civil service benchmark jobs so that grades with an establishment size of not less than 50 posts and single-rank grades would be included in future PLSs with a view to broadening the scope of the PLS.

2.11 We also recommended the continued exclusion of the directorate grades and the disciplined services grades from the future survey field due to the absence of direct job comparators for them in the private sector. Likewise, we recommended continued exclusion of the education and social welfare sectors as many of the private sector organisations with positions in these sectors followed either the civil service pay scales or the civil service pay adjustments.

2.12 In addition, we recommended that a brief study be conducted by the survey consultant of the next PLS to verify if the medical and health care field (including the Hospital Authority and other large private medical and health organisations) continued to refer to the civil service pay scales or pay adjustments in pay determination before a decision was taken on whether this field should be excluded from the survey.

SSS Methodology

2.13 We recommended continued adoption of the Qualification Group - Job Family (QG-JF) framework for the future SSSs. We considered the existing eight JFs which were adopted in the previous SSSs in 2009, 2012 and 2015 still fit for purpose. We also recommended continued adoption of the existing selection criteria for private sector entry-level position jobs which we found suitable in reflecting broadly comparable pay indicators from the private sector. Likewise, we recommended continued adoption of the existing selection criteria for surveyed organisations which should collectively provide a sufficient number of entry-level jobs that were reasonable counterparts to entry-level jobs in each of the civil service QGs covered in the survey. We also recommended continued adoption of the existing vetting criteria for data collection and continued exclusion of the basic ranks of QG 10 (the Education grades) and QG 11 (Other grades) from the next SSS due to their unique nature and disparate entry requirements.

Application of Survey Findings

2.14 As the market was dynamic and that pay surveys only captured market information at a particular point in time, we recommended that the holistic approach should continue to be adopted in applying the results of the PLS and the SSS.

Frequency for the Conduct of the Surveys

2.15 We recommended that the PLS should continue to be conducted at six-yearly intervals. As for the SSS, we had considered the alternatives of conducting the SSS at six-yearly intervals or “as and when necessary in response to specific circumstances” and preferred the latter. Under the latter alternative, the Government could, as and when necessary, consider if a comprehensive SSS, or an SSS of a smaller ambit, was warranted after reviewing the broad indications as revealed by the enhanced PLS and the specific circumstances. These circumstances would include, inter alia,

changes or difficulties in relation to recruitment, appointment or regulatory framework which affected certain entry ranks, groups of related ranks, a specific QG or related QGs, as well as any rapid and unforeseeable changes to the external environment and the socio-economic landscape that might have a significant impact on the employment market in Hong Kong as a whole. This latter alternative also had the support of most of the Staff Sides.

Specific Study on QG 8

2.16 The Commission observed in the 2015 SSS a widening gap between the pay for degree graduate entry-level positions in the private sector and the benchmark pay for QG 8 in the civil service and recommended that a specific study on QG 8 should be conducted, using a broader and longer perspective approach. In response to the Government's invitation, we invited the Consultant to help conduct a specific study on QG 8 using the same methodology as that used in the 2015 SSS in the Review. Based on the Consultant's findings on the progression of actual salaries received by private sector degree graduates along their career paths vis-à-vis those received by QG 8 civil servants, we reckoned that we must pay due regard to the inherent differences in human resources management practices between the private sector and the civil service when interpreting any pay differential recorded at the point of entry. For example, the civil service is establishment-tied, hierarchical and structured, while the private sector is more flexible, offering varied career paths. Given that there might be multiple factors leading to the pay difference between the degree graduate entry-level positions in the private sector and the benchmark pay for civil service QG 8, we recommended that when an SSS covering QG 8 were to be conducted, the present holistic approach should continue to be adopted in interpreting the survey results. We also recommended exploring the feasibility of a more precise selection of private sector jobs for comparison with QG 8 ranks in the civil service before the commencement of such survey.

