

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 63

REPORT 2020

CHAIRMAN

DR PANG YIU-KAI, GBS, JP

MARCH 2021

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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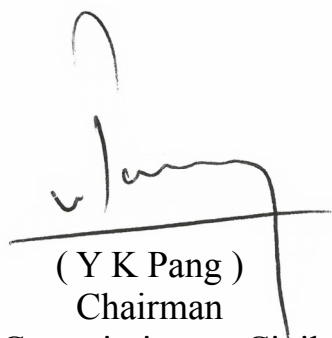
12 March 2021

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 2020.

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

REPORT No. 63

REPORT 2020

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Contents

Chapter		Page
1	Introduction	1
2	Advice on Individual Submissions, Informal Meetings with Civil Service Staff Bodies and Other Activities	2
3	Pay Trend Survey System	7
4	Future Programme of Work	11
Appendix		
A	Terms of Reference of the Commission	12
B	Membership of the Commission in 2020	14
C	Composition of the Pay Trend Survey Committee	15
D	Summary of the 2020 Pay Trend Survey	16
E	Civil Service Pay Scales Relevant to the Commission's Purview	20
F	Letter of 23 December 2020 to the Secretary for the Civil Service on the Review of the Methodology of the Pay Trend Survey	21

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 sixty-third report. It gives an account of our major undertakings in 2020. During the year, in addition to exchanging views with the staff side at a couple of informal meetings and consideration of Government's proposals by circulation, we held a Commission meeting and three meeting sessions with the staff side, all on the conduct of the forthcoming Pay Level Survey (PLS).

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 We would like to record our heartfelt thanks to Ms Angela Lee Wai-yin, BBS, JP, and Mr Lee Ming-kwai, GBS, who retired in December 2020 after six and a half years and six years of dedicated service respectively. We also welcome Ms Vena Cheng Wei-yan, Ms Ada Leung Ka-lai, SBS, and Mr Laurence Li Lu-jen, SC, JP, who were appointed as Members of the Commission with effect from 1 January 2021.

1.5 We would like to thank Mr Patrick Nip Tak-kuen, JP, Secretary for the Civil Service, and his predecessor, Mr Joshua Law Chi-kong, GBS, JP, as well as his staff for their assistance and co-operation. Our appreciation also goes to Mr Yau Kin-chung, JP, Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) and his staff for their support during the year.

Chapter 2

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

2.1 The year 2020 was a challenging year, as the Government of the Hong Kong Special Administrative Region and the community joined hands in the fight against the COVID-19 pandemic. During the year, the Government informed the Commission of the introduction of two time-limited Hardship Allowances, one for civil servants performing COVID-19-related duties in the Department of Health (DH) and the other, the Electrical and Mechanical Services Department (EMSD). The Commission was supportive of the Government's introduction of these allowances. The details of the proposals are set out in this Chapter. The progress of other activities of the Commission, including the Grade Structure Review (GSR) for the Medical and Health Officer (M&HO) grade and the forthcoming PLS, is also covered in this Chapter.

Introduction of Two Time-limited Hardship Allowances for Civil Servants in the Department of Health and the Electrical and Mechanical Services Department Performing COVID-19-related Duties

Background

2.2 Job-related allowances (JRAs) (including Hardship Allowance)¹ 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.

¹ There are six categories of JRAs, namely, (a) Extraneous Duties Allowance (for civilian grades) and Extra Duties Allowance for Disciplined Services; (b) Hardship Allowance (for civilian grades); (c) Shift Duty Allowance (for civilian grades); (d) Rainstorm Black Warning Allowance and Typhoon Allowance (for civilian grades); (e) Special Allowances payable to disciplined services grades; and (f) Uniform (and Kit) Allowance.

The Government's Considerations

2.3 With the activation of the Emergency Response Level under *the Preparedness and Response Plan for Novel Infectious Disease of Public Health Significance* on 25 January 2020, civil servants in DH and EMSD have been deployed to provide support in the combat against COVID-19.

2.4 To contain the spread of the virus and in support of the Government's implementation of various infection control measures, both frontline civil servants and those providing back-end support services in DH have been taking up an upsurge of workload. Frontline staff are required to work in high-risk areas and, together with those providing back-end support services, they have also been required to work prolonged hours on a continuous basis, including weekends and public holidays, or at odd hours. Some also have to temporarily separate from their families to prevent a possible spread of virus to their loved ones. In EMSD, civil servants at the frontline have been deployed to perform high-risk duties in relation to the operation and maintenance of electrical and mechanical facilities in high-risk areas of the Hospital Authority and DH in the combat against the pandemic.

