

LEGISLATIVE COUNCIL BRIEF

2015 STARTING SALARIES SURVEY – APPLICATION TO THE CIVIL SERVICE

INTRODUCTION

At the meeting of the Executive Council on 3 May 2016, the Council **ADVISED** and the Chief Executive **ORDERED** that –

- A
- (a) the starting salaries for all basic ranks in the civilian grades should remain unchanged in accordance with the recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) in its Report No. 54 (**Annex A**);
 - (b) the starting salaries for all basic ranks in the disciplined services grades should also remain unchanged in accordance with the recommendation of the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS); and
 - (c) a specific study on Qualification Group (QG) 8 (i.e. the QG of Degree and Related Grades) should be conducted to provide a solid basis for an informed decision on QG 8 starting salaries in future.

JUSTIFICATIONS

Civil Service Pay Policy

2. The Government's civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide the public with an effective and efficient service; and to ensure that civil service remuneration is regarded as fair by both civil servants and the public that they serve through maintaining broad comparability between civil service and private sector pay. To implement this policy, an Improved Civil Service Pay Adjustment Mechanism (the Mechanism)¹ has been put in place since 2007. Under the Mechanism, a Starting Salaries Survey (SSS) is conducted once every three years to compare the starting salaries of non-

¹ The Mechanism was endorsed by the Executive Council in 2007 and comprises the conduct of a pay level survey every six years; a Starting Salaries Survey every three years; and the annual pay trend survey.

directorates civilian civil service grades with those of the private sector requiring similar qualifications.

Determination of Starting Salaries for Basic Ranks

3. Over 300 basic ranks of non-directorate civilian civil service grades are broadly divided into 11 different QGs based on their entry qualification and/or experience requirements, and a benchmark pay is set for nine of these QGs². The starting salaries of individual grades under each QG are usually set on a par with or one or more pay points higher than its benchmark pay³. Where SSS fails to gather sufficient data to ascertain the entry pay in the private sector for a particular QG, the benchmark pay for that QG will be set through its internal relativities with other QGs.

2015 SSS

4. At the invitation of the Government, the SCCS conducted the 2015 SSS with the assistance of an independent consultant, using 1 April 2015 as the reference date. The survey covered all QGs with benchmark pay set, and adopted the methodology which has worked well in previous SSSs. It collected valid pay data from a total of 139 private sector organisations for comparison with the benchmark pay of QGs with similar qualification and/or experience requirements. Having regard to the established practice and the consideration that the Government should be a good employer, the SCCS continued to adopt the upper quartile level (i.e. the “market P75 level”) of the total cash compensation⁴ of private sector pay as the basis for comparison with individual QGs in the civil service.

5. The survey findings indicate that the differences between the existing benchmark pay of most QGs with sufficient market data for analysis and the upper quartile level of market pay were insignificant (in the range of +3.6% to -5.2%). However, the market upper quartile level of QG 8 (Degree and Related Grades) was lower than the existing civil service benchmark pay by 15.3% (around \$3,900 per month or three pay points on the Master Pay Scale). The findings of the survey are summarised at **Annex B**.

B

2 No benchmark pay is set for the grades under QG 10 (Education Grades) and QG 11 (Other Grades) due to their unique job nature and disparate entry requirements.

3 Save for a few exceptions (e.g. assistant ranks for professional grades in QG 7) where the starting salaries are set at a point below the benchmark pay for the relevant QG.

4 Total cash compensation includes annual basic salary, guaranteed bonus as well as other cash payment (cash allowance and variable pay). It however does not include those that are conditional on particular working conditions (such as occasional overtime, shift, work location) or on individual circumstances (such as reimbursement of expenses).

Recommendations of the SCCS

Holistic Approach

6. The SCCS recommends that, having regard to its experiences in the last two SSSs in 2009 and 2012, a “holistic approach” should continue to be adopted for considering how the SSS findings should be applied to civil service basic ranks, and has formulated the principles and considerations as set out in **Annex C** as the basis of this approach.

Application of Survey Findings

7. Except for QG 8, the benchmark pays for all QGs with sufficient market data for analysis (i.e. QG 1, QG 2 Group I, QG 2 Group II, QG 2 Group III, QG 3 Group II, QG 5, QG 6, QG 7 and QG 9) were broadly comparable to the market upper quartile level, and hence the SCCS sees no need for any adjustment to the benchmarks of these QGs. For QG 3 Group I and QG 4 which did not have sufficient market data for analysis, the SCCS recommends that, following the established practice, their benchmark pay should be set with reference to their internal relativities with those of QG 3 Group II and QG 3 Group I respectively, and hence no change is necessary as well.

8. As regards QG 8, the SCCS has noticed that –

- (a) from a broader perspective, a drastic reduction of the benchmark pay of QG 8 by three pay points would not be conducive to maintaining the stability of civil service pay and the morale of the civil service;
- (b) the 26 basic ranks in QG 8 perform the “backbone” function and are responsible for a wide range of important administrative and managerial duties. The succession arrangements in the civil service rely primarily on internal promotion, and there is limited room for the Government as the employer to offer pay rise for retaining staff;
- (c) although a degree graduate joining the Government may initially enjoy a pay lead at the point of entry, it is not uncommon for the pay lead to diminish or even disappear within a few years. The results of the 2013 Pay Level Survey (PLS)⁵ also support this observation. In view of the inherent differences between the salary structure and career progression of the civil service and the private sector, the starting salaries for QG 8 should be set at a level such that civil service jobs will remain reasonably attractive not only at

⁵ The 2013 PLS categorised civil service jobs into five Job Levels (JLs). The findings showed that for JL 5 (covering senior non-directorate civil servants remunerated on the Master Pay Scale Points 45 to 49), the pay indicator was 8% lower than the private sector.

the point of entry but also further down the career path;

- (d) as the largest employer in Hong Kong, the Government should give due recognition to the importance of degree education, with a view to facilitating upward social mobility of the younger generation;
- (e) it would be undesirable and also unfair to degree holders if the benchmark pay of QG 8 is reduced to a level lower than QG 3 Group I (Higher Diploma or Associate Degree Grades); and
- (f) the findings of recent SSSs show that the total cash compensation of market pay for QG 8 has consistently recorded a relatively larger dispersion. This reflects that degree graduates are employed in a wide range of starting positions and sectors. Moreover, the starting pay of QG 8 has consistently recorded the lowest growth rate. It is necessary to understand the distinctive features and characteristics of this QG thoroughly.

Having taken into account the above considerations under the “holistic approach”, the SCCS recommends that no change be made to the benchmark pay of QG 8 as well.

Specific Study on QG 8

9. Given the distinctive features and characteristics of QG 8 (as summarised in paragraph 8(f) above), the SCCS recommends that a specific study on QG 8 be conducted after the conclusion of the 2015 SSS to –

- (a) track the remuneration of QG 8 new recruits a few years down their career from a broader and longer-term view; and
- (b) review the internal relativities between the benchmark pay of QG 8 and the benchmark pay of its adjacent QGs.

The SCCS believes that findings of the specific study should provide a solid basis for an informed decision on QG 8 starting salaries in future.

The Disciplined Services Grades

10. The SSS does not cover the disciplined services grades due to the lack of market comparators. We have therefore invited the SCDS to advise whether and, if so, how the 2015 SSS findings should be applied to the disciplined services grades. The SCDS recommends that, following the formula adopted in previous SSSs as detailed at **Annex D**, the starting salaries for disciplined services grades should remain unchanged.

Views from Staff Sides and Departmental Management

11. The SCCS held three stages of staff consultation in conducting the 2015 SSS, during which the SCCS collected and suitably considered the views of the Staff Sides of the four Central Consultative Councils and the four major service-wide staff unions⁶ on the survey methodology, the survey field and the application framework, etc.

12. Upon receipt of the 2015 SSS Report from the SCCS, we have consulted the departmental management (including all heads of grades and heads of departments) and the Staff Sides on the SCCS's findings and recommendations. None of them has indicated any objection to the maintenance of status quo.

The Government's View

13. We agree with the justifications put forward by the SCCS as summarised in paragraphs 6 to 9 above. We also support the SCDS's recommendation that the same approach for applying the survey findings to the disciplined services adopted in previous SSSs should be adopted for the 2015 SSS. Despite the relatively larger deviation of the benchmark pay of QG 8 from its market upper quartile level, we believe that civil service pay as a whole should still remain broadly comparable with private sector pay.

14. Considering the above and also the responses from the Staff Sides and departmental management, we are of the view that the recommendations of the SCCS and the SCDS should be accepted, i.e. no change should be made to the starting salaries for all basic ranks in the civilian and disciplined services grades. We also agree with the SCCS that a specific study on QG 8 should be conducted after the conclusion of the 2015 SSS, which will help uphold the credibility of the survey and the SCCS/Government's recommendations on the application of survey findings in future.

Subvented Organisations and Aided Schools

15. Except for the teaching staff and some non-teaching staff in aided schools, the salaries of employees in the subvented sector, including those in the medical (mainly Hospital Authority) and social welfare sectors, are de-linked from those of the civil service. It is up to the subvented organisations

⁶ The four Central Consultative Councils are the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council. The four major service-wide staff unions are the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union.

to decide what starting salaries to pay to their employees; and the established practice is that the subventions they receive from the Government would not be adjusted because of revisions to civil service starting salaries.

16. The salaries of teaching staff and some non-teaching staff in aided schools are still pegged to the equivalent ranks in the civil service. As the starting salaries for all civil service basic ranks remain unchanged, the starting salaries of the above-mentioned staff in aided schools and employees in the subvented sector would not be affected.

IMPLICATIONS OF THE PROPOSALS

17. The proposals are in conformity with the Basic Law, including the provisions concerning human rights, and have no direct financial, economic, environmental, family, productivity and sustainability implications. There is no gender issue.

PUBLIC CONSULTATION

18. We consulted the Legislative Council Panel on Public Service (the PS Panel) on 21 March 2016. None of the Members present expressed objection to the SCCS's recommendations. We have also invited the career offices of the eight tertiary institutions funded by the University Grants Committee to comment on the SCCS's Report. None of them indicated objection to the SCCS's recommendations.

PUBLICITY

19. A press release will be issued on 3 May 2016. In parallel, we will inform the SCCS, SCDS, Staff Sides of the four Central Consultative Councils and the four major service-wide staff unions of the Chief Executive in Council's decision. We will also brief the PS Panel at its meeting scheduled for 16 May 2016.