Research on Civil Service Pay Arrangements in Overseas Countries

2.17 The Consultant of the Review conducted a research on civil service pay arrangements in five overseas countries, namely, Australia, Canada, New Zealand, Singapore and the United Kingdom, with a view to identifying practices that might be of relevance to the Hong Kong Special Administrative Region. We noted that the holistic approach that the Commission had been adopting in considering the results of the previous

rounds of the PLS and the SSS was in tandem with the common trend identified in the five countries surveyed.

Chapter 3

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

3.1 During the year, the Government invited the Commission to advise on a proposal to introduce a new job related Hardship Allowance (HA) for staff of the Food and Environmental Hygiene Department (FEHD) whose duties are related to the handling / removal of dead bodies to compensate them for the adverse psychological impact and social stigmatism that they might suffer. The Government also invited the Commission's views on a proposal to raise the vacation leave accumulation limits for civil servants appointed on New or Common Terms and with 10 years of service or more. The Government also informed the Commission of the extension of maternity leave for all female employees of the Government from 10 weeks to 14 weeks. During the year, we also met with representatives of the major civil service staff bodies to keep abreast of current issues of concern to staff. A brief account of these activities is set out in the following paragraphs.

Introduction of Hardship Allowance for Staff of the Food and Environmental Hygiene Department Whose Duties are Related to Dead Bodies

Background

3.2 Job-related allowances (JRAs) covering Extraneous Duties Allowance and HA are payments to compensate civil servants for aspects of their work which are not normally expected of a particular grade / rank and which have not been taken into account in the determination of its pay scale. They are payable only when justified on operational grounds and upon compliance with the general principles governing JRAs payable to civilian grade staff adopted by the Government.

The Government's Proposal

3.3 All along, a generic HA (full rate) is payable to FEHD staff who are required to directly handle obnoxious matters (such as refuse collection,

pest control, slaughterhouse and dead bodies removal). A generic HA (half-rate) is payable to FEHD staff who are required to perform supervisory duties in an obnoxious environment. The Government considered that duties of staff in the Dead Removal Teams of Duty Rooms (DRs) and the Cemeteries and Crematoria (C&C) Section related to the handling or removal of dead bodies or exhumation of human remains are exceptionally obnoxious, and that regular and prolonged exposure to such duties might cause the staff concerned to suffer from psychological hardship or social stigma not normally expected of staff in the same grade or rank. The established arrangement, which seeks to compensate staff involved in obnoxious duties, does not seek to address the psychological hardship caused to the staff concerned. The Government therefore proposed introducing a new two-tier JRA³, namely, “HA for FEHD staff who suffer from psychological impact as a result of performance of duties related to the handling / removal of dead bodies or exhumation of human remains (relevant duties)”⁴.

3.4 The Government also proposed extending the existing “HA for the performance of supervisory or supporting duties in an obnoxious environment”, which is payable only to staff in the Foreman grade at the C&C Section who are required to perform supervisory or supporting duties in an obnoxious environment, to staff in the Foreman grade in the DRs who have to supervise staff discharging duties related to dead bodies removal.

3.5 The Government also recommended that the new HA be subject to the five-yearly regular review after approval.

The Commission’s Advice

3.6 We considered the Government’s proposal by circulation of paper in June 2018. On the strength of the justifications put forth by the Government, we supported the above proposal and replied to the Government

³ Tier 1 (full rate) (at \$945 per month) payable to staff of the Ganger, Workman I and Workman II grades in the Dead Removal Teams of DRs and staff of the Artisan, Workman I and Workman II grades in the C&C Section of the FEHD who are required to perform the relevant duties for no less than 50% of their working time in a calendar month; and Tier 2 (half-rate) (at \$471 per month) payable to the Foreman grade in the DRs and C&C Section of the FEHD who are required to perform the relevant duties for no less than 10% of their working time in a calendar month.

