

STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 65

REPORT 2022

CHAIRMAN

DR PANG YIU-KAI, GBS, JP

MARCH 2023

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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27 March 2023

The Honourable John KC Lee, GBM, SBS, PDSM, PMSM
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

Dear Sir,

--- On behalf of the Standing Commission on Civil Service Salaries
and Conditions of Service, I have the honour to submit a report on our work
during 2022.

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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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 Government 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-fifth report. It gives an account of our major undertakings in 2022. During the year, we took forward the Pay Level Survey (PLS) and considered its survey methodology with the benefit of recommendations and advice from a consultant whom we have employed. We then instructed the consultant to kick-start the job inspection interviews towards the end of the year. At various milestones of the exercise, we consulted and exchanged views with the staff side. As in previous years, in the period under review, we considered a package of Government's proposals relating mostly to conditions of service by means of paper circulation. We will set out details of these activities in the Chapters that follow.

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 Mr Lee Luen-fai, BBS, JP, and Ms Elaine Lo Yuen-man, MH, who retired in December 2022 after their dedicated service of nine years and six years and five months respectively. We also welcome Ms Ivy Cheung Wing-han, Ms Irene Chow Man-ling, Dr Billy Mak Sui-choi and Mr Adrian Wong Koon-man, BBS, MH, JP, who were appointed as Members of the Commission with effect from 1 January 2023.

1.5 We would like to thank Mrs Ingrid Yeung Ho Poi-yan, JP, Secretary for the Civil Service, and her predecessor Mr Patrick Nip Tak-kuen, GBS, JP, as well as their 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

Major Activities of the Standing Commission

2.1 In 2022, the COVID-19 epidemic continued to impact upon Hong Kong and elsewhere. The Government spared no efforts in combating the local epidemic. For instance, it has deployed staff, from different departments and from different grades, in a wide spectrum of initiatives aimed at controlling the spread of the virus and relieving the aftermath on members of the public. We would like to take this opportunity to offer our sincere thanks to all Government employees who participated in these initiatives one way or another. In this connection, earlier in 2022, the Government informed the Commission of the introduction of two time-limited Hardship Allowances to duly recognise the civil servants' contributions and devotion in discharging various risky anti-epidemic duties. Having regard to the latest development of the COVID-19 epidemic, the Government informed us towards the end of 2022 of the result of a comprehensive review of all approved COVID-related job-related allowances (JRAs). Separately, the Government also sought the Commission's views on the introduction of two Hardship Allowances for lifeguards serving in the Leisure and Cultural Services Department (LCSD) and on the abolition of the "Saturday-off" rule in counting the vacation leave for officers appointed on Local, Common or New Terms.

2.2 We set out in the paragraphs below the gist of such proposals and the Commission's advice.

Introduction of time-limited Hardship Allowances for COVID-related anti-epidemic duties

Background

2.3 JRAs (including Hardship Allowance)¹ are payments to compensate civil servants for aspects of their work that are not normally expected of a particular grade/rank and that 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.

2.4 Since the outbreak of the COVID-19 epidemic in early 2020, civil servants from various bureaux/departments have been deployed to various fronts in the fight against the local epidemic. As set out in the Commission Reports No. 63 and 64, the Secretary for the Civil Service approved, at different time points during the epidemic, three time-limited COVID-related HAs respectively for civil servants in the Department of Health (DH), the Electrical and Mechanical Services Department and the Home Affairs Department (HAD), in recognition of the risks, hardship and stress encountered by the officers concerned in performing specified types of anti-epidemic duties.

Time-limited Service-wide Hardship Allowance for operations arising from Restriction-testing Declarations

2.5 In January 2022, the Government introduced a time-limited COVID-related Hardship Allowance for civil servants in HAD who were deployed in or in connection with Restriction-testing Declaration (RTD) operations. With the onset of the fifth wave of COVID-19 in early 2022, the Government scaled up RTD operations with a view to containing the epidemic as quickly as possible. Civil servants were deployed by the appointed bureaux (including their family departments) to participate in operations arising from RTD. They were generally required to work long hours and to perform duties in higher risk areas, and were susceptible to other risks arising from the operations.