ENQUIRIES

20. Enquiries on this brief should be addressed to Mr Paul Cheung, Principal Assistant Secretary for the Civil Service (Tel: 2810 3112).

Civil Service Bureau
3 May 2016

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

REPORT No. 54

CIVIL SERVICE STARTING SALARIES SURVEY 2015

CHAIRMAN

DR WILFRED WONG YING-WAI, GBS, JP

FEBRUARY 2016

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

26 February 2016

The Honourable C Y Leung, GBM, GBS, JP
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China
Tamar
Hong Kong

Dear Sir,

At the invitation of the Government, the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) has conducted a Starting Salaries Survey under the *Improved Civil Service Pay Adjustment Mechanism*.

On behalf of the Standing Commission, I have the honour to submit our Report No. 54: Civil Service Starting Salaries Survey 2015 which contains our findings and recommendations.

Yours faithfully,



(Wilfred Wong Ying-wai)
Chairman

Standing Commission on Civil Service
Salaries and Conditions of Service

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

REPORT No. 54

**CIVIL SERVICE
STARTING SALARIES
SURVEY 2015**

FEBRUARY 2016

Contents

Summary of Conclusions and Recommendations

Chapter		Page
1	Introduction	1
2	Overview of the Survey Methodology	5
3	Collection of Pay Information from Private Sector Organisations	11
4	Principles and Considerations for Application	15
5	Recommendations on Application of Survey Findings	19
6	Other Observations and Acknowledgements	30
 Appendix		
A	Terms of Reference of the Commission	33
B	Membership of the Commission	35
C	Refinements to the Civil Service Qualification Groups	36
D	List of Private Sector Organisations Participated in the Survey	39

Summary of Conclusions and Recommendations

	Paragraph
Survey Methodology	
(1) Consistent with past Starting Salaries Surveys (SSSs), the Qualification Benchmark System was adopted as the basis for data collection and pay comparison for the 2015 SSS. Basic ranks in the civil service were broadly divided into different Qualification Groups (QGs) according to their entry requirements.	2.1 – 2.3
(2) With the Government’s recent refinements to the QGs incorporated, basic ranks in the civil service were broadly divided into 11 QGs. The data collection stage covered QGs 1 to 9, with a total of 268 basic ranks. The remaining two QGs, namely QG 10 (Education Grades) and QG 11 (Other Grades), were not included due to their unique nature and/or disparate entry requirements. Information on the pay of entry-level jobs in the private sector was collected for comparison with the starting salaries of civilian grades requiring similar educational qualifications and/or experience.	2.4, 2.7 – 2.9
(3) The total cash compensation and the upper quartile (P75) level of private sector pay were adopted as the basis for comparing the entry pay of jobs in the private sector with the civil service benchmark of individual QGs. Where no comparable entry pay was found in the private sector for a QG, the new benchmark should follow the existing internal relativities with other QGs. Any new benchmark arising from SSSs will be pegged to the nearest pay point.	2.16 and 5.1

Principles and Considerations for Application

- (4) The Commission considers that a holistic approach should continue to be adopted under which a number of principles and considerations have been formulated, making reference to those adopted in recent pay-related surveys conducted by the Commission. These principles and considerations are broad comparability with the private sector, attractiveness and stability of civil service pay, inherent differences between the civil service and private sector and their uniqueness, nature of the SSS, inherent discrepancies in statistical surveys and elements of chance, as well as overall interest. 4.1 – 4.13

Findings and Recommendations on Application of Survey Findings***QGs with Sufficient Data other than QG 8***

- (5) Having considered the principles and considerations under the holistic approach, the Commission is of the view that except for QG 8, the differences in the private sector pay and civil service benchmark pay for the other QGs, (i.e. QG 1, QG 2 Group I, QG 2 Group II, QG 2 Group III, QG 3 Group II, QG 5, QG 6, QG 7 and QG 9), which ranged from +3.6% to -5.2%, are insignificant and hence no adjustment is recommended to the civil service benchmarks of these QGs. 5.6

QGs with Insufficient Data

- (6) QG 3 Group I and QG 4 did not have sufficient market data for analysis and their benchmarks should be determined by their internal relativities with that of QG 3 Group II and QG 3 Group I respectively, and should therefore remain unchanged. 5.7

QG 8 (Degree and Related Grades)

- (7) For QG 8, there was a relatively larger difference between the private sector pay and civil service benchmark of -15.3%. Having balanced all the relevant principles and considerations under the holistic approach, the Commission recommends that (a) no change be made to the benchmark of QG 8; and (b) following the conclusion of the 2015 SSS, a specific study be conducted for QG 8, to allow a thorough understanding of the distinctive features and characteristics of this QG and how these should be taken into account in determining the benchmark pay of QG 8 in future SSSs. Meanwhile, a cautious and prudent approach should be taken in considering the benchmark of QG 8.
- 5.8 – 5.24

Starting salaries for basic ranks in QGs not Covered in Data Collection

- (8) No change should be made to the starting salaries for the basic ranks in QG 10, as the starting salaries for the basic ranks in QG 10 should be determined by internal relativities with either QG 8 or QG 3 Group I, and no change is recommended for both QGs.
- 5.25
- (9) The starting salaries for the basic ranks under QG 11 should be set by reference to (a) established relativities with relevant grades in other QGs; and (b) where such relativities are not readily identifiable, the relevant educational attainment for the grades. Since no change is recommended to the benchmarks for all other QGs, no change should be made to the starting salaries for the basic ranks under QG 11 accordingly.
- 5.26

Paragraph

***Starting Salaries for Training Ranks, Assistant Ranks,
Craft Apprentice Grade and Technician Apprentice Grade***

- (10) The starting salaries for the Training Ranks, Assistant Ranks, the basic ranks in the Craft Apprentice Grade and the Technician Apprentice Grade should be determined by internal relativities with QG 2 Group I, QG 7, QG 1 and QG 2 Group I respectively, and should remain unchanged. 5.27– 5.29

Other Observations

- (11) The Commission considers that a specific study on QG 8 grades should be conducted before the next SSS. The study should take a broader and longer-term view in tracking the remuneration of QG 8 new recruits a few years down their career. Opportunity should also be taken to review the internal relativities between the benchmark of QG 8 with the benchmarks of its adjacent QGs. 6.2

Chapter 1

Introduction

1.1 This Report sets out the work and recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) in relation to the 2015 Starting Salaries Survey (SSS).

Background

The Commission

1.2 The Commission was appointed by the Chief Executive to advise on the structure, salaries and conditions of service of the non-directorate civilian grades in the civil service. Its terms of reference and membership are at Appendix A and Appendix B respectively.

Civil service pay policy

1.3 The Government's civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and to ensure that civil service remuneration is regarded as fair by both civil servants and the public they serve through maintaining broad comparability between civil service and private sector pay.

Improved Civil Service Pay Adjustment Mechanism

1.4 To achieve such broad comparability, under the *Improved Civil Service Pay Adjustment Mechanism (the Improved Mechanism)*, civil service pay is compared with private sector pay on a regular basis through the following three separate surveys -

- (a) an annual Pay Trend Survey (PTS) to ascertain year-on-year pay adjustments in the private sector;
- (b) an SSS every three years to compare the starting salaries of non-directorate civilian grades in the civil service with the

entry pay of jobs in the private sector requiring similar qualifications; and

- (c) a Pay Level Survey (PLS) every six years to ascertain whether civil service pay remains broadly comparable with private sector pay.

Previous starting salaries surveys

1.5 To date, three SSSs have been conducted under the *Improved Mechanism* –

- (a) the first one was carried out by the Government in 2006 (the 2006 SSS);
- (b) the second one was conducted by the Commission in 2009 (the 2009 SSS), the findings and recommendations of which were set out in the Commission's Report No. 46: Civil Service Starting Salaries Survey 2009; and
- (c) the third one was also conducted by the Commission in 2012 (the 2012 SSS), the findings and recommendations of which were set out in the Commission's Report No. 49: Civil Service Starting Salaries Survey 2012.

2015 Starting Salaries Survey

Invitation from the Government

1.6 On 12 January 2015, the Secretary for the Civil Service invited the Commission to conduct the 2015 SSS and to advise on how the survey findings should be applied to the non-directorate civilian grades in the civil service. The Secretary for the Civil Service also invited the Commission to consider the Government's proposal of introducing a few refinements to the grouping and labelling of certain Qualification Groups (QGs) under the Qualification Benchmark System and consider adopting the same for the conduct of the 2015 SSS. In the invitation letter, the Government also shared with the Commission a staff body's concern about the recognition of the qualification of Associate Degree (AD) in the private sector and its possible impact on the survey findings. Details on matters relating to the QGs and AD will be covered in the subsequent chapters of this Report.

Scope and mode of operation

1.7 As in previous SSSs, the 2015 SSS only covered non-directorate civilian grades, and not the disciplined services grades because of the absence of private sector counterparts. The Commission would defer to the Government to consider whether, and if so how, the Commission's recommendations would be applied to the disciplined services grades, taking into account the advice of the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) as appropriate.

1.8 In view of the potential impact of the Commission's recommendations on the disciplined services grades, the Commission invited the SCDS to nominate a member as an observer for the 2015 SSS. The SCDS nominated Dr Chui Hong-sheung, JP as the observer, who participated in the relevant meetings of the Commission and was kept posted on the progress throughout the exercise.

Consultation with stakeholders

1.9 The Commission firmly believes that staff consultation is crucial to the conduct of the 2015 SSS. In line with past practice, the Commission has closely engaged and exchanged views with the Staff Sides of the four Central Consultative Councils¹ and the four major service-wide staff unions² throughout the conduct of the 2015 SSS. Three stages of consultation covering different aspects of the survey were held as follows –

- (a) Stage 1 (March 2015) – proposed framework for the 2015 SSS;
- (b) Stage 2 (July 2015) – detailed survey methodology, proposed list of private sector organisations for the survey field and application framework; and
- (c) Stage 3 (December 2015) – issues relating to the application of the survey findings.

¹ The four Central Consultative Councils are the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Consultative Council and the Disciplined Services Consultative Council.

² The four major service-wide staff unions are the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union.

1.10 The Staff Sides contributed significantly to the conduct of the 2015 SSS. The Commission has, where appropriate, taken into account their views in the course of its deliberations.