⁴ In the light of the Commission’s suggestion of reviewing the title of the new JRA such that the title would not inadvertently imply the need for some kind of assessment to ascertain the extent of adverse psychological impact, the Government informed the Commission subsequently that the title of the new JRA has been changed to “HA for the performance of duties related to the handling / removal of dead bodies or exhumation of human remains that give rise to psychological impact”.

on 27 June 2018 rendering our support (**Appendix C**). The relevant arrangement has been put into effect since 1 July 2018.

Proposal on Raising the Vacation Leave Accumulation Limits for Civil Servants Appointed on New or Common Terms and with 10 Years of Service or More

Background

3.7 In the past, the vacation leave accumulation limits of civil servants on New and Common Terms⁵, which ranged from 28 to 68 days, depending on pay point and years of service, were equivalent to two times their annual vacation leave earning rates.

The Government's Proposal

3.8 The Government, after considering requests from staff unions and civil servants, proposed raising the vacation leave accumulation limits of civil servants appointed on New Terms and Common Terms and with 10 years of service or more from two times their annual vacation leave earning rates to three times. The Staff Sides' request would not change the leave earning rates of the staff concerned but would only enable them to accumulate more leave days and allow them the flexibility to take longer leave for special occasions. Such refinement would have the benefits of motivating and rewarding long-serving staff.

The Commission's Advice

3.9 We considered the Government's proposal by circulation in October 2018 and replied to the Government on 30 October 2018 rendering our support. The new vacation leave accumulation limits have been put in effect since 1 January 2019.

⁵ Officers appointed on "New Terms" are civil servants who were offered appointment on or after 1 June 2000; and those appointed on "Common Terms" are civil servants who were offered appointment between 1 January 1999 and 31 May 2000.

Extension of Maternity Leave

3.10 In the past, 10 weeks of maternity leave were provided to eligible civil servants. The Chief Executive announced in her 2018 Policy Address that to set an example of a good employer, the Government had decided to extend the maternity leave for all female employees of the Government to 14 weeks. This would apply to officers whose actual or expected date of confinement fell on or after 10 October 2018.

3.11 The Commission was supportive when informed of the Government's proposal on 11 October 2018.

Liaison with the Major Civil Service Staff Bodies

Background

3.12 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, which are 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 the three major confederation-type unions not represented on the SCSC, namely, 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 us apprised of current issues of concern to civil servants.

Major Development of Matters Discussed at Previous Meetings

3.13 We understand from the previous rounds of informal meetings that the implementation of five-day week (FDW) in the Government and conditioned hours of work of the Model Scale 1 grades have been key concerns to staff. We have appealed to the Government to tackle the two issues as a matter of priority and to strive for further improvements whilst engaging staff in the process. We are pleased to note that a number of trial schemes for FDW in departments, including FEHD and the Leisure and Cultural Services Department are now in progress and a six-month trial

scheme to reduce the conditioned hours of work of Car Park Attendant II and Car Park Attendant I under the net conditioned hours system has been implemented since 1 August 2018.

The Latest Round of Informal Meetings

3.14 At the latest round of informal meetings held in January 2019, we exchanged views with the staff bodies on, among others, the annual civil service pay adjustment, extension of service of civil servants, implementation of FDW, conditioned hours of work, Grade Structure Reviews (GSRs), provision of medical and dental benefits as well as training and development. In particular, the staff representatives continued to express their wish to have more staff migrated to FDW and to reduce the conditioned hours of work for staff who have longer working hours. Some staff representatives also raised that civil servants joining the Government before 1 June 2000 should be allowed to choose to retire at the age of 65.

3.15 We find the exchange of views with the staff bodies useful. We will continue to convey their views and aspirations to the Government for consideration and follow-up.

Other Activities

Liaison with External Stakeholders

3.16 In the course of the year, the Commission and the Joint Secretariat maintained close contacts with major interested private sector organisations to keep track of developments in the private sector and to exchange views on civil service pay, conditions of service and pay surveys. In June 2018, we met with representatives from the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association to exchange views on the findings of the 2018 Pay Trend Survey.

