

**For information
on 21 January 2013**

**LEGISLATIVE COUNCIL
PANEL ON PUBLIC SERVICE**

**2012 Starting Salaries Survey:
Findings and Recommendations of the Standing Commission on
Civil Service Salaries and Conditions of Service**

Purpose

This paper –

- (a) summarises the findings and recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission)'s Report on the 2012 Starting Salaries Survey (the Report); and
- (b) invites Members' views and comments on the findings and recommendations in the Report.

Background

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 they serve through maintaining broad comparability between civil service and private sector pay.

3. To implement this policy, an Improved Civil Service Pay Adjustment Mechanism (the Mechanism)¹ was put in place in 2007. Under the Mechanism, a starting salaries survey (SSS) is conducted every three years to compare the starting salaries of non-directorate civilian civil service grades with the entry pay of jobs in the private sector requiring similar qualifications. The last SSS was conducted in 2009 by the Standing Commission. In accordance with the timeframe specified under the Mechanism, the SSS should be conducted in 2012.

4. At the meeting of this Panel held on 20 February 2012, we informed Members that the Administration had invited the Standing Commission to conduct the 2012 SSS and advise the Administration on how the survey findings should be applied to the basic ranks of non-directorate civilian civil service grades². The Standing Commission accepted the invitation in January 2012.

The 2012 SSS

5. The Standing Commission has completed the 2012 SSS and submitted its findings and recommendations to the Chief Executive on 18 December 2012 vide its Report No. 49 (at **Annex A**). As noted in the Report, the 2012 SSS used 1 April 2012 as its reference date. The methodology adopted in the 2009 SSS was generally accepted by stakeholders and has worked well and was thus adopted for the 2012 SSS. A pay comparison survey was conducted to compare the benchmark pay of the relevant Qualification Groups (QGs)³ (which are used as

¹ The Mechanism was endorsed by the Executive Council in 2007 and comprises, among others, the conduct of (a) a pay level survey (PLS) every six years; (b) a starting salaries survey every three years; and (c) the annual pay trend survey.

² Apart from the SSS, the PLS was also due to be conducted in 2012 under the Mechanism. As we informed this Panel at the meeting held on 20 February 2012, the Administration had also invited the Standing Commission to conduct the PLS. In view of the different scopes and level of complexity, the Standing Commission decided that the two surveys should be conducted separately. We await advice on PLS from the Standing Commission separately.

³ Non-directorate civilian civil service grades are grouped into 12 QGs based on their education qualification and/or experience requirements. Ten of the 12 QGs have a benchmark pay which is used as a reference for determining starting salaries of grades in the QG. For the other two QGs which do not have a benchmark pay, the starting salaries of their grades are linked to and adjusted in tandem with the benchmark pay of one of the other QGs.

references for determining civil service starting salaries⁴) with the entry pay of private sector jobs with similar education qualification and/or experience requirements and comparable functions.

6. As in the 2009 SSS, the Standing Commission has appointed an independent consultant to conduct the pay comparison survey under its supervision. In the 2012 SSS, 136 private sector organisations from different sectors of the economy provided valid pay data in the pay comparison survey (compared with 114 private sector organisations in the 2009 SSS). Having regard to past practices and the consideration that the Government should be a good employer, the Standing Commission continues to adopt the third quartile level (i.e. the “market P75 level”) of the total cash compensation⁵ of private sector pay as the basis for comparison with the civil service benchmark pay for individual QGs.

Staff Engagement

7. The Standing Commission fully recognises the importance of consultation with the Staff Sides in conducting the 2012 SSS. It has held three stages of staff consultation with the Staff Sides of the four Central Consultative Councils⁶ and the four major service-wide staff unions⁷ and consulted them on the methodology, survey field and application framework, etc. of the SSS. Their views have been taken into account in the Standing Commission’s deliberations as appropriate.

Survey findings and recommendations

8. As noted in Chapter 5 of the Report, the 2012 SSS indicated

⁴ The starting salaries of basic ranks in individual grades in a QG are set on a par with, or one or more points higher than, the benchmark pay of the QG.

⁵ Total cash compensation includes annual basic salary, guaranteed bonus as well as other cash payment (except those that are conditional on particular working conditions (such as occasional overtime, shift or work location) or individual circumstances (such as reimbursement of business expenses)).