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.

2.6 To duly recognise their contribution and devotion, the Secretary for the Civil Service approved in February 2022 the introduction of a time-limited service-wide Hardship Allowance for all civil servants (in addition to those serving in HAD) participating in RTD operations, with retrospective effect from 30 December 2021².

Time-limited Hardship Allowance for civil servants in the Food and Environmental Hygiene Department

2.7 Civil servants in the Food and Environmental Hygiene Department (FEHD) were deployed to three types of teams, namely, “Household Disinfection Teams”, “General Operation Teams for RTD operations” and “Dead Removal Teams”, to undertake duties directly related to suspected or confirmed cases of COVID-19. Members of the “Household Disinfection Teams” and “General Operation Teams for RTD operations” were required to perform cleansing and disinfection work at places of residence and workplaces, as well as RTD zones, where persons tested positive for COVID-19 patronise. Members of the “Dead Removal Teams” were tasked to convey corpses of deceased persons who were suspected of or tested positive for COVID-19. Such duties involving direct contact with COVID-19 confirmed or suspected patients or contaminants imposed physical and psychological hardship on the staff concerned.

2.8 To duly recognise the hardship encountered by the FEHD staff concerned, the Secretary for the Civil Service approved in April 2022 the introduction of a time-limited Hardship Allowance for civil servants in FEHD performing specified COVID-related duties, with retrospective effect from 30 December 2021³.

Review of time-limited Job-related Allowances for COVID-related anti-epidemic duties

2.9 As the local epidemic situation had stabilised and the community had attained a high vaccination rate, for a proper use of public money, the Government completed a review on all COVID-related JRAs payable to civil servants in November 2022 and reaffirmed a set of general principles governing the granting of such allowances to ensure that the stipulated

² The date on which the first large-scale RTD operation was conducted under the fifth wave of COVID-19 in Hong Kong.

³ The date when the first Omicron case emerged in the fifth wave of the COVID-19 epidemic.

eligibility criteria and rate of each of the allowances are commensurate with the latest epidemic situation. In early March 2023, the Government informed the Standing Commission that the Secretary for the Civil Service had approved the cessation of all COVID-related JRAs with effect from 1 March 2023 in tandem with the resumption to normalcy.

The Commission's views

2.10 The Commission supported the Government's introduction of the time-limited COVID-related Hardship Allowances, acknowledging the special circumstances and the hardship and challenges faced by the civil servants concerned in undertaking specified anti-epidemic duties. The Commission also welcomed the introduction of a set of general principles governing the granting of COVID-related JRAs. The Commission also noted that the allowances would cease to be payable from 1 March 2023. It is a fair arrangement as Hong Kong as a whole is in the process of returning to normalcy.

Introduction of two Hardship Allowances for Senior Lifeguards and Lifeguards in the Leisure and Cultural Services Department

Background

2.11 In 2022, the Government sought the views of the Commission on two Hardship Allowances concerning Senior Lifeguards (SLGs) and Lifeguards (LGs) serving in LCSD. SLGs and LGs belong to the lifeguard stream in the Senior Artisan and Artisan grades⁴ respectively, which are grades encompassing staff tasked with duties of a diverse nature. In comparison with other streams of the two grades, SLGs and LGs in LCSD have to perform duties that are unique and sometimes obnoxious.

⁴ As at 1 February 2022, Senior Artisans in LCSD were serving in seven streams, namely, Beach/Swimming Pool (Lifeguard), Water Sports Centre (Lifeguard), Carpenter, Carpenter (Stage), Domestic Affairs, Filtration Plant and General Duties streams; and Artisans in LCSD were serving in nine streams, namely, Beach/Swimming Pool (Lifeguard), Water Sports Centre (Lifeguard), Carpenter, Carpenter (Stage), Electrical, Filtration Plant, General Duties, Metal Worker and Plumber streams.