Grade Structure Review for the Veterinary Laboratory Technician and the Medical Laboratory Technician Grades

3.17 On 25 June 2018, the Government invited the Commission to conduct a GSR for the Veterinary Laboratory Technician and the Medical Laboratory Technician grades and to submit a report on its findings and

recommendations to the Chief Executive by mid-2019. The Commission considered and accepted the Government's invitation to take on this important task at the Commission meeting on 24 August 2018. The Commission has formed a dedicated working group, with Mr Lee Luen-fai, JP, as Convenor and Mrs Edith Chan, MH, Ms Christina Lee, Ms Elaine Lo and Hon Tony Tse, BBS, as Members to work on the GSR before consideration by the Commission.

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 (including the state of Hong Kong's economy, the Government's fiscal position, changes in the cost of living, pay claims of the Staff Sides, 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, JP, was the Chairman of the PTSC until 31 December 2018 when he retired from chairmanship after six years of service. Mr Lee Luen-fai, JP, became the Alternate Chairman of the PTSC on 1 August 2018, taking over from Dr Carrie Willis, SBS, JP, who retired from the Commission. Mr Lee subsequently assumed chairmanship of the PTSC on 1 January 2019 after the retirement of Mr Wong. Mrs Edith Chan, MH, became the Alternate Chairman on 1 January 2019. 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 D**.

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.

4.4 In tendering advice to the Government on the methodology for the PTS, as prescribed by our terms of reference, the Commission has to 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 or 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 increment 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 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. Since the 2014 PTS, another exclusion category has been added to exclude new recruits who are not subject to pay adjustment decisions during the survey period as a result of company policy.

The 2018 Pay Trend Survey

4.8 The 2018 PTS, commissioned by the PTSC in February 2018, was conducted between February and May 2018. It followed the improved PTS methodology with the refinements as mentioned in paragraphs 4.6 and 4.7.

4.9 A total of 112 companies, comprising 86 larger companies (77%) and 26 smaller companies (23%), participated in the 2018 PTS. The PSRU collected information on pay adjustments in these 112 companies (comprising 157 504 employees) over the 12-month period from 2 April 2017 to 1 April 2018 and analysed the data in accordance with the improved methodology. The survey findings were released on 16 May 2018, and considered and validated by the PTSC on 24 May 2018. A summary of the results of the survey is at **Appendix E**.

4.10 With the approval of the Chief Executive-in-Council and the funding support of the Finance Committee of the Legislative Council in July 2018, the 2018-19 civil service pay adjustment took retrospective effect from 1 April 2018. The approved salary increases were 4.06% for civil servants in the upper salary band and 4.51% for those in the middle / lower salary bands. The revised pay scales relevant to the Commission's purview are shown at **Appendix F**.

Review of Survey Methodology

4.11 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 December 2018.

4.12 After careful deliberations, the PTSC recommended that the methodology of the 2018 PTS should continue to be adopted for the 2019 PTS.

The Commission's Views on the Review of PTS Methodology

4.13 We supported the PTSC's recommendation. A copy of our letter dated 20 December 2018 tendering advice to the Government on the review of the PTS methodology is at **Appendix G** (with key features of the methodology at **Annex** to the letter).

Chapter 5

Future Programme of Work

5.1 As mentioned in paragraph 3.17, we are in the course of conducting the Grade Structure Review (GSR) for the Veterinary Laboratory Technician and Medical Laboratory Technician grades. This GSR is now in full swing.

5.2 We will continue to carry out our responsibilities in accordance with our 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.

5.3 We will 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 will maintain close contacts with the major civil service staff bodies and interested private sector organisations to keep abreast of developments relating to the discharge of our duties and responsibilities and in carrying out specific tasks.