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.

⁷ 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.

that the existing benchmark pay of **most of the QGs** with sufficient market data for analysis closely reflected the market P75 levels. The benchmark pay for **two QGs** (i.e. QG 9 (Degree and Related Grades) and QG 10 (Model Scale 1 Grades)) showed a larger deviation from the market P75 levels, with details as follows –

- (a) QG 9 (Degree and Related Grades): The market P75 level was lower than the benchmark pay by 8.8% (or \$ 1,973 per month, representing around two pay points on the Master Pay Scale); and
- (b) QG 10 (Model Scale 1 Grades): The market P75 level was lower than the benchmark pay by 5.7% (or \$580 per month, representing around three pay points on the Model Scale 1 Pay Scale).

Details of the survey findings are set out at **Annex B**.

Recommendations of the Standing Commission

9. The Standing Commission considers that, as in the 2009 SSS, a holistic approach (as opposed to mechanical application) should be adopted in considering how the SSS results should be applied to civil service basic ranks, based upon the following principles and considerations –

- (a) it is one of the main objectives of the civil service pay policy to maintain “broad comparability” (instead of strict comparability) with private sector pay;
- (b) by nature, an SSS is conducted triennially to ascertain the “broad comparability” (instead of strict comparability) of the civil service pay with private sector pay;
- (c) the attractiveness and stability of civil service pay should be maintained;

- (d) the inherent differences between the civil service and private sector pay systems should continue to be taken into account;
- (e) inevitably, there were inherent discrepancies in the 2012 SSS which is a statistical survey. It is therefore prudent to allow some degree of flexibility in the application of the survey findings; and
- (f) wider community interest, including the need to maintain a stable and permanent civil service and to avoid significant impact on the private sector, should be taken into account.

10. Having considered the above principles and considerations, the Standing Commission recommends that the **status quo** be maintained for the benchmark pay for all QGs (including QG 9 and QG 10). For QG 9, the Standing Commission has noted, in particular, the differences in the salary structure of degree jobs in the civil service and the private sector (viz. degree jobs in the private sector generally enjoy a larger jump after a few years) and the importance to maintain the competitiveness of jobs in the QG which form the backbone of the civil service, etc.

11. As for QG 10, the Standing Commission has noted a relatively high increase in the market average, median and lower percentiles of the market pay levels for the QG since the 2009 SSS. The Standing Commission has also taken note that there have been shortages of labour for jobs covered by this QG in the market, and that the market pay level for these jobs may be further pushed up. It has taken into account the need to continue to look at the remuneration of the most junior staff in the civil service sympathetically.

Application of survey results to the disciplined services

12. As in previous SSSs, the 2012 SSS does not cover the disciplined services grades due to the lack of market comparators. In previous SSSs, survey findings were applied to the basic ranks of disciplined services grades as advised by the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS). Upon receiving the Report from the Standing Commission, we have invited

SCDS to advise on whether, and if so, how the 2012 SSS findings should be applied to the disciplined services grades. Advice from SCDS is being awaited.

Way Forward

13. We have invited the staff sides, departmental management as well as tertiary institutions to provide their views on the findings and recommendations of the Report to the Administration by 29 January 2013. Upon receiving their views and the advice from SCDS on how the survey findings should be applied to the disciplined services, the Administration will submit its recommendations on how to take forward the Report to the Chief Executive-in-Council for decision. In the event of any change to the entry pay of any civil service basic rank, the endorsement of the Establishment Subcommittee and the approval of the Finance Committee of the Legislative Council will be sought. In line with the established practice, reduction in civil service starting salaries, if any, will only apply to new recruits from a specified prospective date. Serving civil servants will not be affected.

Advice Sought

14. Members are invited to note the recommendations of the Standing Commission in respect of the 2012 SSS and to offer views and comments on the findings and recommendations of the Report.