1.11 The Commission has also maintained close liaison with the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association, and exchanged views with them on the prevailing practices of conducting pay surveys in the private sector. The exchanges were useful for the conduct of the 2015 SSS.

Engagement of a consultant

1.12 The Commission appointed Aon Hewitt Hong Kong Limited (the Consultant) in May 2015 to provide professional advice on the survey methodology and to collect data from the private sector.

Chapter 2

Overview of the Survey Methodology

2.1 The Commission notes that the survey methodology adopted for the 2012 SSS, which used the Qualification Benchmark System as the basis for data collection and pay comparison, has proven to be effective as a whole³. It has therefore accepted the Consultant's recommendation that the same methodology should continue to be used for the 2015 SSS for a consistent approach.

Qualification Benchmark System

2.2 Under the Qualification Benchmark System, civil service starting salaries are determined having regard primarily to educational qualifications and/or experiences required of individual basic ranks and to the entry pay for jobs requiring comparable requirements in the private sector. Basic ranks in the civil service are broadly divided into different QGs, each with one (or two) benchmark(s) set having regard to the entry pay in the private sector for jobs requiring similar educational qualifications and/or experiences as determined through previous SSSs. Where no comparable entry pay is found in the private sector for a QG, the benchmark is determined through its internal relativity with other QGs. The starting salaries of basic ranks in individual grades in a QG are set on a par with, or one or more points higher⁴ than the said benchmark where it is justified for reasons relating to the job, i.e. the job factors.

2.3 As regards the private sector, the Commission notes that the use of education and experience requirements in benchmarking the starting salaries of entry-level jobs is also commonly practised.

2.4 On the basis of the Qualification Benchmark System, information on the pay of entry-level jobs in the private sector was collected for comparison with the starting salaries of civilian civil service grades requiring

³ The survey methodology of the 2012 SSS was in turn modelled on that used for both the 2009 and 2006 SSSs.

⁴ Except for special cases such as the Assistant Ranks for professional grades, in which the starting salaries are set with one or more points below the benchmark of their QG.

similar educational qualifications and/or experience, with a view to ascertaining whether the entry pay in the civil service remained broadly comparable with that in the private sector.

Job Family Classification

2.5 In addition, to ensure functional comparability between entry-level jobs in the private sector and civil service, the Job Family (JF) classification was adopted to complement the minimum qualification requirements in identifying comparable private sector jobs and verification of data. Basic ranks in the civil service were grouped into JFs, and each JF represented jobs which were similar in functional principle, nature or practice. Consistent with past SSSs, an eight-JF classification was adopted in the 2015 SSS –

JF 1	Clerical and Secretarial
JF 2	Internal Support (Corporate Services)
JF 3	Internal Support (Technical and Operation)
JF 4	Public Services (Social and Personal Services)
JF 5	Public Services (Community)
JF 6	Public Services (Physical Resources)
JF 7	Works-Related
JF 8	Operational Support

2.6 Only private sector entry-level jobs with similar qualification and/or experience requirements as a particular QG and comparable in terms of functions to those identified under the JFs for that QG were used for comparison. The adoption of the JF classification could ensure that the market data sampled were relevant and comparable with the civil service basic ranks for the QG concerned.

Qualification Groups Covered

2.7 The Government has recently introduced some technical refinements to the grouping and labelling of certain QGs, primarily to take into account the emergence of various post-secondary education programmes. For instance, the qualifications associated with the Hong Kong Diploma of Secondary Education Examination under the new 3-3-4 academic structure are

now featured in the relevant QGs. Background and details of the refinements are set out at **Appendix C**.

2.8 The Commission notes that the refinements aimed to duly reflect the prevailing qualification requirements for civil service jobs and none of them would cause any changes to the existing entry requirements or starting salaries of any civil service grades. It considers that the adoption of the refined QGs for the 2015 SSS may improve the compatibility of the survey with the latest labour market situation in the private sector. Hence, the refined QGs under the Qualification Benchmark System were used for the 2015 SSS.

2.9 On the basis of the refined QGs and consistent with past SSSs, the data collection stage of the 2015 SSS covered QGs 1 to 9, with a total of 268 basic ranks. The remaining two QGs, namely QG 10 (Education Grades) and QG 11 (Other Grades), were not included due to their unique nature and/or disparate entry requirements.

Consideration of Associate Degree

2.10 During the staff consultation meetings, while noting that the qualification of AD was generally taken as equivalent to Higher Diploma (HD) in terms of academic recognition for Government jobs, there was a concern from the Staff Sides that there might be different practices between the civil service and the private sector in recognising the qualification of AD as the minimum qualification requirement for appointment, which might affect the findings of the 2015 SSS when the two qualifications were grouped under the same QG (i.e. QG 3 Group I). The same concern was shared with the Commission by the Secretary for the Civil Service as mentioned in paragraph 1.6 above. In view of the Staff Sides' concern, the Commission has tasked the Consultant to collect information on how the private sector recognises the qualification of AD.

2.11 The Consultant collected first-hand data from the market so as to ascertain the prevailing market practice in recognising the qualification of AD for recruitment purpose and consider its impact, if any, on the survey findings. The Consultant included questions on this subject in the data collection package to collect views from the participating organisations on how they recognised the qualification of AD for recruitment purpose. The findings on this subject are set out in paragraph 3.7.

Selection Criteria for Private Sector Organisations

2.12 The 2015 SSS adopted the same set of selection criteria used in the 2012 SSS in selecting private sector organisations to participate in the survey, except for some refinements to one of the criteria. This criterion originally read “[the organisations] should be typical employers in their respective fields normally employing 100 or more employees, with flexibility allowed for the inclusion of private sector organisations with less than 100 employees to enhance the representativeness of the survey, provided that they meet all the other selection criteria”. The Consultant observed that in the 2012 SSS, while flexibility was allowed for organisations employing less than 100 employees to participate, all participating organisations turned out to be employing 100 or more employees. The Consultant also observed that the number of employees might vary during the conduct of the survey, whilst the criterion did not specify the date on which the number should be counted. Hence, for the sake of clarity and removal of ambiguities, the criterion was revised to specify clearly that only organisations with 100 or more employees as at the survey reference date should be included. The selection criteria adopted in the 2015 SSS were –

- (a) the selected organisations should be generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis;
- (b) they should be typical employers in their respective fields employing 100 or more employees as at the survey reference date;
- (c) they should collectively have a sufficient number of entry-level jobs that are reasonable counterparts to entry-level jobs in each of the QG in the civil service covered in the survey;
- (d) they should determine pay on the basis of factors and considerations applying to Hong Kong rather than factors applying outside Hong Kong;
- (e) they should not use the Government’s pay adjustments or civil service pay scales as the main factor in determining pay adjustments or setting pay levels;
- (f) they should collectively cover a wide range of economic sectors in Hong Kong; and

- (g) they should be treated as separate organisations where pay practices are determined primarily with regard to conditions in the relevant economic sector if they form part of a group in Hong Kong.

List of Private Sector Organisations

2.13 As a starting point, the list of more than 400 private sector organisations invited in the 2013 PLS was used as the basis for the 2015 SSS to ensure a reasonable level of participation. Upon reviewing the organisations against the selection criteria and taking into account the Staff Sides' views, a total of 442 organisations were invited to participate in the survey, as compared with 383 and 425 organisations invited for the 2009 SSS and 2012 SSS respectively.

Survey Reference Date

2.14 The survey reference date was set for the purpose of data collection. Pay data from the private sector were collected during the 12-month period immediately preceding this date. As 1 April was consistently adopted in all past SSSs, setting the reference date on 1 April 2015 for the current exercise would ensure consistency and comparability with past SSSs.

Vetting Criteria

2.15 To ensure data integrity, data points collected from private sector jobs for individual QGs were further analysed only if they could meet the following two vetting criteria –

- (a) at least 60% of the JFs identified from the civil service basic ranks in the same QG; and
- (b) at least 15% of all surveyed organisations or 15 surveyed organisations, whichever is the less.

Parameters for Data Collection, Consolidation and Pay Comparison

2.16 The following parameters were adopted in the conduct of the 2015 SSS –

- (a) pay data on the basis of annual total cash compensation comprising annual base salary⁵ plus any other cash payment⁶ were collected and consolidated for analysis;
- (b) the typical organisation practice approach was adopted for data consolidation under which organisations of different sizes carried the same weight; and
- (c) the upper quartile (P75) level of private sector pay was adopted as the basis for comparison with the civil service benchmark pay of each QG.

⁵ Annual basic salary plus guaranteed bonus.

⁶ Other cash payment includes cash allowances and variable pay, except those that are conditional on particular working conditions (e.g. payments for occasional overtime) or cash allowances which are conditional on individual circumstances (e.g. payments for actual reimbursement of business expenses).

Chapter 3

Collection of Pay Information from Private Sector Organisations

3.1 Following the survey methodology as outlined in Chapter 2, the Consultant successfully collected pay information from 139 private sector organisations (at **Appendix D**). After data verification, a total of 11 029 data points on actual pay data for QGs 1 to 9 were obtained from these organisations. A breakdown of the data points collected for each QG is set out in **Table 1** below –

Table 1

QG	Grades and Qualification Requirements	No. of Data Points	Organisations		Job Families	
			No.	%	No.	%
1	Grades not requiring Level 2 or equivalent in five subjects in Hong Kong Diploma of Secondary Education Examination (HKDSEE) (or five passes in Hong Kong Certificate of Education Examination (HKCEE))	2,317	61	44%	5	100%
2	HKDSEE Grades Group I: Grades requiring Level 2 or equivalent in five subjects in HKDSEE (or five passes in HKCEE)	2,106	42	30%	6	100%
	Group II: Grades requiring Level 2 or equivalent in five subjects in HKDSEE plus considerable experience (or five passes in HKCEE plus considerable experience)	613	18	13%	4	100%
	Group III: Grades requiring Level 3 or equivalent in five subjects in HKDSEE (or two passes at Advanced Level in Hong Kong Advanced Level Examination plus three credits in HKCEE)	106	18	13%	5	100%
3	Higher Diploma, Associate Degree and Diploma Grades Group I: Higher Diploma or Associate Degree Grades	31	5	4%	1	100%
	Group II: Diploma Grades	883	62	45%	5	100%

QG	Grades and Qualification Requirements	No. of Data Points	Organisations		Job Families	
			No.	%	No.	%
4	Technical Inspectorate and Related Grades: Higher Certificate or equivalent qualification plus experience	71	10	7%	2	67%
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	588	39	28%	5	100%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	1,106	36	26%	3	100%
7	Professional and Related Grades	314	23	17%	6	100%
8	Degree and Related Grades	2,013	99	71%	5	100%
9	Model Scale 1 Grades	881	59	42%	1	100%
Total		11,029	-	-	-	-

3.2 In the 2009 and 2012 SSSs, there was insufficient data for QG 2 Group II, QG 3 Group I and QG 4. In the 2015 SSS, the Consultant was able to collect sufficient data for QG 2 Group II. However, the issue of insufficient data persisted for QG 3 Group I and QG 4, despite the expansion of the survey field. The data collected for these two QGs continued to be insufficient to meet the vetting criterion of having data from not fewer than 15 surveyed organisations. Data collected from these QGs were therefore excluded from the subsequent data analysis. After the exclusion, a total of 10 927 valid data points from 139 private sector organisations were further analysed.