**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 2018

Chairman

Dr Wilfred Wong Ying-wai, GBS, JP

Members

Mrs Edith Chan Ngan Man-ling, MH

Mr Chan Tze-ching, BBS, JP

Ms Christina Maisenne Lee (since 1 August 2018)

Mr Lee Luen-fai, JP

Mr Lee Ming-kwai, GBS

Ms Angela Lee Wai-yin, BBS, JP

Mr Joseph Lo Kin-ching

Ms Elaine Lo Yuen-man

The Honourable Tony Tse Wai-chuen, BBS

Dr Carrie Willis Yau Sheung-mui, SBS, JP (until 31 July 2018)

Mr Wilfred Wong Kam-pui, JP

Membership of the Commission in 2019

Chairman

Dr Pang Yiu-kai, GBS, JP

Members

Mrs Edith Chan Ngan Man-ling, MH

Mr Chan Tze-ching, BBS, JP

Ms Christina Maisenne Lee

Mr Lee Luen-fai, JP

Mr Lee Ming-kwai, GBS

Ms Angela Lee Wai-yin, BBS, JP

Ms Elaine Lo Yuen-man

Dr Miranda Lou Lai-wah

Mr Joseph Luc Ngai, JP

The Honourable Tony Tse Wai-chuen, BBS

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/COS/4B VII

尊函檔號 Your Ref. : (16) in PC/460/0E3/1 (Pt. 6)

27 June 2018

Mr Joshua Law Chi-kong, GBS, JP
Secretary for the Civil Service
9th Floor, West Wing
Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Joshua,

**Proposed Hardship Allowance for Staff of the
Food and Environmental Hygiene Department
whose Duties are Related to Dead Bodies**

The Standing Commission on Civil Service Salaries and Conditions of Service has considered the Government's proposals, as set out in your letter of 4 June, to introduce a new two-tier job-related allowance (JRA), namely "Hardship Allowance (HA) for the Food and Environmental Hygiene Department (FEHD) staff who suffer from psychological impact as a result of performance of duties related to the handling / removal of dead bodies or exhumation of human remains", whereby a new monthly HA is payable to the staff of specified grades in the Dead Removal Teams of the Duty Rooms (DRs) and the Cemeteries and Crematoria (C&C) Section of FEHD, and to extend the eligibility of an existing "HA for the performance of supervisory or supporting duties in an obnoxious environment" to staff of the Foreman grade in the DRs. The Government also proposes that the above HA be payable in respect of duties performed from the first day of the month immediately following the month in which approval of the Secretary for the Civil Service is given, up to 31 March 2022. I am writing on behalf of the Commission to tender our advice in accordance with our terms of reference.

Background

The Commission notes that JRAs, covering Extraneous Duties Allowance and HA, are payments to compensate civil servants for aspects of their work which are not normally expected of a particular grade / rank and which have not been taken into account in the determination of its pay scale. They are payable only when justified on operational grounds and upon compliance with the general principles adopted by the Government governing the payment of JRAs to staff of civilian grades.

The Government's Proposals

FEHD considers that the staff in the DRs and C&C Section have to perform duties related to the handling or removal of dead bodies or exhumation of human remains, which are exceptionally obnoxious, and that regular and prolonged exposure to such duties may cause the staff concerned to suffer from psychological hardship or social stigma. FEHD therefore proposes to introduce a new two-tier "HA for FEHD staff who suffer from psychological impact as a result of performance of duties related to the handling / removal of dead bodies or exhumation of human remains" to compensate the relevant staff for the possible adverse psychological impact. For parity treatment, FEHD also proposes to extend the HA which is now payable to the Foreman grade in the C&C Section, to the same grade in the DRs for the performance of supervisory or supporting duties in an obnoxious environment.

The Commission's Views

The Commission supports the above proposals on the account of the justifications put forth by FEHD. The Commission notes the exceptionally obnoxious environment to which the concerned staff are subject and the rationale for making available the same allowance to staff performing similar supervisory duties. The Commission also supports that the above HA be payable in respect of duties performed from the first day of the month immediately following the month in which approval of the Secretary for the Civil Service is given, up to 31 March 2022 and notes that this will tie in with the five-yearly review mechanism for JRAs.