Civil Service Bureau
January 2013

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

REPORT No. 49

CIVIL SERVICE STARTING SALARIES SURVEY 2012

CHAIRMAN

MR WILFRED WONG YING-WAI, SBS, JP

DECEMBER 2012

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

18 December 2012

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,

On behalf of the Standing Commission on Civil Service Salaries and Conditions of Service, I have the honour to submit our Report No. 49: Civil Service Starting Salaries Survey 2012. This is the second time the Commission conducts a Starting Salaries Survey under the *Improved Civil Service Pay Adjustment Mechanism* since the previous exercise in 2009. The Report 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. 49

**CIVIL SERVICE
STARTING SALARIES
SURVEY 2012**

DECEMBER 2012

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Summary of Conclusions and Recommendations

Paragraph

Principles and Considerations for Application

- (1) The Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) considered it important to adopt a consistent approach both for the methodology of the pay comparison survey (the Survey), and for the principles and considerations of the application of results of the Survey, as developed in the 2009 Starting Salaries Survey (SSS). 1.7
- (2) The principles and considerations supporting the holistic approach adopted by the Commission in the 2009 SSS, namely, “broad comparability” with the private sector, nature of the SSS, attractiveness and stability of civil service pay, inherent differences between the civil service and private sector, inherent discrepancies in statistical surveys and wider community interests, remain valid and sound. Following the 2009 SSS, we should continue to adopt the holistic approach for the 2012 SSS in considering the application of the Survey findings. 4.12

Recommendations on Application of Findings

Basis for Comparison

- (3) Following the established practice in previous SSSs, pay comparison in the 2012 SSS should be based on the actual pay data of total cash compensation, and the market third quartile (P75) pay level should be the basis for comparison with the civil service benchmark pay for individual Qualification Groups (QGs). Where no comparable entry pay is found in the private sector for a QG, the new benchmark should follow the existing internal relativities with other QGs. Any new benchmark should be pegged to the nearest pay point. 5.1

Benchmarks for QGs 1 to 10

- (4) While the market P75 pay level of QG 9 was lower than the civil service benchmark pay by about \$2,000 (representing two pay points), taking into account all relevant factors under the holistic approach, no change should be made to the existing benchmark pay of QG 9. 5.7 – 5.12
- (5) While the market P75 pay level of QG 10 was lower than the civil service benchmark pay by \$580 (representing almost three pay points), taking into account all relevant factors under the holistic approach, no change should be made to the existing benchmark pay of QG 10. 5.13 – 5.15
- (6) The differences in private sector pay and the civil service benchmark pay for QG 1, QG 2 Group I, QG 3 Group II, QG 5, QG 6, QG 7 and QG 8 were minimal. No adjustment should be made to the benchmark pay for these QGs. 5.16
- (7) The benchmarks of QG 2 Group II, QG 3 Group I and QG 4 should be determined by their internal relativities with that of QG 2 Group I, QG 3 Group II and QG 3 Group I respectively, and should therefore remain unchanged. 5.17

Starting Salaries for Basic Ranks in QGs not Covered by the Survey

- (8) No change should be made to the starting salaries for the basic ranks in QG 11, as the starting salaries for the basic ranks in QG 11 should be determined by internal relativities with either QG 9 or QG 3 Group I, and no change is recommended for both QGs. 5.18

Paragraph

5.19

- (9) The starting salaries for the basic ranks under QG 12 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. 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 12 accordingly.

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 rank in the Craft Apprentice Grade, and the basic rank in the Technician Apprentice Grade should be determined by internal relativities with QG 2 Group I, QG 8, QG 1 and QG 2 Group I respectively, and should remain unchanged.

5.20 – 5.22

Chapter 1

Introduction

1.1 On 13 December 2011, the Secretary for the Civil Service invited the Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) to conduct the 2012 Starting Salaries Survey (the 2012 SSS) and the Pay Level Survey (PLS), and recommend how these survey findings should be applied to the non-directorate civilian grades of the civil service. Having considered that the PLS was more complex and had a wider scope and impact on the civil service, and would be a much more complicated exercise requiring a much longer time to complete as compared to the SSS, the Commission, while accepting the invitation, was of the view that the 2012 SSS and the PLS should be delinked, and that the two surveys should be conducted separately.

1.2 In respect of the SSS, the Commission agreed to conduct the 2012 SSS using 1 April 2012 as the reference date, and make recommendations to the Administration on how the Survey findings should be applied to the non-directorate civilian grades in the civil service. This Report sets out the findings of the 2012 SSS and the Commission's recommendations.

Background

The Commission

1.3 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.