2.5 Taking into account the unprecedented circumstances, the hardship, the need to work prolonged and irregular hours on a continuous basis and the undue physical and psychological stress endured and encountered by the civil servants concerned, and in recognition of their contribution and devotion to discharging the demanding and risky duties, the Secretary for the Civil Service approved the introduction of two time-limited Hardship Allowances² for eligible civil servants in DH and EMSD, with retrospective effect from 25 January 2020 (i.e. the date on which the Emergency Response Level was activated) until the deactivation of the Emergency Response Level.

² Under the Civil Service Regulation (CSR), the Secretary for the Civil Service may approve a Hardship Allowance to be paid to civilian grades officers, up to Master Pay Scale Point 33 and excluding members of the administrative and professional grades, to compensate duties performed in work environment which may render the officers liable to bodily harm or physical impairment of a degree not normally expected of officers in the same grade or rank.

The Commission's Views

2.6 The Commission noted the special circumstances in which the two Departments provide their COVID-19-related services and the hardship and challenges faced by many of their staff members. The Commission indicated its full support to the Government's introduction of the two allowances for DH and EMSD in April and December 2020 respectively.

Liaison with the Major Civil Service Staff Bodies

Background

2.7 Since 1992, the Commission has held regular informal meetings with the staff side of the Senior Civil Service Council (SCSC) and the Model Scale 1 (MOD 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

2.8 We understand from the previous rounds of informal meetings that the implementation of five-day week in the Government, the conditioned hours of work of the MOD 1 grades, the quantum and scope of medical and dental benefits available to civil servants, and the fringe benefits for officers appointed on new terms³, are among the key concerns to staff. We have appealed to the Government to tackle the issues and to strive for further improvements whilst engaging staff in the process.

³ Officers appointed on "New Terms" are civil servants who are offered appointment on or after 1 June 2000.

The Next Round of Informal Meetings

2.9 The Commission believes that it is imperative to engage the staff side in order to enhance mutual understanding and to keep abreast of major issues relating to civil service pay and conditions of service. Having considered the pandemic development and the Government's infection control measures, the Commission has rescheduled its regular informal meetings with representatives of the major civil service staff bodies to the first quarter of 2021. Subject to what is to transpire at those informal meetings, the Commission will convey the views and aspiration expressed by the staff bodies to the Government for consideration and follow-up.

Other Activities

Liaison with External Stakeholders

2.10 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 2020, 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 2020 Pay Trend Survey.

Grade Structure Review for the Medical and Health Officer Grade

2.11 On 11 November 2019, the Commission accepted the Government's invitation to conduct a GSR for the M&HO grade and to submit a report on its findings and recommendations to the Chief Executive around end-2020. Immediately after accepting the Government's invitation, the Commission extended invitations to the departmental management of DH and the relevant staff side for views and suggestions. Various staff bodies have submitted their views. As DH has been according the topmost priority to the work related to the COVID-19 pandemic since early 2020, it is expected that the views of its management could reach the Commission in the first half of 2021. The Commission envisages that it will take about 12 months upon the receipt of DH's submission to complete the exercise. A dedicated Working Group (with members drawn from within the

Commission) has been formed to spearhead the exercise, tentatively through a combination of a fact-finding exercise, examination of written submissions from the stakeholders as well as visits and meetings with them. The Working Group will submit its findings and initial recommendations to the full Commission for consideration.

Forthcoming Pay Level Survey

2.12 In December 2019, the Government invited the Commission to conduct the next PLS under the Improved Civil Service Pay Adjustment Mechanism (Improved Mechanism)⁴ and to recommend how the findings of the PLS should be applied to the non-directorate civilian grades of the civil service. Having considered and acknowledged the importance of the PLS as a key element of the Improved Mechanism, at its meeting on 29 May 2020, the Commission resolved to accept the Government's invitation to take on this important task.

2.13 On 30 September 2020, the Commission held three meeting sessions with the staff side to seek their views on various facets of the approach and the framework for the forthcoming PLS. Against the backdrop of the unique and unprecedented local and global circumstances arising from the COVID-19 pandemic, the Commission fully understood the concerns expressed by the staff side on the timing to commence the exercise and to conduct the fieldwork. The Commission resolved to conduct the forthcoming PLS at a slower pace. On behalf of the Commission, the Joint Secretariat informed the staff side of the above decision and the revised timeline on 4 November 2020. Notwithstanding the revised timeline, the Joint Secretariat has proceeded with the preparatory work for conducting the PLS, including the procurement of professional consultancy services for the exercise.