In considering the proposals, a Member of the Commission would like to draw the attention of the Government to the appropriateness or otherwise of the proposed title of the new two-tier allowance, i.e. “HA for FEHD staff who suffer from psychological impact as a result of performance of duties related to the handling / removal of dead bodies or exhumation of human remains”. As it is, the present title may inadvertently imply that adverse psychological impact, to be ascertained by some kind of assessment, has to be demonstrated before a staff member may claim such an allowance. The Commission therefore suggests that the Government consider reviewing the title of the allowance.

The Commission trusts that the Government will continue to keep under review the payment of JRAs in accordance with the established mechanism and the principles governing the payment of JRAs to staff of civilian grades to ensure that they are at all times justified.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wilfred Wong'.

(Wilfred Wong Ying-wai)
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 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 2018 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 2018 PTS was the 41st of its kind.

Survey Period

2. The survey covered a 12-month period from 2 April 2017 to 1 April 2018.

Participating Companies

3. A total of 112 companies took part in the survey including 86 larger companies (with 100 or more employees) and 26 smaller companies (with 50 to 99 employees) in the ratio of 77 : 23. The pay data of their 157 504 employees were used in the calculation of the 2018 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 2018 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>
(below MPS ¹ Point 10) | below \$21,880 per month |
| (b) | <u>Middle Salary Band (I)</u>
(MPS Points 10 to 23) | \$21,880 – \$42,410 per month |
| (c) | <u>Middle Salary Band (II)</u>
(above MPS Point 23 to Point 33) | \$42,411 – \$67,065 per month |
| (d) | <u>Upper Salary Band (I)</u>
(above MPS Point 33 to Point 44) | \$67,066 – \$101,070 per month |
| (e) | <u>Upper Salary Band (II)</u>
(above MPS Point 44 to
GDS(O) ¹ Point 39) | \$101,071 – \$135,075 per month |

5. Data collection commenced in February 2018 and ended in May 2018. 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 2018. 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

¹ 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 2017 to 1 April 2018 –

- | | | |
|-----|--|---------|
| (a) | Lower Salary Band
(below \$21,880 per month) | + 4.89% |
| (b) | Middle Salary Band
(\$21,880 to \$67,065 per month) | + 5.63% |
| (c) | Upper Salary Band
(\$67,066 to \$135,075 per month) | + 5.25% |

8. The PTSC met on 24 May 2018 to verify and consider validating the 2018 PTS findings. The representative of the Commission at the meeting, 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 one Staff Side representative of the Senior Civil Service Council (SCSC) validated the survey findings. The other Staff Side representative of the SCSC validated the survey findings with reservation. 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 2.05%, 1.12% and 1.19% respectively for the lower, middle and upper salary bands in 2018, arrived at the net PTIs as follows –

- | | | |
|-----|--------------------|---------|
| (a) | Lower Salary Band | + 2.84% |
| (b) | Middle Salary Band | + 4.51% |
| (c) | Upper Salary Band | + 4.06% |

Civil Service Pay Scales Relevant to the Commission's Purview
(with effect from 1 April 2018)