Hardship Allowance for Senior Lifeguards and Lifeguards performing obnoxious duties at gazetted beaches or water sports centres

2.12 SLGs and LGs serving in LCSD provide lifeguard services at 44 public swimming pools, 39 gazetted beaches⁵ and five water sports centres. SLGs and LGs at gazetted beaches and water sports centres are required to discharge obnoxious duties such as expelling or removing species of dangerous marine life and floating carcasses, handling on occasions oil pollution substances arising from oil pollution incidents and assisting in clearing floating marine refuse found within the boundary of gazetted beaches and water sports centres. In consideration of the obnoxious nature of such duties, the Government proposed for the consideration of the Commission in March 2022 the introduction of a Hardship Allowance for SLGs and LGs performing obnoxious duties at gazetted beaches or water sports centres in LCSD.

Hardship Allowance for Senior Lifeguards and Lifeguards whose duties involve a higher degree of hardship at aquatic venues

2.13 All SLGs and LGs at LCSD's aquatic venues should possess specified types of Lifeguard Awards⁶ which are subject to revalidation⁷. They are also required to train themselves on a continuous basis and keep their physical fitness and lifesaving skill at a high standard and deliver lifesaving duties whenever the aquatic venue is open and under all-weather conditions. These duties, taken as a whole, generally involve a higher degree of hardship and require more stringent physical requirements that are not normally expected of staff in the same grade or rank. On this account, the Government proposed for the consideration of the Commission in March 2022 the introduction of another Hardship Allowance for SLGs and LGs in LCSD whose duties involve a higher degree of hardship at aquatic venues.

⁵ Among the 42 gazetted beaches under the management of LCSD, only 39 gazetted beaches are provided with lifeguard services.

⁶ The Lifeguard Awards include (a) Pool and Beach Lifeguard Awards; (b) Beach Lifeguard Management Awards and Pool Lifeguard Management Awards; (c) Beach Lifeguard Awards; and (d) Beach Lifeguard Management Awards.

⁷ SLGs and LGs are required to attend a refresher course and attend three parts of an examination including a written test, a land practical test and a water practical test. They have to pass all three parts of the examination in order to get revalidated.

The Commission's advice

2.14 The Commission considered the Government's proposals by circulation of paper in April 2022. Having examined closely the justifications put forth by the Government, and noting that the Government had undertaken in public that a comprehensive review of the utilisation patterns of its aquatic venues and the service demands from the public would be conducted, and that in the review, the roles and duties of the lifeguards in LCSD (including civil service and contract lifeguards) would also be covered, the Commission supported the introduction of the two Hardship Allowances.

Abolition of the "Saturday-off" rule in counting the vacation leave for officers appointed on Local, Common or New Terms⁸

Background

2.15 Under its terms of reference, the Commission is to advise and make recommendations to the Government on, among others, the conditions of service (including fringe benefits) of non-directorate civilian civil servants.

Abolition of the "Saturday-off" rule

2.16 As one of the policy initiatives featured in the Chief Executive's 2022 Policy Address, the Government will review and update the Civil Service Regulations, and repeal, amend and simplify outdated rules and procedures, starting with rules relating to leave calculation and deduction. As more than 80% of civil servants are now working on a five-day week (FDW) work pattern, the Government proposed to abolish the "Saturday-off" rule⁹ in counting the vacation leave taken by officers appointed on Local, Common or New Terms. With the abolition of the rule, all civil servants,

⁸ Local Terms officers refer to those civil servants who were offered appointment before 1 January 1999. Common Terms officers refer to those who were offered appointment on or after 1 January 1999 and before 1 June 2000. New Terms officers refer to those who were offered appointment on or after 1 June 2000.