⁴ Under the Improved Mechanism and pursuant to the recommendations of our Review on Civil Service PLS and Starting Salaries Survey (SSS), three types of surveys, namely, the annual Pay Trend Survey, the six-yearly PLS, and the SSS to be conducted as and when necessary in response to specific circumstances, are carried out, all of them seeking collectively to maintain broad comparability between civil service pay and private sector pay.

Chapter 3

Pay Trend Survey System

3.1 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 (i.e. the payroll cost of increments (PCIs) which is 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, the pay claims of the staff side and civil service morale), the Chief Executive-in-Council (CE-in-Council) decides on the specific rates of adjustment for civil service pay.

Pay Trend Survey Committee

3.2 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 Lee Luen-fai, JP, and Mrs Edith Chan, MH, have been the Chairman and Alternate Chairman respectively of the PTSC since 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 side. Its composition is at **Appendix C**.

3.3 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 CSB and the staff side on any pay adjustment based on the survey results.

3.4 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

3.5 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, merit and in-scale increment 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

3.6 Starting from 2007, the PTS has adopted an improved methodology as approved by the CE-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.

3.7 In the 2012 PTS, an exclusion category was added to exclude employees affected by the 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 2020 Pay Trend Survey

3.8 The 2020 PTS, commissioned by the PTSC in February 2020, was conducted between February and May 2020. It followed the improved PTS methodology with the refinements as mentioned in paragraphs 3.6 and 3.7.

3.9 A total of 107 companies, comprising 80 larger companies (75%) and 27 smaller companies (25%), participated in the 2020 PTS. The PSRU collected information on pay adjustments in these 107 companies (comprising 146 434 employees) over the 12-month period from 2 April 2019 to 1 April 2020 and analysed the data in accordance with the improved methodology. The gross PTIs⁵ derived from the survey findings were released on 19 May 2020, and considered and validated by the PTSC on 27 May 2020. A summary of the results of the survey is at **Appendix D**.

3.10 Having considered the net PTIs⁶ and the other pertinent considerations as mentioned in paragraph 3.1, the CE-in-Council made a decision on 2 June 2020 that the pay for all civil servants should be frozen with retrospective effect from 1 April 2020. The latest pay scales relevant to the Commission's purview are shown at **Appendix E**.

Review of Survey Methodology

3.11 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 2020.

⁵ In the 2020 PTS, the gross PTIs for the upper, middle and lower salary bands are 2.72%, 3.01% and 2.31% respectively.

⁶ In June 2019, the CE-in-Council decided to put a cap on the PCIs to be deducted from the gross PTIs. Specifically, from the 2019-20 civil service pay adjustment exercise onwards, the average PCI for each salary band from 1989-90 to 2019-20, or the actual PCI for the particular salary band for the year, whichever is the lower, would be adopted for deriving the net PTI for that salary band. In the 2020-21 civil service pay adjustment exercise, as the average PCIs for the three salary bands from 1989-90 to 2019-20 are lower than the actual PCIs for the respective salary bands for the year, the average PCIs have been adopted for deriving the net PTIs for 2020-21, which are 1.68%, 1.98% and 1.15% for the upper, middle and lower salary bands respectively.

3.12 After careful deliberations, the PTSC recommended that the methodology of the 2020 PTS should continue to be adopted for the 2021 PTS.

The Commission's Views on the Review of PTS Methodology

3.13 We supported the PTSC's recommendation. A copy of our letter dated 23 December 2020 tendering advice to the Government on the review of the PTS methodology is at **Appendix F** (with key features of the methodology at **Annex** to the letter).

Chapter 4

Future Programme of Work

4.1 As mentioned in paragraphs 2.11 to 2.13, we are in the course of conducting the GSR for the M&HO grade and are proceeding with the preparatory work for the forthcoming PLS. We will continue to take forward the two exercises and take into account the views of the stakeholders in the course of the exercises.

4.2 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.

4.3 We will also keep the methodology of the PTS under review to ensure that the data collected are as credible as possible.

4.4 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 2020

Chairman

Dr Pang Yiu-kai, GBS, JP

Members

The Honourable Chan Chun-ying, JP

Mrs Edith Chan Ngan Man-ling, MH

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

Mrs Betty Yuen So Siu-mai, JP

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 2020 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 2020 PTS was the 43rd of its kind.