3.3 Overall, there was an increase in the number of organisations and valid data points used for analysis as compared with the 2012 SSS. In particular, for six QGs they each recorded over 800 valid data points and amongst them three exceeded 2,000 each. Moreover, in terms of JF coverage, QGs with sufficient data to meet the vetting criteria had valid data covering all their relevant JFs.

Profile of Participating Organisations

3.4 The 139 private sector organisations providing valid data for analysis covered a wide range of economic sectors in Hong Kong. Details are in **Table 2** below –

Table 2

Economic Sector	No. of Organisations	%
1. Accommodation and Food Services	8	5.8%
2. Construction	14	10.1%
3. Financing, Insurance and Real Estate	31	22.3%
4. Information and Communications	7	5.0%
5. Manufacturing	6	4.3%
6. Professional and Business Services	16	11.5%
7. Social and Personal Services	21	15.1%
8. Transport, Storage, Postal, Courier Services and Utility	17	12.2%
9. Wholesale, Retail and Import/Export	19	13.7%
Total	139	100%

3.5 The dates of hire of employees were distributed across the survey period, with more falling in the third quarter (i.e. July to September) of 2014 (33%) and in the first quarter (i.e. January to March) of 2015 (31%). As pointed out by the Consultant, this was consistent with the timing when fresh graduates and school leavers enter the labour market in the third quarter, and organisations look for replacements or make adjustments of headcounts at the start of each year.

Findings

3.6 **Table 3** below sets out the market P75 pay level for each of the QGs, on the basis of annual base salary and annual total cash compensation –

Table 3

QG	<u>Base Salary</u> Market P75 Pay Level		<u>Total Cash Compensation</u> Market P75 Pay Level	
	Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)
1	127,580	10,632	142,822	11,902
2 Group I	136,980	11,415	152,798	12,733
2 Group II	148,419	12,368	162,168	13,514
2 Group III	196,761	16,397	208,543	17,379
3 Group I	<i>Insufficient Data</i>			
3 Group II	207,276	17,273	220,728	18,394
4	<i>Insufficient Data</i>			
5	184,254	15,354	197,015	16,418
6	162,878	13,573	177,639	14,803
7	493,734	41,144	537,151	44,763
8	239,565	19,964	259,084	21,590
9	135,186	11,265	141,585	11,799

Market Practice in Recognising the Qualification of Associate Degree

3.7 Out of the 139 private sector organisations participated in the survey, over 76% (i.e. 106 out of 139) indicated that they had entry-level positions accepting either the qualification of HD or AD for recruitment purpose. Amongst these 106 organisations, 89 organisations (i.e. 84%) considered that both HD and AD were acceptable as equivalent qualifications for the same position. In addition, among these 89 organisations which considered both HD and AD as acceptable for the same position, none of them offered different pay packages to HD or AD graduates taking up the relevant positions. In general, most of the participating private sector organisations treated both qualifications equally in the recruitment process and in the pay packages offered.

Chapter 4

Principles and Considerations for Application

4.1 Apart from conducting the survey, the Commission was invited to formulate recommendations to the Government on how the findings of the survey should be applied to the non-directorate civilian grades in the civil service. In the 2009 and 2012 SSSs, instead of a mechanical application of the survey findings, the Commission adopted a holistic approach taking into account a number of principles and considerations in the course of determining how to apply the findings. Having consulted the Staff Sides on the application framework for the 2015 SSS prior to the commencement of the fieldwork, the Commission is of the view that a holistic approach should continue to be adopted. To this end, a number of principles and considerations which together formed the basis of a holistic approach have been formulated, making reference to those adopted in recent pay-related surveys conducted by the Commission. The Commission has sought and suitably taken into account comments from the Staff Sides on these principles and considerations.

Principles and Considerations under the Holistic Approach

Broad comparability with the private sector

4.2 Broad comparability with the private sector remains one of the main objectives of the civil service pay policy to, amongst others, ensure that civil service pay is regarded as fair by both civil servants and the public. As the civil service pay policy and the overall pay adjustment mechanism remain unchanged, the Commission reaffirms the position adopted in 2012 that the principle of broad comparability should be an important factor in applying the survey results. Given the fact that an SSS is conducted every three years and the unpredictability of the changes in market entry pay, a broader view should be taken so as to maintain broad comparability with the private sector from a longer-term perspective.

Attractiveness and stability of civil service pay

4.3 Another cornerstone of the civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of a suitable

calibre to provide the public with an efficient and effective service. This is particularly important for drawing in new blood to the Government, as unlike the private sector, most staff do not join the civil service in the middle of their career. Recruits to basic ranks will therefore form the major pool of manpower resources to fill more senior positions in the civil service in future. It is thus important to ensure the attractiveness of civil service entry pay to attract and retain talent in an increasingly competitive manpower market.

4.4 Furthermore, it is necessary to maintain the stability of civil service pay. Any considerations in adjusting the pay level of the civil service should be made in a prudent manner. Such changes might also cause confusion to people aspiring to join the civil service, and could affect the recruitment process.

4.5 The Commission also agrees that the general objective of the Government as a good employer should continue to be upheld. In the context of an SSS, this is effected by comparing civil service pay with that of the better paying private sector jobs. The upper quartile (P75) level of private sector pay is used as the parameter for comparison.

Inherent differences between the civil service and private sector and their uniqueness

4.6 It is generally recognised that there are inherent differences between the civil service and private sector pay systems. Career progression in the civil service tends to be more structured, which also takes account of experience, to maintain stability of the civil service. The majority of the staff recruited aim to pursue a life-long career in the civil service. On the other hand, the private sector generally has a more flexible organisation structure, which is heavily affected by the economic environment. The pay structure in the private sector is more flexible, depending primarily on factors such as supply and demand as well as individual performance, and thus is subject to more frequent adjustments. In pursuit of career progression, turnover in the private sector is not uncommon.

4.7 Moreover, the civil service and its private sector comparators have their own unique duties and features. Certain duties such as law enforcement, law drafting, regulatory work, rescue work, duties during emergency and exceptional circumstances, etc. are unique to the civil service. In addition, civil servants in general are subject to stronger community oversight in their performance of duties, have to meet higher standards of

integrity, abide by more stringent rules in their conduct, etc. On the other hand, there are certain characteristics that are unique to the private sector. For example, some individuals are under constant pressure to meet stretched sales targets. The different environment makes it inappropriate for the civil service pay to strictly mirror the fluctuations in private sector pay.

4.8 The Commission acknowledges the existence of such inherent differences and uniqueness, and will take them into consideration when recommending the application of the survey results.

Nature of the SSS

4.9 SSSs are designed to be conducted at three-yearly intervals to ascertain the broad comparability of the civil service pay with private sector pay. Its scope is limited to the basic ranks. Given the nature of an SSS, frequent adjustments to starting salaries to maintain strict comparability would cause disruptions in existing arrangements, including internal relativities, and may not be conducive to the stability of the civil service. It is imperative that excessive volatility in civil service starting salaries be avoided, and flexibility be adopted in applying the survey results.

Inherent discrepancies in statistical surveys and elements of chance

4.10 Similar to any other surveys, an SSS cannot provide an absolutely precise picture of private sector pay. Statistical discrepancies and elements of chance caused by various factors, such as the setting of survey reference date, the inclusion of different organisations, the willingness of selected organisations to take part in a survey, the availability of comparable jobs in the participating organisations, the staff profile and business performance of the participating organisations, the depth and breadth of pay data, etc., are unavoidable. While the survey findings provide objective data for comparison, it is inappropriate to follow strictly the market situation which can be highly influenced by a range of factors. Hence, it may be prudent to allow some degree of flexibility in the application of the survey findings, instead of applying the results mechanically. The circumstances of individual QGs should also be taken into account in applying the survey results.

Overall interest

4.11 A stable and permanent civil service is essential to the smooth

running of the Government and the efficient delivery of public services without disruption. Volatility and frequent changes in civil service pay are undesirable in maintaining a stable civil service, and likely to affect staff morale and motivation. Hence, the elements of certainty, stability and gradual changes, after thorough staff consultation, should feature more prominently in the civil service than in the private sector.

4.12 Furthermore, as the Government is the largest employer in Hong Kong, any action in pay adjustment it takes, be it upward or downward, will have an impact on the private sector, both in terms of labour market implications and the signal this sends to the community.

4.13 The Commission acknowledges that the views and interests of civil servants as well as staff morale have been and should continue to be relevant factors in the consideration of adjustments to civil service pay. It therefore remains important for the Commission to take account of the overall community interests, including interests of civil servants and the public, in formulating its recommendations. For an SSS to be credible, survey findings should be applied in a manner considered fair by both civil servants and the public they serve.

Chapter 5

Recommendations on Application of Survey Findings

5.1 Following the established practice of past SSSs, the Commission has continued to use total cash compensation and P75 level of private sector pay as the basis for comparison with the civil service benchmark pay for individual QGs. Where no comparable entry pay was found in the private sector for a QG, the new benchmark should follow the existing internal relativities with other QGs. Any new benchmark arising from SSSs will be pegged to the nearest civil service pay point.