⁹ The "Saturday-off" rule was introduced around 1980 to address the difference in the number of leave days deducted for the same duration of extended absence among civil servants working on different work patterns. Under the rule, when an officer (regardless of the work pattern of the officer) takes leave of 12 working days or less, off-duty Saturdays are normally not counted as leave. For leave longer than 12 working days, the officer will cease to be eligible for a "Saturday-off" on the intervening Saturdays during, as well as on the Saturday at the end of, the period of absence, and such Saturdays will be counted as leave.

regardless of their work patterns, will have their leave days deducted in accordance with the same arrangement, i.e. five days of vacation leave will be deducted for every period of continuous absence of seven calendar days¹⁰.

The Commission's advice

2.17 The Commission considered the Government's proposal by circulation of paper in November 2022. Considering that the proposed abolition of the "Saturday-off" rule was to simplify leave calculation as well as to make the leave arrangement more in line with the private sector and such a change was one of the key requests raised by the staff bodies, the Commission rendered full support for the proposal. The Commission understands that the Government is in the process of implementing the change and has been engaging the staff side.

Pay Level Survey

2.18 In December 2019, the Government invited the Commission to conduct the PLS, which is a key element of the Improved Civil Service Pay Adjustment Mechanism (Improved Mechanism)¹¹. Subsequently, the Commission accepted the invitation and, in consideration of the staff side's concerns expressed at the consultation meeting in September 2020 on the timing for conducting the PLS against the backdrop of the then economic uncertainties arising from the COVID-19 epidemic, the Commission resolved to adopt a two-stage approach to take forward the survey. Later on, the Commission appointed through the Joint Secretariat a consultant (Korn Ferry (HK) Limited) (the Consultant) to provide professional advice and support to the survey.

2.19 In early 2022, the consultant commenced the preparatory work for the survey, starting from reviewing the survey methodology and proposing a list of civil service benchmark jobs. The Consultant's recommendations on

¹⁰ The Government advised that the "12-day" rule, which is another leave deduction principle applicable to Local Terms officers only, will continue to apply as it forms part and parcel of the leave package for Local Terms officers. Under the rule, whenever a Local Terms officer takes purely vacation leave of more than 12 days, all intervening Saturdays, Sundays and gazetted general holidays are counted as leave.

¹¹ 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.

the above were presented in the form of an inception report. After due consultation with the staff side in August 2022 on the inception report, we endorsed the Consultant's recommendations in September 2022 and instructed the Consultant to proceed to the job inspection process. The objective of the process is to ascertain the duties and responsibilities of the selected civil service benchmark jobs so that their job descriptions could be compiled and used as a basis for identifying comparable private sector counterparts in the job matching process in Stage 2. We updated the staff side on the then progress of the job inspection process in December 2022. The Consultant is now conducting the job inspection interviews and we will keep monitor the Consultant's work in this respect.

2.20 Upon completion of the job inspection process, the Consultant will submit its recommendations on whether and when to proceed with Stage 2, i.e. the actual fieldwork, and, if it is determined to proceed with the survey, a survey reference date. The Commission will then decide whether and when the actual fieldwork should start. The Commission will continue to fully engage the staff side on major issues in relation to the survey along the way with the assistance of the Consultant.

Grade Structure Review for the Medical and Health Officer grade

2.21 Noting that the Medical and Health Officer (M&HO) grade of DH had been facing consistently high vacancy and resignation rates in recent years notwithstanding various mitigation measures implemented by DH, the Secretary for the Civil Service invited the Commission to conduct a Grade Structure Review (GSR) for the M&HO grade. At its meeting on 11 November 2019, the Commission accepted the invitation to take forward the GSR. A dedicated Working Group (with members drawn from within the Commission) was then formed to spearhead the review. The Working Group invited and examined written submissions from the departmental management of DH, staff bodies and individual M&HO grade members. The Working Group also visited various facilities of DH and met with the departmental management to better understand the work of the M&HO grade. Affirming the importance of staff engagement, the Working Group met with M&HO grade members on each of these occasions so as to gain a direct pulse of staff views and their sentiments. The Working Group was then in the process of formulating its preliminary recommendations.