Improved Civil Service Pay Adjustment Mechanism

1.4 The *Improved Civil Service Pay Adjustment Mechanism* comprises (a) the periodic conduct of PLSs (including the SSSs); (b) the conduct of annual pay trend survey (PTS) under an improved methodology; and (c) an effective means for implementing both upward and downward pay adjustments. Pursuant to the Chief Executive-in-Council's decision in May 2007, an SSS would be conducted at three-yearly intervals counting

from 2006 to complement the PLS and the PTS in maintaining the “broad comparability” of civil service pay with private sector pay.

Determination of Civil Service Starting Salaries

1.5 Civil service starting salaries are determined using the qualification benchmark system, 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. Briefly, basic ranks in the civil service are broadly divided into 12 Qualification Groups (QGs) (**Appendix C**), 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 higher¹ than the said benchmark where it is justified for reasons relating to the job, i.e. the job factors.

Previous Starting Salaries Reviews

1.6 The first specific review² on civil service starting salaries was conducted by the Commission in 1999. The findings and recommendations of the review were set out in the Commission’s Report No. 36: Civil Service Starting Salaries Review 1999³. The second review on starting salaries was carried out by the Administration in 2006 (the 2006 SSS⁴), along with the 2006 PLS. The third review was conducted by the Commission in 2009 (the 2009 SSS). The findings and recommendations were set out in the Commission’s Report No. 46: Civil Service Starting Salaries Survey 2009⁵.

¹ Except for special cases such as the Assistant Ranks for professional grades, for which the starting salaries are one or more points below the benchmark of their QG.

² Before the first specific review in 1999, civil service starting salaries were reviewed as part of the overall civil service salary structure reviews undertaken by the Commission in 1979 and again in 1989.

³ The Standing Commission Report No. 36 (June 1999) is available on the website of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at <http://www.jssc.gov.hk/reports/en/36/emain.htm>.

⁴ The findings of the 2006 SSS are available on the Civil Service Bureau’s website at http://www.csb.gov.hk/english/admin/pay/files/final_report070515e2.pdf.

⁵ The Standing Commission Report No. 46 (March 2010) is available on the website of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at <http://www.jssc.gov.hk/reports/en/46/sssindex.html>.

2012 Starting Salaries Survey

1.7 This is the second time the Commission conducts an SSS under the *Improved Civil Service Pay Adjustment Mechanism*. The Commission considered it important to adopt a consistent approach both for the methodology of the pay comparison survey (the Survey), and for the principles and considerations of the application of results of the Survey, as developed in the 2009 SSS. As the methodology and the application framework of the 2009 SSS were generally accepted by stakeholders and have worked well, the methodology and application framework of the 2012 SSS were largely modelled on those of the 2009 SSS.

Acknowledgements

1.8 The Commission would like to express its appreciation to all parties contributing to the 2012 SSS. We would like to express our gratitude to the Staff Sides of the four Central Consultative Councils (namely, the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council, and the Disciplined Services Consultative Council), and the four major service-wide staff unions (namely, 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), and to their members for the useful views they expressed during the various stages of staff consultation. 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 in the Survey.

1.9 The Commission would also like to record our appreciation to the former Chairman, Mr Nicky Lo Kar-chun, SBS, JP, for his outstanding leadership in steering the exercise. Last but not least, we would like to express our gratitude to the staff of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) for their hard work and dedicated support throughout the exercise.

Chapter 2

General Principles and Approach

General Principles

2.1 As in the 2009 SSS, the Commission took into account the Government's pay policy for the civil service, which 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; and to maintain the "broad comparability" between civil service pay and private sector pay so that civil service remuneration is regarded as fair by both civil servants and the public they serve.

2.2 The Commission fully recognises the importance of setting an appropriate level of starting salaries in order to attract staff of a suitable calibre to join the civil service. Considering that recruits to basic ranks form the major pool of manpower resources in the civil service, the level of starting salaries would have a long-term impact on the recruitment of the civil service, which would in turn affect the quality of service provided to the public.

2.3 Another key feature of the civil service is its stable and structured career progression. To maintain stability of the civil service, any considerations in adjusting the pay level of the civil service should be made in a prudent manner.

2.4 The Commission has also given due regard to other established pay principles and practices, including the qualification benchmark system, internal relativities among different QGs, and job factors for individual basic ranks.