Survey Results and Analysis

5.2 A comparison of the existing civil service benchmarks of individual QGs and their respective market P75 pay levels is shown in **Table 4** below –

Table 4

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Pay Level (b)	Difference (b) – (a) = (c)	No. of Data Points (Organisations)	Percentage Difference (c)/(a)x100%
1	Grades not requiring Level 2 or equivalent in five subjects in HKDSEE (or five passes in HKCEE)	MPS 1 (\$11,575)	\$11,902	+ \$327	2,317 (61)	+ 2.8%
2	HKDSEE Grades Group I: Grades requiring Level 2 or equivalent in five subjects in HKDSEE (or five passes in HKCEE)	MPS 3 (\$13,120)	\$12,733	– \$387	2,106 (42)	– 2.9%
	Group II: Grades requiring Level 2 or equivalent in five subjects in HKDSEE plus considerable experience (or five passes in HKCEE plus considerable experience)		\$13,514	+ \$394	613 (18)	+ 3.0%
	Group III: Grades requiring Level 3 or equivalent in five subjects in HKDSEE (or two passes at Advanced Level in HKALE plus three credits in HKCEE)	MPS 8 (\$17,995)	\$17,379	– \$616	106 (18)	– 3.4%
3	Higher Diploma, Associate Degree and Diploma Grades Group I: Higher Diploma or Associate Degree Grades	MPS 13 (\$24,280)	<i>Insufficient Data</i>		31 (5)	N.A

QG	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Pay Level (b)	Difference (b) – (a) = (c)	No. of Data Points (Organisations)	Percentage Difference (c)/(a)x100%
	Group II: Diploma Grades	MPS 8 (\$17,995)	\$18,394	+ \$399	883 (62)	+ 2.2%
4	Technical Inspectorate and Related Grades: Higher Certificate or equivalent qualification plus experience	MPS 13 (\$24,280)	<i>Insufficient Data</i>		71 (10)	<i>N.A</i>
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	MPS 6 (\$15,845)	\$16,418	+ \$573	588 (39)	+ 3.6%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$14,905)	\$14,803	– \$102	1,106 (36)	– 0.7%
7	Professional and Related Grades	MPS 27 (\$47,235)	\$44,763	– \$2472	314 (23)	– 5.2%
8	Degree and Related Grades	MPS 14 (\$25,505)	\$21,590	– \$3,915	2,013 (99)	– 15.3%
9	Model Scale 1 Grades	MOD 0 (\$11,570)	\$11,799	+ \$229	881 (59)	+ 2.0%

5.3 Having analysed the findings above, the Consultant observed that there was an increase in the market P75 pay levels across all QGs as compared with the 2012 SSS. This was consistent with the general pay trend of the labour market, and by and large reflected the market situation in the period between the 2012 SSS and the 2015 SSS.

5.4 The Consultant also analysed the data dispersion of each QG in terms of the spread of the percentile values, and reported a consistent degree of variance across all QGs, with a relatively higher variance for QG 7 and QG 8. The Consultant attributed the larger dispersion for QG 7 and QG 8 to the higher variation in the job nature under these QGs. For example, QG 8 encompassed a wide range of starting positions across all sectors with diverse pay practices, leading to highly varied remunerations.

5.5 The Consultant noted that for most of the QGs the levels of existing civil service benchmark pay closely reflected the market P75 pay level, while the market P75 pay level for QG 8 showed a relatively larger difference from the benchmark pay. Taking into account the Consultant's advice and views from the Staff Sides, the recommendations of the Commission for individual QGs are elaborated below.

Determination of Benchmark Pay for QG 1 to QG 9

QGs with sufficient data other than QG 8

5.6 As illustrated in **Table 4** above, for QG 1, QG 2 Group I, QG 2 Group II⁷, QG 2 Group III, QG 3 Group II, QG 5, QG 6, QG 7 and QG 9, the differences in private sector pay and the civil service benchmark pay ranged from +3.6% to -5.2%. The Commission is of the view that these differences are insignificant. Hence, the Commission **recommends** that no adjustment be made to the civil service benchmarks of these QGs.

QGs with insufficient data

5.7 Similar to the 2009 and 2012 SSSs, QG 3 Group I and QG 4 could not meet the vetting criterion of having data from not fewer than 15 surveyed organisations. In accordance with the established practice, the Commission **recommends** that the benchmarks of QG 3 Group I and QG 4 should be determined by their internal relativities with that of QG 3 Group II and QG 3 Group I respectively. The benchmarks of QG 3 Group I and QG 4 should therefore remain unchanged, as no change is recommended to the benchmarks of QG 3 Group II and QG 3 Group I.

QG 8 (Degree and Related Grades)

5.8 As regards QG 8, the Degree and Related Grades, the market P75 pay level was lower than the civil service benchmark by about \$3,900. This amounted to a difference of 15.3%, representing three pay points on the Master Pay Scale (MPS) for the civil service. The Commission has given careful consideration as to whether the benchmark of QG 8 should be adjusted, and if so how, having regard to the principles and considerations under the holistic approach as set out in Chapter 4. The views and recommendations of the Commission are elaborated in the ensuing paragraphs.

⁷ It should be noted that for QG 2 Group II, currently no benchmark has been set and the starting salaries for grades in this QG have all along been adjusted by following the benchmark of QG 2 Group I (i.e. MPS 3) based on the established relativity in the past, in consideration that both Group I and Group II of QG 2 have identical basic academic requirement and the starting salaries for grades in QG 2 Group II are based largely on different additional appointment requirements for different grades such as experience and special skills. The data collected reflects that the experience requirement of QG 2 Group II has already been taken into account in determining the market pay for this QG. The recommendation of making no change to the starting salaries of this QG is consistent with the established practice of adjusting the starting salaries for grades in this QG based on their internal relativity with QG 2 Group I.

Broad comparability with the private sector

5.9 Broad comparability calls for a broader view and a longer-term perspective in deciding how best to apply the survey findings. By contrast, strict comparability would have meant an indiscriminate and automatic adjustment of the starting salaries for civil service grades in QG 8 to bring them in precise alignment with the market data. Adopting a broader perspective, the Commission is of the view that a three-point reduction in one exercise would be quite drastic and would not be conducive to maintaining the stability of civil service pay and the morale of the civil service which are relevant considerations under the holistic approach. The question then remains as to whether there should be a moderated reduction (of less than three pay points) or no reduction.

5.10 The Commission then proceeds to examine another aspect of broad comparability, which involves the adoption of a longer-term perspective in comparing the pay between degree graduates in the market and those in the civil service. The Commission notes that degree grade jobs (both in the market and in the civil service) generally have a longer career path allowing the incumbents to rise to middle and senior management positions, whereas for other jobs requiring a lesser qualification the career path would generally be shorter. There is therefore a particularly strong case for taking a longer time horizon in assessing the case for QG 8. Whilst the survey findings revealed that a degree graduate joining the Government enjoyed a pay lead over its private sector counterpart when first recruited, it only represented a snapshot at the point of entry, i.e. when the graduate first entered the labour market. The Commission considers it reasonable and justified to look further beyond the entry point before making its recommendation on this QG, and the relevant considerations are set out in the following sections.

Attractiveness and stability of civil service pay

5.11 There are a total of 26 basic ranks in QG 8. They provide a wide range of important internal support, administrative and managerial functions in the civil service. All along, the Degree and Related Grades represent the backbone of the civil service. The vast majority of middle and senior civil service positions are filled through internal promotion rather than external recruitment. Career progression in the civil service is far more structured than that of the private sector, and there is limited room for the Government as the employer to offer increases in pay for the sake of staff retention. It is therefore of utmost importance that the Government be able

to attract and recruit graduates of the right calibre, so that in time these new recruits can be groomed to rise through the ranks to lead the civil service in serving the community. Given the importance of the ranks in QG 8 in the delivery of public service, the Commission is of the view that their starting pay should be sufficiently competitive in attracting talents and in retaining them for higher responsibilities.

Inherent differences between civil service and private sector and their uniqueness

5.12 The Commission fully recognises that the civil service and private sector are distinct in many ways. In the private sector, degree graduates may enjoy a relatively larger salary jump or better career prospect a few years after appointment when their calibres are proven. They may thus be more willing to consider a less favourable starting salary for other important considerations such as career exposure, training opportunities and access to industry knowledge, etc. Moreover, the turnover rate of new recruits is generally higher in the private sector. According to the Consultant, the most common reason for resignations in the private sector is better external opportunities. Job switching is quite common among degree graduates in the early years of their career.

5.13 In contrast with the flexibility in the private sector, the career progression for civil service is more structured and stable. The pay levels for QG 8 positions in the Government can only rise steadily in the course of the incumbents' career. It is not possible for civil servants to get any substantial salary jump unless there is a promotion opportunity, which is much less common and frequent when compared with the private sector.

5.14 The Commission has drawn reference from the findings of the 2013 PLS to have a better understanding of the career path of civil service new recruits in QG 8 vis-à-vis their counterparts in the private sector from a longer-term perspective. The scope of a PLS is wider than that of an SSS, and it covers the pay levels of entry level positions as well as other senior positions. In the 2013 PLS, which categorised civil service jobs into five "Job Levels", it was found that for the first four Job Levels covering the most junior civil servants up to those at MPS Point 44, the differences between the civil service pay indicators and private sector pay indicators ranged from -4% to +4%. Based on these findings, the Commission concluded that for these Job Levels civil service pay and private sector pay were regarded as broadly comparable. As for Job Level 5 (covering senior non-directorate civil

servants remunerated on MPS Points 45 to 49), the civil service pay indicator was 8% lower than the private sector pay indicator⁸. The survey findings of the 2013 PLS are summarised in **Table 5** below –

Table 5

Job Level (Pay range)	Comparison Ratio	Interpretation
Job Level 1 (MPS 0 – 10 & MOD 1)	98%	civil service pay indicator lower than private sector pay indicator by 2%
Job Level 2 (MPS 11 – 23)	104%	civil service pay indicator higher than private sector pay indicator by 4%
Job Level 3 (MPS 24 – 33)	96%	civil service pay indicator lower than private sector pay indicator by 4%
Job Level 4 (MPS 34 – 44)	98%	civil service pay indicator lower than private sector pay indicator by 2%
Job Level 5 (MPS 45 – 49)	92%	civil service pay indicator lower than private sector pay indicator by 8%

5.15 For the majority of degree grades under QG 8, most part of the pay scales of their entry rank (including the current benchmark of MPS Point 14 of the QG) fell under Job Level 2 in the 2013 PLS (which covered MPS Point 11 to Point 23). In the longer term, degree graduates may rise through the ranks to hold middle and senior management positions in the civil service which fall under Job Levels 3 to 5. The pay indicators for Job Levels 2 to 5 should therefore be able to shed some light on how the salary of a degree graduate filling a QG 8 position compares with that of a degree graduate in the private sector, both at the point of entry and along his career path. As revealed in the 2013 PLS, for Job Level 2 the civil service pay indicator was higher than the private sector pay indicator, but the magnitude of the difference was only 4%. This 4% pay lead may eventually turn into a pay lag of 8% (i.e. the difference between the civil service pay indicator and private sector pay indicator for Job Level 5) for some civil servants in QG 8 who take up the most senior non-directorate positions in the Government. The PLS result therefore is in line with the Commission’s observation above, i.e. even though a degree graduate joining the Government may initially enjoy

⁸ Based on the Commission’s recommendation, the Government has raised the salary of civil servants in Job Level 5 by 3% with effect from 1 October 2014. The adjustment was approved by the Legislative Council Finance Committee in July 2015. However, even with the pay rise, the civil service pay indicator for Job Level 5 is still lower than the private sector pay indicator albeit by a lesser extent.

a pay lead over its private sector counterpart at the point of entry, within a matter of a few years, it is possible that the pay lead may diminish or even disappear given the latter's faster pace of salary increase over time and/or substantial salary jump from job switching.