2.22 In mid-2022, the Government informed the Commission that the original target time for completion of the GSR would need to be deferred, since DH was fully engaged at that time in fighting the COVID-19 epidemic. Furthermore, the epidemic has brought about an impact on the healthcare landscape in Hong Kong, which should best be taken into account in the GSR. The Commission noted the Government's views which are reasonable in the circumstances. The Commission has undertaken to revive the exercise if invited to do so by the Government.

Liaison with the major civil service staff bodies

2.23 Since 1992, the Commission has held regular sharing sessions with the staff side of the Senior Civil Service Council (SCSC)¹² and the Model Scale 1 Staff Consultative Council, which are the two Central Consultative Councils of the Government in respect of the civilian grades. In order to canvass a wider spectrum of views, the Commission has also invited the three major service-wide staff unions¹³ to join the sessions since 1996. These sessions have proven to be very useful in keeping us apprised of current issues of concern to civilian civil servants.

2.24 The implementation of FDW in the Government, the conditioned hours of work of the civil service, the quantum and scope of medical and dental benefits available to civil servants, and the fringe benefits for officers appointed on New Terms¹⁴, have been among the key concerns to staff.

2.25 At the latest round of sharing sessions with the staff side held in February 2023, we exchanged views with the staff bodies on the issues referred to in paragraph 2.24 above, as well as other matters such as leave entitlements and training and development. In particular, the staff representatives continued to express their wish to have more and eventually all civil servants migrated to FDW and to reduce the conditioned hours of work of staff under the net conditioned hours of work system by the provision of paid meal breaks. Some staff representatives also suggested that the fringe benefits for civil servants appointed on New Terms should be enhanced

¹² 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.

¹³ The three major service-wide staff unions are the Government Employees Association, the Hong Kong Civil Servants General Union, and the Hong Kong Federation of Civil Service Unions.

¹⁴ New Terms officers refer to those civil servants who were offered appointment on or after 1 June 2000.

in order to attract and retain talents. The Commission has appealed to the Government to tackle the issues and to strive for further improvements whilst engaging staff in the process.

Liaison with external stakeholders

2.26 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 July 2022, 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 2022 Pay Trend Survey.

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, BBS, JP, the Chairman of the PTSC, retired by the end of December 2022 after serving in that capacity for four years. Mr Laurence Li Lu-jen, SC, JP assumed the chairmanship and Ms Dilys Chau Suet-fung was appointed as the Alternate Chairman in January 2023. 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 agreed 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 increase 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 verification and, if deemed appropriate, for validation.

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.

3.8 In the 2014 PTS, another exclusion category was added to exclude new recruits who are not subject to pay adjustment decisions during the survey period as a result of company policy. Since the 2016 PTS, new recruits who are awarded pay adjustment on a pro rata basis as a result of company policy have also been excluded.

The 2022 Pay Trend Survey

3.9 The 2022 PTS, commissioned by the PTSC in February 2022, was conducted between February and May 2022. It followed the improved PTS methodology with the refinements as mentioned in paragraphs 3.6 to 3.8.

3.10 A total of 111 companies, comprising 83 larger companies (75%) and 28 smaller companies (25%), participated in the 2022 PTS. The PSRU collected information on pay adjustments in these 111 companies (comprising 128 929 employees) over the 12-month period from 2 April 2021 to 1 April 2022 and analysed the data in accordance with the improved methodology. The gross PTIs¹⁵ derived from the survey findings were released on 18 May 2022, and considered and validated by the PTSC on 25 May 2022. A summary of the results of the survey is at **Appendix D**.

3.11 Having considered the net PTIs¹⁶ and the other pertinent considerations as mentioned in paragraph 3.1, the CE-in-Council made a decision on 12 July 2022 to increase the pay for all civil servants at 2.5% for 2022-23. Following the above decision made by the CE-in-Council and the subsequent approval of the Finance Committee of the Legislative Council on 22 July 2022, the 2022-23 civil service pay adjustment took retrospective effect from 1 April 2022. The latest pay scales relevant to the Commission's purview are shown at **Appendix E**.