Scope

2.5 The 2012 SSS covered all 344 basic ranks in the non-directorate civilian grades. It sought to ascertain whether the existing benchmarks for the respective QGs of these basic ranks remained broadly comparable to private sector pay. The 2012 SSS did not cover a review of the job factors of individual basic ranks, which would require a comprehensive review of the grades, their rank structures and salary structures, and was beyond the scope of the exercise.

2.6 As in 2009, the disciplined services grades were excluded from the SSS because of the lack of market comparators. The Commission would defer to the Administration 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.

Mode of Operation

2.7 The full Commission was involved in the planning and conduct of the 2012 SSS. To facilitate work on specific areas, the Commission set up three core groups, responsible for the consultation of stakeholders, selection of consultant and technical aspects of the Survey respectively.

2.8 In view of the fact that the Commission's recommendations might impact on the disciplined services grades (please see paragraph 2.6 above), the Commission invited the SCDS to nominate an observer for the 2012 SSS. The SCDS nominated Professor Richard Ho 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

Staff Sides

2.9 The Commission remained firmly of the view that consultation with the Staff Sides is crucial to the successful completion of the 2012 SSS. As in the 2009 SSS, the Commission exchanged views with members of the Staff Sides of the four Central Consultative Councils and the four major service-wide staff unions in the 2012 SSS. Three stages of staff consultation on different aspects were held, as follows –

- (a) Stage one (March 2012) – proposed framework for the Survey;
- (b) Stage two (June 2012) – detailed methodology and survey field for the Survey; and
- (c) Stage three (November 2012) – application framework for the Survey.

2.10 The staff bodies contributed significantly to the conduct of the 2012 SSS. The Commission has, where appropriate, taken into account their views in the course of its deliberations.

Private Sector

2.11 The Commission also maintained close liaison with the private sector, and exchanged views with the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association on the prevailing practices of conducting pay surveys in the private sector. During the conduct of fieldwork, a briefing session was held for the private sector organisations invited to participate in the Survey. These exchanges were useful for the conduct of the Survey as well as enhanced the understanding of the private sector, and encouraged organisations to participate in the Survey.

Chapter 3

Pay Comparison Survey

Objective

3.1 The objective of the Survey was to collect information on the pay of entry-level jobs in the private sector for comparison with the starting salaries of civil service grades requiring similar educational qualifications and/or experience, with a view to ascertaining whether the entry pay in the civil service remains broadly comparable with that in the private sector. Pay data were collected on full-time employees recruited to entry-level jobs during the 12-month period immediately preceding the Survey reference date of 1 April 2012, i.e. from 2 April 2011 to 1 April 2012.

The Survey

3.2 The Commission appointed Aon Hewitt (hereafter referred to as “the Consultant”) in May 2012 to carry out the Survey. The Consultant’s Survey Report is available for public access on the Joint Secretariat’s website at <http://www.jsscs.gov.hk>.

Methodology

3.3 As set out in paragraph 1.7, as the methodology adopted in the 2009 SSS was generally accepted by stakeholders and has worked well, it was adopted for the 2012 SSS. The qualification benchmark system, as mentioned in paragraph 1.5 and used in the 2009 SSS, was adopted as the basis of the Survey. To ensure functional comparability, basic ranks in the civil service covered by the Survey were grouped into different Job Families (JFs) drawn up based on their broad functions. Each JF represented jobs which were similar in functional principle, nature and practice.

3.4 The JF classification, together with the QG requirements, formed the basis for identifying comparable private sector jobs for analysis in the Survey. Only private sector entry-level jobs with similar educational 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. This would ensure that the market data sampled were relevant and comparable with the civil service basic ranks for the QG concerned.

Qualification Groups Covered

3.5 The Survey covered QGs 1 to 10, with a total of 268 basic ranks. The remaining two QGs, namely QG 11 (Education Grades) and QG 12 (Other Grades), were not included due to their unique nature and/or their disparate entry requirements.