Survey Period

2. The survey covered a 12-month period from 2 April 2019 to 1 April 2020.

Surveyed Companies

3. A total of 107 companies took part in the survey including 80 larger companies (with 100 or more employees) and 27 smaller companies (with 50 to 99 employees) in the ratio of 75 : 25. The pay data of their 146 434 employees were used in the calculation of the 2020 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 (CE-in-Council) in March 2007), data collection in the 2020 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 \$24,070 per month |
| (b) | <u>Middle Salary Band (I)</u>
(MPS Points 10 to 23) | \$24,070 – \$46,655 per month |
| (c) | <u>Middle Salary Band (II)</u>
(above MPS Point 23 to Point 33) | \$46,656 – \$73,775 per month |
| (d) | <u>Upper Salary Band (I)</u>
(above MPS Point 33 to Point 44) | \$73,776 – \$110,170 per month |
| (e) | <u>Upper Salary Band (II)</u>
(above MPS Point 44 to
GDS(O) ¹ Point 39) | \$110,171 – \$147,235 per month |

5. Data collection commenced in February 2020 and ended in May 2020. 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 19 May 2020. Taking into account only those adjustments which related to the cost of living, general prosperity and company performance, general

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

changes in market rates, merit and in-scale increment, the following pay adjustments had been made in the surveyed companies during the period from 2 April 2019 to 1 April 2020 –

(a)	Lower Salary Band (below \$24,070 per month)	+ 2.31%
(b)	Middle Salary Band (\$24,070 to \$73,775 per month)	+ 3.01%
(c)	Upper Salary Band (\$73,776 to \$147,235 per month)	+ 2.72%

8. The PTSC met on 27 May 2020 to verify and consider the 2020 PTS report. The two representatives of the Standing Commission on Civil Service Salaries and Conditions of Service, 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, the two staff side representatives of the Senior Civil Service Council and the two staff side representatives of the Police Force Council validated the survey findings. In line with the established practice, the PTSC submitted its Report to the Government for consideration.

Pay Trend Indicators

9. The findings of the PTSs were known as the gross PTIs. In accordance with the recommendations of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters and pursuant to the decision of the CE-in-Council in June 2019², the Government, after deducting the values of civil service increments at their payroll cost, which were 1.16%,

² In June 2019, the CE-in-Council decided to put a cap on the PCIs to be deducted from the gross PTIs. Specifically, from the 2019-20 civil service pay adjustment exercise onwards, the average PCI for each salary band from 1989-90 to 2019-20, or the actual PCI for the particular salary band for the year, whichever is the lower, would be adopted for deriving the net PTI for that salary band.

1.03% and 1.04% respectively for the lower, middle and upper salary bands, arrived at the net PTIs for 2020-21³ as follows –

(a)	Lower Salary Band	+ 1.15%
(b)	Middle Salary Band	+ 1.98%
(c)	Upper Salary Band	+ 1.68%

³ In June 2020, having considered the net PTIs and the other pertinent considerations under the Improved Civil Service Pay Adjustment Mechanism, the CE-in-Council made a decision that the pay for all civil servants should be frozen with retrospective effect from 1 April 2020.

**Civil Service Pay Scales Relevant to the Commission’s Purview
(with effect from 1 April 2020)**

<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	135,470	13	17,870	4	12,175
48	130,760	12	17,515	3	11,160
47	126,220	11	17,155	2	10,090
46 (44B)	121,790	10	16,820	1	9,075
45 (44A)	117,580	9	16,490	0	8,560
44	110,170	8	16,175		
43	106,340	7	15,880		
42	101,965	6	15,560		
41	97,745	5	15,255		
40	93,710	4	14,945		
39	89,845	3	14,620		
38	85,870	2	14,330		
37	82,105	1	14,015		
36 (33C)	78,385	0	13,730		
35 (33B)	75,265				
34 (33A)	74,515				
33	73,775				
32	70,465				
31	67,295				
30	64,270				
29	61,415				
28	58,635				
27	55,995				
26	53,500				
25	51,095				
24	48,860				
23	46,655				
22	44,555				
21	42,545				
20	40,515				
19	38,595				
18	36,765				
17	35,040				
16	33,350				
15	31,750				
14	30,235				
13	28,780				
12	27,145				
11	25,545				
10	24,070				
9	22,725				
8	21,340				
7	20,035				
6	18,795				
5	17,675				
4	16,565				
3	15,560				
2	14,600				
1	13,735				
0	12,915				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	31,675	4	15,390
15	30,160	3	14,035
14	28,710	2	12,680
13	27,460	1	11,670
12	25,780	0	10,950
11	23,670		
10	21,735		
9	20,470		
8	19,210		
7	18,040		
6	16,945		
5	15,895		
4	14,935		
3	14,035		
2	13,150		
1	12,370		