Review of survey methodology

3.12 It has been an established practice for the PTSC, 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 2022.

¹⁵ In the 2022 PTS, the gross PTIs for the upper, middle and lower salary bands are 8.30%, 5.58% and 3.20% respectively.

¹⁶ In considering the 2019-20 civil service pay adjustment in June 2019, the CE-in-Council also 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, will be adopted for deriving the net PTI for that salary band. In the 2022-23 civil service pay adjustment exercise, as the average PCIs for the three salary bands from 1989-90 to 2019-20 were lower than the actual PCIs for the respective salary bands for the year, the average PCIs were adopted for deriving the following net PTIs for 2022-23, i.e. 7.26%, 4.55% and 2.04% for the upper, middle and lower salary bands respectively.

3.13 After careful deliberations, the PTSC recommended that the methodology of the 2022 PTS continue to be adopted for the 2023 PTS.

The Commission's views on the review of PTS methodology

3.14 We supported the PTSC's recommendation. A copy of our letter dated 21 December 2022 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 2.18 to 2.20, Stage 1 of the PLS is now in full swing. We will continue to take forward the survey and take into account the views of the stakeholders in the course of the exercise.

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 PTS methodology 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.

**STANDING COMMISSION ON
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE**
(Membership as at 2022)



DR PANG YIU-KAI, GBS, JP
CHAIRMAN

(APPOINTED ON 1 JANUARY 2019)



MR LEE LUEN-FAI, BBS, JP
MEMBER

(APPOINTED ON 1 JANUARY 2014)



MS ELAINE LO YUEN-MAN, MH
MEMBER

(APPOINTED ON 1 AUGUST 2016)



MS CHRISTINA MAISENNE LEE, JP
MEMBER

(APPOINTED ON 1 AUGUST 2018)



DR MIRANDA LOU LAI-WAH
MEMBER

(APPOINTED ON 1 JANUARY 2019)

**STANDING COMMISSION ON
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE**
(Membership as at 2022)



MR JOSEPH LUC NGAI, JP
MEMBER

(APPOINTED ON 1 JANUARY 2019)



HON CHAN CHUN-YING, JP
MEMBER

(APPOINTED ON 1 JANUARY 2020)



MRS BETTY YUEN SO SIU-MAI, JP
MEMBER

(APPOINTED ON 1 JANUARY 2020)



MS VENA CHENG WEI-YAN
MEMBER

(APPOINTED ON 1 JANUARY 2021)



MS ADA LEUNG KA-LAI, SBS
MEMBER

(APPOINTED ON 1 JANUARY 2021)

**STANDING COMMISSION ON
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE
(Membership as at 2022)**



MR LAURENCE LI LU-JEN, SC, JP
MEMBER

(APPOINTED ON 1 JANUARY 2021)



MS DILYS CHAU SUET-FUNG
MEMBER

(APPOINTED ON 1 JANUARY 2022)



MR VICTOR LAM HOI-CHEUNG, JP
MEMBER

(APPOINTED ON 1 JANUARY 2022)

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 2022 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 2022 PTS was the 45th of its kind.

Survey period

2. The survey covered a 12-month period from 2 April 2021 to 1 April 2022.

Surveyed companies

3. A total of 111 companies took part in the survey including 83 larger companies (with 100 or more employees) and 28 smaller companies (with 50 to 99 employees) in the ratio of 75 : 25. The pay data of their 128 929 employees were used in the calculation of the 2022 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 2022 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
PPS ¹ Point 54b) | \$110,171 – \$150,915 per month |

5. Data collection commenced in February 2022 and ended in May 2022. 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 18 May 2022. 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; PPS denotes Police Pay Scale.

changes in market rates, merit increase and in-scale increment, the following pay adjustments had been made in the surveyed companies during the period from 2 April 2021 to 1 April 2022 –

- | | | |
|-----|--|---------|
| (a) | Lower Salary Band
(below \$24,070 per month) | + 3.20% |
| (b) | Middle Salary Band
(\$24,070 to \$73,775 per month) | + 5.58% |
| (c) | Upper Salary Band
(\$73,776 to \$150,915 per month) | + 8.30% |