5.16 The Commission acknowledges that in view of the inherent differences between the civil service and private sector, the attractiveness of private sector pay may have been underestimated if only starting salaries at the point of entry are taken on board for comparison with civil service pay. The Commission therefore considers it appropriate to set the starting salaries for QG 8 at a level such that the Government's remuneration package remains reasonably attractive to retain and motivate talents not only at entry but also further down the career path.

Nature of the SSS

5.17 An SSS only captures market information at a specific reference point in time. The market data collected are therefore much influenced by the state of the economy at the reference point, which may coincide with a trough or a peak of the economic cycle and which may change or even reverse when the next SSS is conducted. As stability is important for the civil service, the Commission is mindful that excessive volatility in civil service starting salaries should be avoided and that flexibility should be exercised in applying the survey findings.

Inherent discrepancies in statistical surveys and elements of chance

5.18 While an SSS serves to provide a scientific and objective comparison on the starting salaries between the civil service and private sector, it is important to acknowledge that an SSS cannot provide an absolutely precise picture of the private sector pay at a particular point in time. Some degree of statistical discrepancies and elements of chance caused by various factors, such as choice of the survey reference date and the organisations participating in the survey, are inevitable for such a survey. It is therefore inappropriate to follow strictly the market situation which can be highly influenced by a range of factors.

Overall interest

5.19 The Commission fully appreciates that while it is important to ensure the attractiveness of the civil service pay, it is equally imperative that

the remuneration package be considered fair by both the civil servants and the public they serve given that civil service pay is funded by public money. The Commission has strived to strike a balance amongst the different interests of various stakeholders throughout the exercise.

5.20 To a certain extent, the differential for QG 8 in the survey findings reflects the market demand and supply situation of degree graduates in recent years. With an abundant supply of degree graduates, new recruits are generally not in a position to bargain for a higher pay. Yet the increase in supply of degree holders, which is the result of years of investment in tertiary education in Hong Kong, is essential for the development of a knowledge-based economy. The Commission considers that due recognition should be given to the importance of degree education in the social and economic landscape, which would in turn facilitate upward social mobility of the younger generation. The Commission is also mindful of the signal that may be sent to the labour market following any adjustment to the starting salaries of civil servants, given that the Government is the largest employer in Hong Kong.

5.21 Moreover, the Commission has taken into account the relationship of QG 8 with QGs of adjacent educational qualifications. It notes that if the benchmark of QG 8 was reduced by one pay point, such a reduction would render the new benchmark of QG 8 to be the same as that of QG 3 Group I (Higher Diploma or Associate Degree) and QG 4 (Higher Certificate or equivalent qualification plus experience), thereby disrupting the relationship between QG 8 and QGs of adjacent educational qualifications. This will be considered undesirable and also unfair to degree holders. Moreover, it will negatively affect staff morale and the stability of the civil service as a whole.

5.22 Having balanced all the above considerations, the Commission recommends that –

- (a) no change be made to the benchmark of QG 8; and
- (b) following the conclusion of the 2015 SSS, a specific study be conducted for QG 8, to allow a thorough understanding of the distinctive features and characteristics of this QG and how these should be taken into account in determining the benchmark pay for QG 8 in future SSSs.

5.23 The Commission observes from the recent SSSs that market pay levels for equivalent positions of QG 8 grades in the private sector exhibit distinctive features and characteristics in contrast with the other QGs –

- (a) The total cash compensation for QG 8 in the private sector has consistently recorded a relatively larger dispersion as compared with the other QGs. For the 2015 SSS, the degree of variance (i.e. the ratio of the market P75 pay level to market P25 pay level) for QG 8 was 1.43, which was the highest amongst all QGs. When compared to the 2012 SSS, the variance for QG 8 has also seen an increase (from 1.38 in the 2012 SSS to 1.43 in the 2015 SSS). As analysed by the Consultant, the relatively higher variance reflects the nature of this QG, i.e. degree graduates in QG 8 are employed in a wide range of starting positions across all sectors with diverse pay practices, leading to highly varied remunerations. The Commission therefore considers it worthwhile to further explore this diversity in order to assess how it should be taken on board in setting the benchmark pay for QG 8; and
- (b) QG 8 has consistently recorded the lowest rate of adjustment in the market P75 pay level in between SSSs –

	2009 SSS % change since previous SSS	2012 SSS % change since previous SSS	2015 SSS % change since previous SSS
QG 8	-7.5%	10.4%	5.7%
Other QGs	2.3% to 10.0%	12.7% to 22.2%	7.0% to 23.2%
Average for all QGs	5.4%	14.9%	12.6%

The Commission considers that this phenomenon warrants further study to see if there is evidence to suggest that the market does accord different treatments to the remuneration of QG 8 recruits vis-à-vis that of the other QGs.

5.24 In the light of the above, the Commission considers that a study with a specific focus on QG 8 warranted and necessary after the conclusion of the 2015 SSS. Further details are elaborated in Chapter 6 of this Report. Meanwhile, a cautious and prudent approach should be taken and hence no change should be made to the benchmark of QG 8.

Starting Salaries for Basic Ranks in QGs not Covered in the data collection (i.e. QG 10 and QG 11)

QG 10 – Education Grades

5.25 There is no benchmark for the five graduate grades and four non-graduate grades in QG 10 (Education Grades). In line with the established practice, the starting salaries for the basic ranks in the graduate grades and non-graduate grades in QG 10 should be set with reference to the benchmark of QG 8 and QG 3 Group I respectively. Accordingly, the Commission **recommends** that no change be made to the starting salaries for all basic ranks in QG 10, as no change is recommended for QG 8 and QG 3 Group I.

QG 11 – Other Grades

5.26 There is no benchmark for the 44 basic ranks under QG 11 (Other Grades) with disparate entry requirement specifications. The basic ranks in QG 11 are usually those which require the appointees to have special aptitude, skills or experience more than academic attainment, or those which cannot be fitted suitably into any of the other QGs. In line with the established practice, the Commission **recommends** that the starting salaries for the relevant basic ranks should be set by reference to (a) established relativities with relevant grades in other QGs; and (b) where such relativities are not readily identifiable, the relevant educational requirement for the grades. Accordingly, the Commission **recommends** that no change be made to the starting salaries for the basic ranks under QG 11, as no change is recommended to the benchmarks of all other QGs.

Starting Salaries for the Training Ranks, Assistant Ranks, Craft Apprentice Grade and Technician Apprentice Grade

Training Ranks

5.27 Training Ranks are provided in a number of grades to train suitable secondary school leavers to enable them to perform the functional duties of the grades concerned. In line with the established practice, the Commission **recommends** that the starting salaries for the Training Ranks should be determined by internal relativity with QG 2 Group I. In other words, their starting salaries should remain unchanged as no change is recommended for QG 2 Group I.

Assistant Ranks

5.28 Assistant Ranks in QG 7 are introduced with the intention that degree holders, or equivalent, would be appointed and given opportunities to acquire a full professional qualification by further training, study, and experience in the appropriate disciplines. The starting salaries for these Assistant Ranks were set against the benchmark pay for QG 7. Since no change is recommended for QG 7, the Commission **recommends** no change to the starting salaries for the Assistant Ranks. It also follows that changes to the maximum pay of the Assistant Ranks are not required, as there is no change to the entry pay of the principal ranks.

Craft Apprentice Grade and Technician Apprentice Grade

5.29 In line with the established practice, the starting salary for the basic rank in the Craft Apprentice Grade is linked to the benchmark of QG 1, and that for the Technician Apprentice Grade to QG 2 Group I respectively. As no change is recommended to the benchmarks of QG 1 and QG 2 Group I, the Commission **recommends** that no change be made to the starting salaries for the basic ranks of these two grades.

Chapter 6

Other Observations and Acknowledgements

6.1 In this final chapter, the Commission wishes to set out a few observations gathered in the course of the 2015 SSS, and express its appreciation to all parties concerned which have contributed to the smooth conduct of the 2015 SSS.

Specific Study on QG 8

6.2 As mentioned in Chapter 5, a specific study on QG 8 grades should be conducted before the next SSS. The study should take a broader and longer-term view in tracking the remuneration of QG 8 new recruits a few years down their career. Moreover, opportunity should be taken to review the internal relativities between the benchmark of QG 8 with the benchmarks of its adjacent QGs, having regard to our observation that lowering the existing benchmark of QG 8 would result in the new benchmark being equal to or even lower than the benchmarks of QGs requiring a lesser educational qualification. The findings of this study should provide a solid basis for an informed decision to be made in future SSSs.

Consideration of Associate Degree

6.3 As mentioned in paragraph 2.10, in the course of conducting the 2015 SSS, the Commission noted there was a concern from the Staff Sides that there might be different practices between the civil service and the private sector in recognising the qualification of AD as the minimum qualification requirement for appointment, which might affect the findings of the 2015 SSS when the two qualifications were grouped under the same QG.

6.4 The Government has accepted locally accredited AD programmes for appointment to Government jobs with general entry requirements set at HD level since 2001, having considered that AD programmes are broadly comparable with those at HD level in terms of academic qualification. As for the private sector, market information collected by the Consultant revealed that for participating organisations which accept both HD and AD for the same position, most of them consider the two qualifications as broadly comparable and there is no difference between pay packages offered to new

recruits holding HD or AD qualifications for the same position. Hence, the Commission considers that grouping these two qualifications under the same QG is in line with the market practice.