<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	129,325	13	16,975	4	11,565
48	124,830	12	16,635	3	10,600
47	120,495	11	16,295	2	9,585
46 (44B)	116,265	10	15,975	1	8,620
45 (44A)	112,250	9	15,665	0	8,130
44	105,175	8	15,365		
43	101,520	7	15,085		
42	97,340	6	14,780		
41	93,315	5	14,490		
40	89,460	4	14,195		
39	85,770	3	13,885		
38	81,975	2	13,610		
37	78,380	1	13,310		
36 (33C)	74,830	0	13,040		
35 (33B)	71,520				
34 (33A)	70,590				
33	70,090				
32	66,945				
31	63,930				
30	61,060				
29	58,345				
28	55,705				
27	53,195				
26	50,825				
25	48,540				
24	46,420				
23	44,325				
22	42,330				
21	40,420				
20	38,490				
19	36,665				
18	34,930				
17	33,290				
16	31,685				
15	30,165				
14	28,725				
13	27,340				
12	25,790				
11	24,270				
10	22,865				
9	21,585				
8	20,270				
7	19,030				
6	17,855				
5	16,790				
4	15,735				
3	14,780				
2	13,870				
1	13,045				
0	12,265				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	30,090	4	14,620
15	28,655	3	13,330
14	27,275	2	12,045
13	26,090	1	11,085
12	24,490	0	10,400
11	22,485		
10	20,645		
9	19,445		
8	18,250		
7	17,135		
6	16,095		
5	15,100		
4	14,185		
3	13,330		
2	12,490		
1	11,750		

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.20

尊函檔號 Your Ref. : CSBCR/PG/4-085/001/80

20 December 2018

Mr Law Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service
9th Floor, West Wing
Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Joshua,

Review of the Methodology of the Pay Trend Survey

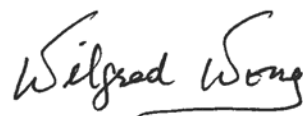
I am writing on behalf of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) to offer our advice, under Clause I(d) of our terms of reference, on the methodology of the Pay Trend Survey (PTS).

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 Side and the Government, may propose changes to the PTS methodology for consideration by the Standing Commission. The Standing Commission will in turn tender its advice to the Government. 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 2018 PTS should continue to be adopted for the 2019 PTS. The key features of the 2019 PTS methodology are set out at **Annex**.

Having considered the PTSC's review report, we are pleased to inform you that the Standing Commission supports the PTSC's recommendation on the methodology for the 2019 PTS. 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.

Yours ever,

A handwritten signature in black ink, reading "Wilfred Wong". The signature is written in a cursive style with a horizontal line underlining the name.

(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 2019 Pay Trend Survey Methodology

Overall

- (a) The 2018 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2019 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 around plus or minus five percentage points) should be maintained. The situation should be monitored to see if there is a clear trend indicating a significant change in the ratio of employees between larger and smaller companies in the market which might amount to a case for adjusting the current ratio of 75 : 25 or allowing a greater deviation (or both). The Pay Trend Survey Committee will examine in due course if there are practical alternatives that can better reflect the split of the total employee population between larger and smaller companies.
- (c) The current incremental approach to deal with the situation of individual over-represented and under-represented sectors in the survey field should continue.
- (d) The Pay Survey and Research Unit (PSRU) will continue to report on companies that have accumulated three or more industrial safety-related / occupational safety-related convictions in the preceding five years both at the meeting to review the survey field and at the meeting prior to submission of the Controller's Report (Pre-meeting), so that Members could exercise their best and fair judgment as to whether any of these companies could no longer be taken as good and steady employers.

Companies which have taken into account merit increase when awarding basic salary adjustment but reported the same rate of adjustment for all employees

- (e) The PSRU will step up its efforts in urging companies to provide breakdowns by salary band and employee category. It will seek clarifications from those that report the same rates of basic and additional pay adjustment across all salary bands. The PSRU will continue to report, at the Pre-meeting, the clarifications provided by the companies as well as whether they have reported in the same fashion consistently in the period preceding, such that Members could take a holistic view as to whether the relevant pay information should be retained or discarded.

Definition of additional payments

- (f) The description of “Included Items” under “Additional Payments” in the “Guidance Notes on Completion of the Questionnaire for the Pay Trend Survey” will be supplemented by expressly including “rewards”.
- (g) The PSRU will continue to ensure that the participating companies have a clear understanding of, among others, the definition of additional payments through company visits, briefings and routine communication during the conduct of survey.

Companies reporting a range of additional payments

- (h) The PSRU will continue with its efforts to urge companies to provide more detailed breakdown so as to facilitate Members’ verification and comparison.