8. The PTSC met on 25 May 2022 to verify and consider the 2022 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 Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, the two representatives of the Civil Service Bureau, the Staff Side Representative of the Senior Civil Service Council, the three Staff Side Representatives of the Model Scale 1 Staff Consultative Council, the two Staff Side Representatives of the Police Force Council and the two Staff Side Representatives of the Disciplined Services Consultative 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 considering the 2019-20 civil service pay adjustment in June 2019, the CE-in-Council also 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, will 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 2022-23³ as follows –

(a)	Lower Salary Band	+ 2.04%
(b)	Middle Salary Band	+ 4.55%
(c)	Upper Salary Band	+ 7.26%

³ In July 2022, having considered all pertinent considerations including the net PTIs under the Improved Civil Service Pay Adjustment Mechanism, the CE-in-Council made a decision to increase the pay for all civil servants at 2.5% with retrospective effect from 1 April 2022.

Civil Service Pay Scales Relevant to the Commission’s Purview (with effect from 1 April 2022)

<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	138,855	13	18,320	4	12,480
48	134,030	12	17,955	3	11,440
47	129,375	11	17,585	2	10,345
46 (44B)	124,835	10	17,245	1	9,305
45 (44A)	120,520	9	16,905	0	8,775
44	112,925	8	16,580		
43	109,000	7	16,280		
42	104,515	6	15,950		
41	100,190	5	15,640		
40	96,055	4	15,320		
39	92,090	3	14,990		
38	88,015	2	14,690		
37	84,160	1	14,370		
36 (33C)	80,345	0	14,075		
35 (33B)	77,145				
34 (33A)	76,380				
33	75,620				
32	72,225				
31	68,975				
30	65,875				
29	62,950				
28	60,100				
27	57,395				
26	54,840				
25	52,370				
24	50,080				
23	47,820				
22	45,670				
21	43,610				
20	41,530				
19	39,560				
18	37,685				
17	35,915				
16	34,185				
15	32,545				
14	30,990				
13	29,500				
12	27,825				
11	26,185				
10	24,670				
9	23,295				
8	21,875				
7	20,540				
6	19,265				
5	18,120				
4	16,980				
3	15,950				
2	14,965				
1	14,080				
0	13,240				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	32,465	4	15,775
15	30,915	3	14,390
14	29,430	2	13,000
13	28,145	1	11,965
12	26,425	0	11,225
11	24,265		
10	22,280		
9	20,985		
8	19,695		
7	18,495		
6	17,370		
5	16,295		
4	15,310		
3	14,390		
2	13,480		
1	12,680		

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.22

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

21 December 2022

Mrs. Yeung Ho Poi Yan, Ingrid, JP
Secretary for the Civil Service
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Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dea Ingrid,

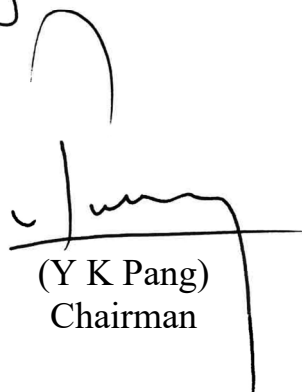
Review of the Methodology of the Pay Trend Survey

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 completed the latest round of review, and recommended that the methodology of the 2022 PTS continue to be adopted for the 2023 PTS. The key features of the 2023 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 2023 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 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 2023 Pay Trend Survey Methodology

Overall

The 2022 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2023 PTS.