Entry Qualifications

6.5 The Commission notes the comments from some Staff Sides that there should be a review of the minimum qualification requirements of individual civil service entry-level jobs. They were concerned that a number of new recruits were over-qualified which reflected that the minimum requirements in certain civil service positions were outdated and might no longer reflect what was required of the jobs given the increasing complexity due to rising public expectation and increasing demand for accountability and transparency.

6.6 While the entry requirements of individual civil service grades and the recruitment policy for civil servants are beyond the scope of an SSS, the Commission understands that the established policy is to set the minimum entry requirements of a civil service grade according to its duties and responsibilities instead of the qualification of individual appointees. As observed by the Consultant, this situation of over-qualification is not uncommon in the private sector due to the increasing supply of holders of higher qualifications in recent years. Private sector organisations would similarly state their minimum qualification requirements in their recruitment exercises and recruit the best qualified candidates. While over-qualified recruits may be better placed for future promotion in the private sector, extra remuneration for these candidates is not prevalent. Nevertheless, the Government may wish to keep in view the minimum qualifications of individual grades to ensure that the minimum entry requirements are set having regard to the grades' prevalent duties and responsibilities.

Acknowledgements

6.7 The Commission would like to express its appreciation to all parties which have contributed to the 2015 SSS. We would like to thank the Staff Sides for the useful views expressed during the consultation meetings. We would also like to thank the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association for sharing with us their experience in

conducting pay surveys and appealing to their member organisations to participate in the survey. Our thanks also go to the participating private sector organisations for their support and co-operation.

6.8 Last but not least, the Commission would like to express our gratitude to the staff of the Joint Secretariat for their hard work and dedicated support throughout the exercise.

**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

Chairman

Dr Wilfred Wong Ying-wai, GBS, JP

Members

Mr T C Chan, BBS, JP

Miss Elaine Chan Wing-yi

Mr Lee Luen-fai

Mr Lee Ming-kwai, GBS

Ms Angela Lee Wai-yin, BBS, JP

Mr Joseph Lo Kin-ching

Professor Suen Wing-chuen

The Hon Tony Tse Wai-chuen, BBS

Dr Carrie Willis Yau Sheung-mui, SBS, JP

Mr Wilfred Wong Kam-pui, JP

Refinements to the Civil Service Qualification Groups (QGs)

In the light of experience gained in the 2009 and 2012 SSSs, and with the changes in the labour market because of the emergence of various post-secondary education programmes and the entry of graduates from the 3-3-4 new academic structure into the job market, the Commission suggested in the Standing Commission Report No. 49: Civil Service Starting Salaries Survey 2012 that the Government “*should keep in view the private sector practice in the acceptance of the newly developed qualifications, and should, at an appropriate time, consider reviewing the whole system taking into account all relevant factors*”.

2. In view of the above recommendation, the Government has conducted a review of the Qualification Benchmark System and made some technical refinements to the grouping and labelling of certain QGs. For example, the qualifications associated with the Hong Kong Diploma of Secondary Education Examination (HKDSEE) under the new academic structure are now featured in the relevant QGs. Details of the refinements as well as the previous and updated QGs are set out below.

3. The refinements to certain QGs proposed by the Government include –

- (a) to rename the QGs relating to the Hong Kong Certificate of Education Examination (HKCEE) or the Hong Kong Advanced Level Examination (HKALE) qualifications, with a view to featuring the equivalent qualifications of the Hong Kong Diploma of Secondary Education Examination (HKDSEE) in the QG titles in accordance with the arrangements for accepting the qualifications of HKDSEE promulgated in June 2011;
- (b) to put all HKDSEE-related QGs (including the previous QG 2 Group I, QG 2 Group II and QG 7) together as sub-groups under a single QG (HKDSEE Grades);
- (c) to include the qualification of Associate Degree (AD) in the title of QG 3 and QG 3 Group I, i.e. –
 - (i) to rename QG 3 from “Higher Diploma and Diploma Grades”

to “Higher Diploma, Associate Degree and Diploma Grades”;
and

(ii) to rename QG 3 Group I from “Higher Diploma Grades” to
“Higher Diploma or Associate Degree Grades”; and

(d) to rename QG 4 from “Higher Certificate plus experience” to
“Higher Certificate or equivalent qualification plus experience”
such that the QG title would cover other qualifications (e.g. diploma)
which are taken as equivalent to but are more common in the
private sector than the qualification of higher certificate.

4. The previous and updated QGs are set out as below –

Previous		Updated	
QG	Grades and Qualification Requirements	QG	Grades and Qualification Requirements
1	Grades not requiring five passes in HKCEE	1	Grades not requiring <u>Level 2 or equivalent in five subjects in HKDSEE</u> (or five passes in HKCEE)
2	School Certificate Grades Group I: Grades requiring five passes in HKCEE Group II: Grades requiring five passes in HKCEE plus considerable experience	2	<u>HKDSEE Grades</u> Group I: Grades requiring <u>Level 2 or equivalent in five subjects in HKDSEE</u> (or five passes in HKCEE) Group II: Grades requiring <u>Level 2 or equivalent in five subjects in HKDSEE</u> plus considerable experience (or five passes in HKCEE plus considerable experience) Group III: Grades requiring <u>Level 3 or equivalent in five subjects in HKDSEE</u> (or two passes at Advanced Level in HKALE plus three credits in HKCEE)

Previous		Updated	
QG	Grades and Qualification Requirements	QG	Grades and Qualification Requirements
3	Higher Diploma and Diploma Grades Group I: Higher Diploma Grades Group II: Diploma Grades	3	Higher Diploma, <u>Associate Degree</u> and Diploma Grades Group I: Higher Diploma <u>or Associate Degree</u> Grades Group II: Diploma Grades
4	Technical Inspectorate and Related Grades: Higher Certificate plus experience	4	Technical Inspectorate and Related Grades: Higher Certificate <u>or equivalent qualification</u> plus experience
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience
7	Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE		Merged with QG 2, see above
8	Professional and Related Grades Group I: Membership of a professional institution or equivalent Group II: Grades with pay structure related to grades in Group I	<u>7</u>	Professional and Related Grades Group I: Membership of a professional institution or equivalent Group II: Grades with pay structure related to grades in Group I
9	Degree and Related Grades	<u>8</u>	Degree and Related Grades
10	Model Scale 1 Grades	<u>9</u>	Model Scale 1 Grades
11	Education Grades	<u>10</u>	Education Grades
12	Other Grades	<u>11</u>	Other Grades

Appendix D

List of Private Sector Organisations Participated in the Survey

1.	AECOM	[沒有中文名稱]
2.	Airport Authority Hong Kong	香港機場管理局
3.	Asia Airfreight Terminal Co., Ltd	亞洲空運中心有限公司
4.	Atkins China Ltd	阿特金斯顧問有限公司
5.	Aviation Security Company Limited	機場保安有限公司
6.	Bank of China (Hong Kong) Limited	中國銀行（香港）有限公司
7.	Belle Worldwide Limited	百麗環球有限公司
8.	Bossini Enterprises Limited	堡獅龍企業有限公司
9.	Build King Holdings Limited	利基控股有限公司
10.	BYME Engineering (HK) Ltd.	嘉福機電工程有限公司
11.	Café de Coral Holdings Limited	大家樂集團有限公司
12.	Castco Testing Centre Limited	佳力高試驗中心有限公司
13.	Cathay Pacific Airways Limited	國泰航空有限公司
14.	Christian Family Service Centre	基督教家庭服務中心
15.	Citibank N.A.	花旗銀行
16.	CITIC Pacific Limited	中信泰富有限公司
17.	COSCO-HIT Terminals (Hong Kong) Limited	中遠-國際貨櫃碼頭（香港）有限公司
18.	Dah Sing Financial Holdings Limited	大新金融集團有限公司
19.	David S.K. Au & Associates Ltd.	區兆堅建築及工程設計顧問有限公司
20.	Defond Electrical Industries Ltd.	德豐電業有限公司
21.	Employees Retraining Board	僱員再培訓局
22.	Esquel Enterprises Ltd.	溢達企業有限公司
23.	Evangelical Lutheran Church Social Service – Hong Kong	基督教香港信義會社會服務部
24.	Fuji Xerox (Hong Kong) Limited	富士施樂（香港）有限公司
25.	Gammon Construction Limited	金門建築有限公司
26.	Grand Hyatt Hong Kong	香港君悅酒店
27.	Great Eagle Holdings Limited	鷹君集團
28.	Green Island Cement (Holdings) Limited	青洲英坭（集團）有限公司
29.	Hip Hing Construction Co., Ltd.	協興建築有限公司
30.	Hong Kong Aircraft Engineering Company Limited	香港飛機工程有限公司
31.	Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI)	香港應用科技研究院有限公司
32.	Hong Kong Baptist Hospital	香港浸信會醫院
33.	Hong Kong Broadband Network Limited	香港寬頻網絡有限公司
34.	Hong Kong Convention and Exhibition Centre (Management) Limited	香港會議展覽中心（管理）有限公司