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

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23 December 2020

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Review of the Methodology of the Pay Trend Survey

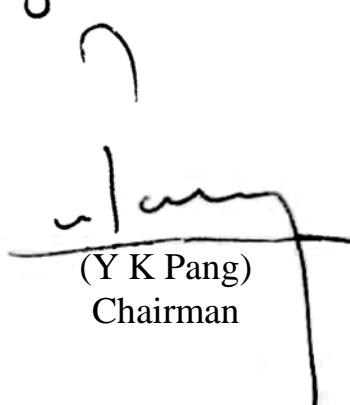
I am writing on behalf of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) to offer our advice, under Clause I(d) of our terms of reference, on the methodology of the Pay Trend Survey (PTS).

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. In line with the 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 2020 PTS should continue to be adopted for the 2021 PTS. The key features of the 2021 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 2021 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.

Separately, the Standing Commission has taken note of the views of some of the staff side representatives that the Government should conduct a comprehensive review on the annual civil service pay adjustment mechanism. The Standing Commission trusts that the Government would duly consider the views of the staff side representatives in this regard.

Yours Sincerely,

(Y K Pang)
Chairman

Encl.

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

Key Features of the 2021 Pay Trend Survey Methodology

Overall

The 2020 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2021 PTS.

Survey Field

(a) *Ratio between larger and smaller companies*

- (i) The status quo will be maintained, i.e. maintaining the ratio of 75 : 25 between the number of larger companies and that of smaller companies (with a flexibility of a deviation of around plus or minus five percentage points); and
- (ii) The Pay Survey and Research Unit (PSRU) will continue to increase as far as possible the number of smaller companies, in particular those with employees approaching 99 in number, within the above ratio and the range of deviation allowed.

(b) *Distribution of companies in the survey field*

- (i) The current incremental approach will continue to be adopted to address the over-representation or under-representation of the individual sector in the survey field; and
- (ii) The PSRU will endeavour to identify and add more new companies to the under-represented sectors. Meanwhile, the PSRU will not actively identify companies to replace any company that has withdrawn from the over-represented sectors.

(c) *Guidelines for selection*

- (i) The existing well-established practice will be maintained, i.e. the PSRU will provide the Pay Trend Survey Committee (PTSC) with information on companies that have accumulated three or more industrial safety-related/occupational safety-related convictions in the last five survey years at the meeting to review the survey field and the meeting prior to distribution of the Controller's Report. This arrangement should serve the purpose of facilitating Members to review whether any of these companies should no longer be regarded as steady and good employers; and
- (ii) The PSRU will continue to identify prospective companies that are typical and reputable in their respective fields for invitation to participate in the PTS.

Components of Pay Adjustment - Merit Increase and Special Merit Pay

- (d) The PSRU will continue to maintain close liaison with the participating companies so as to ensure that they have a clear understanding of the definitions of merit increase and special merit pay.
- (e) The PSRU will endeavour to urge the companies to provide a breakdown of salary adjustments attributable to merit increase and special merit pay.
- (f) The PSRU will request companies to provide an explanation if they propose a pay freeze or pay cut but report that they have taken into account merit increase when awarding basic salary adjustments.
- (g) The PSRU will continue to collect the information on special merit pay so as to further understand and analyse the change in the number of companies that have considered special merit pay when awarding basic salary adjustments to their employees.

A list setting out the economic sectors to which all the surveyed companies belonged

- (h) The status quo will be maintained, i.e. when Members consider that there is a need to know the economic sector to which individual companies belonged for the purpose of facilitating their validation of the Controller’s Report, the PSRU, abiding by the confidentiality pledge given to the surveyed companies, will try its best to provide the information to Members on a case-by-case basis.

Companies participating in the Employment Support Scheme (ESS)

- (i) The existing survey methodology will continue to be adopted to handle the companies that have participated in the ESS, i.e. the existing “employee categories covered in the survey” and “component factors of salary adjustment” will remain unchanged.

Review of the annual civil service pay adjustment mechanism

- (j) The PTSC should submit the PTS methodology it proposes for the consideration of the Standing Commission on Civil Service Salaries and Conditions of Service, which will then tender its advice to the Government, according to the established practice.