Survey Field

(a) *Representativeness of smaller companies*

- (i) the status quo will be maintained, i.e. smaller companies to be included in the survey field will continue to be defined as those with 50 to 99 employees, while larger companies to be included are those with 100 employees or more. The ratio of the number of larger companies to that of smaller companies will be maintained at 75 : 25, allowing a deviation of around plus or minus five percentage points. The PSRU will continue to increase as far as possible the number of smaller companies, in particular those with employees approaching 99 in number;
- (ii) in selecting companies for Members to consider for inclusion in the survey field, the PSRU will continue to follow the selection criteria to identify good and steady employers. As the source of funding is not a consideration in selecting companies for inclusion in the survey field, companies/organisations (including statutory bodies and public organisations) that can meet the selection criteria will also be considered; and
- (iii) on the premise that the 2023 PTS will not be affected, a separate study be conducted to examine such issues as whether it is feasible and desirable to broaden the survey field to include companies with fewer than 50 employees.

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

- (i) the current incremental approach will continue to be adopted with a view to addressing the issues of over-representation or under-representation of individual sectors in the survey field;
- (ii) the PSRU will also endeavour to identify and add more new companies to the under-represented sectors. As regards the over-represented sectors, the PSRU will, in the light of the then prevailing circumstances, consider not to take the initiative to identify new companies or suggest other suitable options for the PTSC's consideration; and
- (iii) publicity efforts should be stepped up to explain the principles in drawing up the survey field in order to address the public concerns over this matter.

(c) *Components of Pay Adjustment - Merit Increase and Special Merit Pay*

- (i) 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, the PSRU will continue to collect the information on special merit pay to keep in view of the situation.

(d) *Cost-cutting Measures adopted by Private Sector*

- (i) the PSRU will state in the 2023 PTSC Report to be submitted to the CSB the change in the number of full-time employees in the surveyed companies; and, on the premise that no information that could be used for identifying or inferring the identity of the companies will be disclosed, provide information on companies that have significant changes in the number of full-time employees owing to their business operations for reference by the Government when the latter decides the annual civil service pay adjustment;
- (ii) following the usual practice, the PSRU will report to Members at the Pre-meeting the companies that, for the past one or/and two years, have significant changes in the number of employees for their consideration as to

whether the companies concerned are steady and good employers and thus the pay data they provide should be included in the calculation of the PTIs; and

- (iii) the PSRU will collect qualitative information from the participating companies in the 2023 PTS so as to gain a deeper understanding of trends in salary adjustments and how prevalently cost-cutting measures, such as no-pay leave, were adopted in the private sector. The information to be collected will include whether any employees of the surveyed companies took no-pay leave during the survey period and the main reasons for taking no-pay leave, and the companies' observations and views on salary adjustment in the private market in general and in their respective sectors. The information collected will be compiled and analysed by the PSRU and set out in the PTS Report for Members' reference and in the PTSC Report to be submitted to the CSB to facilitate the Government to have its finger on the pulse of the market. The PTSC will also consider disseminating the analyses concerned when the survey findings are released.

(e) *PTS Timetable*

- (i) the existing timetable will continue to be adopted.

(f) *Arrangements for the release of survey findings*

- (i) a press release to announce the 2023 PTS tentative findings will be issued immediately after the Distribution Meeting in accordance with the prevailing practice;
- (ii) the press briefing that used to be held after the Validation Meeting will be advanced and held after the Distribution Meeting, i.e. the date on which the tentative findings are announced;
- (iii) representatives from the CSB and other relevant departments will also join the press briefing to present the preliminary data and observations pertaining to the factors under the civil service pay adjustment mechanism and explain to the media, among other issues, the objective and methodology of the survey and its tentative findings, and answer the media's enquiries about the

civil service pay adjustment mechanism and the PTS;
and

- (iv) the PTS Report should spell out more clearly various attributes of the PTS, such as its objective (of tracking the data over the previous year and not for forecasting), the voluntary nature of companies' participation, the scope of the survey not including companies with fewer than 50 employees, and that only the salary adjustment that are attributed to the five component factors is tracked by the survey. The PSRU will consider specific proposals.

(g) *Mechanism to Suspend the PTS*

- (i) the annual PTS will continue to be conducted in accordance with the mechanism to derive the PTIs which are one of the factors referenced by the Government to decide the annual civil service pay adjustment.

Pay Trend Survey Committee
December 2022