35.	Hong Kong Cyberport Management Company Limited	香港數碼港管理有限公司
36.	Hong Kong Exchanges and Clearing Limited	香港交易及結算所有限公司
37.	Hong Kong Housing Authority	香港房屋委員會
38.	Hong Kong Housing Society	香港房屋協會
39.	Hong Kong Productivity Council	香港生產力促進局
40.	Hong Kong Tourism Board	香港旅遊發展局
41.	Hong Kong Trade Development Council	香港貿易發展局
42.	Hong Kong Tramways, Limited	香港電車
43.	Hong Yip Service Company Ltd.	康業服務有限公司
44.	Hongkong International Terminals	香港國際貨櫃碼頭
45.	Hongkong International Theme Parks Limited	香港國際主題樂園有限公司
46.	Hongkong Land Group Limited	置地集團有限公司
47.	Hongkong United Dockyards Limited	香港聯合船塢集團有限公司
48.	Hopewell Holdings Limited	合和實業有限公司
49.	IBM China/Hong Kong Limited	國際商業機器中國香港有限公司
50.	InterContinental Hong Kong	香港洲際酒店
51.	John Swire & Sons (H.K.) Ltd.	香港太古集團有限公司
52.	K. Wah Construction Materials (HK) Ltd.	嘉華建材（香港）有限公司
53.	KPMG	畢馬威會計師事務所
54.	Kwoon Chung Bus Holdings Limited	冠忠巴士集團有限公司
55.	Lee Kum Kee	李錦記
56.	Mandatory Provident Fund Schemes Authority	強制性公積金計劃管理局
57.	Miramar Group	美麗華集團
58.	Modern Terminals Limited	現代貨箱碼頭有限公司
59.	MTR Corporation Limited	香港鐵路有限公司
60.	New Hong Kong Tunnel Company Limited	新香港隧道有限公司
61.	New World Development Company Limited	新世界發展有限公司
62.	Ngong Ping 360 Limited	昂坪 360 有限公司
63.	OCBC Wing Hang Bank Limited	華僑永亨銀行有限公司
64.	Ocean Empire International Ltd.	海皇國際有限公司
65.	Ocean Park Corporation	海洋公園
66.	ONC Lawyers	柯伍陳律師事務所
67.	Orient Overseas Container Line Limited	東方海外貨櫃航運有限公司
68.	Ove Arup & Partners Hong Kong Limited	奧雅納工程顧問
69.	Paul Y Management Limited	保華建業集團有限公司
70.	REC Engineering Company Limited	盈電工程有限公司
71.	River Trade Terminal Co. Ltd.	內河碼頭公司
72.	Royal Hong Kong Yacht Club	香港遊艇會
73.	Securities and Futures Commission	證券及期貨事務監察委員會

74.	Sheraton Hong Kong Hotel & Towers	香港喜來登酒店
75.	Shun Hing Electronic Trading Co Ltd	信興電器貿易有限公司
76.	Sik Sik Yuen	薈色園
77.	Sino Land Company Limited	信和置業有限公司
78.	SOCAM Development Limited	瑞安建業有限公司
79.	Society for the Prevention of Cruelty to Animals (HK)	香港愛護動物協會
80.	Sony Corporation of Hong Kong Limited	索尼香港
81.	South China Morning Post Publishers Limited	南華早報出版有限公司
82.	Standard Chartered Bank (Hong Kong) Limited	渣打銀行（香港）有限公司
83.	Sun Hung Kai Properties Limited	新鴻基地產發展有限公司
84.	Sun Life Assurance Company of Canada	[沒有中文名稱]
85.	Swire Resources Limited	太古資源有限公司
86.	The Commercial Press (Hong Kong) Limited	商務印書館（香港）有限公司
87.	The Dairy Farm Company, Limited	牛奶有限公司
88.	The Hong Kong and China Gas Company Limited	香港中華煤氣有限公司
89.	The Hong Kong Jockey Club	香港賽馬會
90.	The Hong Kong Philharmonic Society Ltd	香港管弦協會有限公司
91.	The Jardine Engineering Corporation Limited	怡和機器有限公司
92.	The Kowloon Motor Bus Co. (1933) Ltd.	九龍巴士（一九三三）有限公司
93.	The Sincere Company Limited	先施有限公司
94.	TNT Express Worldwide (HK) Limited	[沒有中文名稱]
95.	Tung Wah Group of Hospitals	東華三院
96.	Urban Group	富城集團
97.	Urban Renewal Authority	市區重建局
98.	Wong & Ouyang (HK) Limited	王歐陽（香港）有限公司
99.	Wong Tung & Partners	王董集團
100.	YATA Limited	一田有限公司
101.	YMCA of Hong Kong	香港基督教青年會
102-139. Anonymous*		

* These organisations do not wish to have their names published.

Annex B

Findings of the 2015 Starting Salaries Survey

Qualification Groups (QGs)	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Pay Level (b)	Difference (b) – (a) = (c)	No. of Data Points (Organisations)	Percentage Difference (c)/(a)x100%
1	Grades not requiring Level 2 or equivalent in five subjects in the Hong Kong Diploma of Secondary Education Examination (HKDSEE) (or five passes in the Hong Kong Certificate of Education Examination (HKCEE))	MPS 1 (\$11,575)	\$11,902	+ \$327	2,317 (61)	+ 2.8%
2	HKDSEE Grades Group I: Grades requiring Level 2 or equivalent in five subjects in HKDSEE (or five passes in HKCEE)	MPS 3 (\$13,120)	\$12,733	– \$387	2,106 (42)	– 2.9%
	Group II: Grades requiring Level 2 or equivalent in five subjects in HKDSEE plus considerable experience (or five passes in HKCEE plus considerable experience)		\$13,514	+ \$394	613 (18)	+ 3.0%
	Group III: Grades requiring Level 3 or equivalent in five subjects in HKDSEE (or two passes at Advanced Level in the Hong Kong Advanced Level Examination plus three credits in HKCEE)	MPS 8 (\$17,995)	\$17,379	– \$616	106 (18)	– 3.4%
3	Higher Diploma, Associate Degree and Diploma Grades Group I: Higher Diploma or Associate Degree Grades	MPS 13 (\$24,280)	Insufficient Data		31 (5)	N.A
	Group II: Diploma Grades	MPS 8 (\$17,995)	\$18,394	+ \$399	883 (62)	+ 2.2%
4	Technical Inspectorate and Related Grades: Higher Certificate or equivalent qualification plus experience	MPS 13 (\$24,280)	Insufficient Data		71 (10)	N.A

Qualification Groups (QGs)	Grades and Qualification Requirements	Existing Benchmark (a)	Market P75 Pay Level (b)	Difference (b) – (a) = (c)	No. of Data Points (Organisations)	Percentage Difference (c)/(a)x100%
5	Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience	MPS 6 (\$15,845)	\$16,418	+ \$573	588 (39)	+ 3.6%
6	Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience	MPS 5 (\$14,905)	\$14,803	– \$102	1,106 (36)	– 0.7%
7	Professional and Related Grades	MPS 27 (\$47,235)	\$44,763	– \$2472	314 (23)	– 5.2%
8	Degree and Related Grades	MPS 14 (\$25,505)	\$21,590	– \$3,915	2,013 (99)	– 15.3%
9	Model Scale 1 Grades	MOD 0 (\$11,570)	\$11,799	+ \$229	881 (59)	+ 2.0%

Note 1: QGs with insufficient data

Same as the 2009 and 2012 SSSs, there was insufficient market data for pay comparison for QG 3 Group I and QG 4. In accordance with established practice and having regard to their prevailing internal relativities, the Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) recommends that the benchmark pay for these QGs should continue to be set by internal relativities with the benchmark pay for the designated QGs (i.e. QG 3 Group I in relation to QG 3 Group II, and QG 4 in relation to QG 3 Group I). Since no change is recommended to the benchmark pay of QG 3 Group II, the SCCS recommends that the benchmark pay of these two QGs should remain unchanged.

Note 2: Starting salaries for QG 10 (Education Grades)

There is no benchmark pay for the five graduate and four non-graduate grades in the education sector. In line with the established practice, the starting salaries of the basic ranks of the graduate and non-graduates grades in this QG will continue to be set with reference to the benchmark pay for QG 8 and QG 3 Group I respectively. As no change is recommended for QG 8 and QG 3 Group I, the SCCS recommends that the starting salaries of all basic ranks in QG 10 should remain unchanged.

Note 3: Starting salaries for QG 11 (Other Grades)

This QG covers over 40 grades with disparate entry requirement specifications. No benchmark pay has been set for this QG. In line with the established practice, the SCCS recommends that the starting salaries for the relevant basic ranks should be set by reference to the established relativities with relevant grades in other QGs; and, where such relativities are not readily identifiable, the relevant educational requirement for the grades. Since no change is recommended to the benchmark pay for all other QGs, the SCCS recommends no change to the starting salaries for all the basic ranks in QG 11.

Principles and Considerations under the Holistic Approach

The Standing Commission on Civil Service Salaries and Conditions of Service recommends the adoption of the “holistic approach” in considering how the 2015 Starting Salaries Survey (SSS) findings should be applied to civil service basic ranks, and has formulated the following principles and considerations as the basis of this approach –

- (a) civil service pay and private sector pay should be kept broadly comparable (instead of strictly comparable);
- (b) the attractiveness and stability of civil service pay should be maintained;
- (c) the inherent differences between the civil service and private sector and their uniqueness should be taken into account;
- (d) the nature of the SSS, including its objective, scope and frequency, etc., should be considered;
- (e) the inherent discrepancies in statistical surveys and the elements of chance should be considered, and some degree of flexibility should be allowed in the application of the survey findings. Sufficient consideration should also be given to the circumstances of individual Qualification Groups; and
- (f) public interest, including the need to maintain a stable and permanent civil service, implications on the labour market as well as the signal which the relevant decision would send to the community, should be taken into account.

**Formula for the Application of 2015 Starting Salaries Survey
Findings to the Disciplined Services Grades**

In considering how to apply the 2015 Starting Salaries Survey (SSS) findings to the disciplined services grades¹, the Standing Committee on Disciplined Services Salaries and Conditions of Service recommends that the established practice adopted in previous SSSs should be followed.

2. Under the established approach, Qualification Group (QG) 2 Group I and QG 2 Group III of the civilian grades will be adopted as the benchmark pay for the “Rank and File Grades” and the “Officer Grades” of the disciplined services respectively because of comparable educational qualification requirements. On the other hand, the Police Constable (PC) and Inspector of Police (IP) Ranks will be used as the reference point for the “Rank and File Grades” and the “Officer Grades” in the disciplined services respectively.

3. The starting salaries of the basic ranks of the disciplined services grades would then be set with reference to their benchmark pay in the civilian grades by using the following application formula –

- (a) the “element of special job factors” in the existing salaries of IP and PC is calculated by finding out the difference between (i) the **existing** salary of IP and PC; and (ii) the **existing** benchmark pay for QG 2 Group III and QG 2 Group I respectively;
- (b) the **new** starting salary for IP and PC is worked out by adding the “element of special job factors” for the IP/PC Rank found out in (a) above to the **new** benchmark for QG 2 Group III/Group I; and
- (c) the new starting salaries for other disciplined services entry ranks is worked out by applying the ratio of the new IP/PC starting salary to their existing starting salary (the ratio), i.e. by multiplying the existing starting salary for each disciplined services entry rank with the ratio.

¹ For the purpose of the application of SSS findings, disciplined services cover seven departments/agencies, namely the Correctional Services Department, the Customs and Excise Department, the Fire Services Department, the Government Flying Service, the Hong Kong Police Force, the Immigration Department and the Independent Commission Against Corruption.