Job Families Classification

3.6 Taking into account the practice of the 2009 SSS, an eight-JF classification has been adopted in the 2012 SSS similar to 2009 –

| | |
|------|--|
| 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 |

Survey field

3.7 Taking into account the Staff Sides’ views at the staff consultation meetings, and using the list of 383 private sector organisations invited in the 2009 SSS as a starting point for the survey field, a total of 425 organisations were invited to participate in the Survey. Additional organisations were included with a view to further improving the representativeness of the survey field, increasing the number of data points for the 2012 SSS, and reducing the number of QGs with insufficient data points. The following criteria, as adopted in the 2009 SSS to select private sector organisations, were used again for selecting organisations in the 2012 SSS –

- (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 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;
- (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 adjustment 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 would 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.

3.8 Of the organisations invited, a total of 142 private sector organisations (**Appendix D**) provided data to the Consultant. After the verification process, 136 provided valid data points. All these organisations complied with the selection criteria for organisations. This exceeded the target of covering not fewer than 117 organisations (i.e. the number of organisations providing data points in the 2009 SSS).

Vetting criteria

3.9 To ensure data integrity and similar to the practice in the 2009 SSS, data points collected for individual QGs were further analysed only if they could meet the following two vetting criteria –

- (a) covering at least 60% of the JFs identified in the QG; and

- (b) covering at least 15% of all surveyed organisations or 15 surveyed organisations, whichever is the less.

Results

3.10 After data verification, there were a total of 11 148 data points on actual pay data for QGs 1 to 10 from 136 participating organisations. This exceeded the original target of collecting at least 8 800 data points (i.e. the figure in the 2009 SSS for analysis). A breakdown of the data points collected for each QG is in **Table 1** below –

Table 1

| QG | Grades and Qualification Requirements | No. of Data Points | Organisations | | Job Families | |
|----|---|--------------------|---------------|-----|--------------|------|
| | | | No. | % | No. | % |
| 1 | Grades not requiring five passes in Hong Kong Certificate of Education Examination (HKCEE) | 2 514 | 58 | 43% | 5 | 100% |
| 2 | School Certificate Grades Group I: Grades requiring five passes in HKCEE | 2 011 | 36 | 26% | 6 | 100% |
| | Group II: Grades requiring five passes in HKCEE plus considerable experience | 561 | 13 | 10% | 4 | 100% |
| 3 | Higher Diploma and Diploma Grades Group I: Higher Diploma Grades | 84 | 6 | 4% | 1 | 100% |
| | Group II: Diploma Grades | 937 | 65 | 48% | 5 | 100% |
| 4 | Technical Inspectorate and Related Grades: Higher Certificate plus experience | 133 | 14 | 10% | 2 | 67% |
| 5 | Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience | 425 | 32 | 24% | 5 | 100% |
| 6 | Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience | 1 245 | 32 | 24% | 3 | 100% |
| 7 | Grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination (HKALE) plus three credits in HKCEE | 163 | 29 | 21% | 5 | 100% |
| 8 | Professional and Related Grades | 455 | 20 | 15% | 6 | 100% |
| 9 | Degree and Related Grades | 1 910 | 96 | 71% | 5 | 100% |

| QG | Grades and Qualification Requirements | No. of Data Points | Organisations | | Job Families | |
|--------------|---------------------------------------|--------------------|---------------|-----|--------------|------|
| | | | No. | % | No. | % |
| 10 | Model Scale 1 Grades | 710 | 46 | 34% | 1 | 100% |
| Total | | 11 148 | - | - | - | - |

3.11 Overall speaking, there was an increase in the number of participating organisations and data points collected compared with the 2009 SSS. In particular, for the QGs with sufficient data, each has data points from 20 or more organisations, and there are 5 QGs having more than 900 valid data points each. The representativeness of the outcome of the Survey was therefore enhanced.

3.12 Despite the expansion of the survey field, the issue of insufficient data persisted in QG 2 Group II, QG 3 Group I and QG 4. The data collected for these QGs continued to be insufficient to meet the vetting criterion in paragraph 3.9 above. Such data were therefore excluded from the subsequent data analysis. Discounting the data points for these three QGs, a total of 10 370 data points of actual pay data (hereafter referred to as “valid data”) from 135 private sector organisations were further analysed.

Profile of participating organisations

3.13 The 135 private sector organisations providing valid data for analysis cover 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 | 5 | 3.7% |
| 2. Construction | 9 | 6.7% |
| 3. Financing, Insurance and Real Estate | 32 | 23.7% |
| 4. Information and Communications | 6 | 4.4% |
| 5. Manufacturing | 5 | 3.7% |
| 6. Professional and Business Services | 16 | 11.9% |
| 7. Social and Personal Services | 18 | 13.3% |
| 8. Transport, Storage, Postal, Courier Services and Utility | 17 | 12.6% |
| 9. Wholesale, Retail and Import/Export | 27 | 20.0% |
| Total | 135 | 100% |

3.14 The dates of hire of employees were distributed across the surveyed period, with more hired in the third quarter (i.e. July to September) (31%) and in the first quarter (i.e. January to March) (27%). As pointed out by the Consultant, this was consistent with the timing when fresh graduates and school leavers enter the job market in the third quarter, and organisations look for replacements or make adjustments of headcounts at the start of each year.

Findings

3.15 The valid data were analysed on the basis of annual Base Salary⁶ and annual Total Cash Compensation⁷. Based on the established practice in previous SSSs of using the third quartile (P75) level of private sector pay as a basis for comparison with the civil service benchmark pay, the findings, based on the market P75 pay level of each QG, are summarised in **Table 3** below.

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 | 112,600 | 9,383 | 124,325 | 10,360 |
| 2 Group I | 129,572 | 10,798 | 140,269 | 11,689 |
| 2 Group II | <i>Insufficient Data</i> | | | |
| 3 Group I | <i>Insufficient Data</i> | | | |
| 3 Group II | 186,140 | 15,512 | 190,135 | 15,845 |
| 4 | <i>Insufficient Data</i> | | | |
| 5 | 158,644 | 13,220 | 171,684 | 14,307 |
| 6 | 145,692 | 12,141 | 161,771 | 13,481 |
| 7 | 174,878 | 14,573 | 184,830 | 15,403 |
| 8 | 447,113 | 37,259 | 501,976 | 41,831 |
| 9 | 230,814 | 19,235 | 245,181 | 20,432 |
| 10 | 107,483 | 8,957 | 114,903 | 9,575 |

⁶ Annual basic salary plus guaranteed bonus.

⁷ Annual Base Salary plus any other cash payment (including cash allowances and variable pay) except those that are conditional on particular working conditions (such as occasional overtime, shift or work location) or on individual circumstances (such as payments for reimbursement of business expenses).

Chapter 4

Principles and Considerations for Application

4.1 Apart from conducting the Survey, the Commission was invited to formulate recommendations to the Administration on how the results of the Survey should be applied to the non-directorate civilian grades of the civil service. In the process, we have given due regard to the general principles as set out in **Chapter 2**, views of the Staff Sides at the staff consultation meetings, and other relevant considerations.

4.2 In particular, under the *Improved Civil Service Pay Adjustment Mechanism*, SSSs would be conducted regularly at three-yearly intervals. In view of the regularity, in the 2009 SSS, the Commission formulated principles and considerations underlying its recommendations with a view to providing guidance for future SSSs for consistency and sustainability, and concluded that a holistic approach should be adopted in considering how to apply the Survey findings.

4.3 After taking into consideration advice of the Consultant and views of the Staff Sides on these principles and considerations, the Commission was of the view that they remained valid in the 2012 SSS. These principles and considerations, taking into account views received, are elaborated below.

Principles and Considerations

(a) *“Broad comparability” with the private sector*

4.4 “Broad comparability” with the private sector remains one of the main objectives of the entire civil service pay policy as mentioned in paragraph 2.1, i.e. 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 remained unchanged, we reaffirm the position we adopted in 2009 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, we should take a broader view and aim to maintain “broad comparability” with the private sector from a longer-term perspective.

(b) Nature of the SSS

4.5 The SSS is 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 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 should be adopted in applying the Survey results.

(c) Attractiveness and stability of civil service pay

4.6 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.

4.7 Furthermore, we should seek 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.

(d) Inherent differences between the civil service and private sector

4.8 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 and individual

performance, and thus is subject to more frequent adjustments. In pursuit of career progression, turnover in the private sector is not uncommon. The different environment makes it inappropriate for the civil service pay to strictly mirror the fluctuations in private sector pay. As emphasised by the Staff Sides at the staff consultation meetings, such inherent differences should continue to be taken into account in considering the application of the Survey findings.

(e) Inherent discrepancies in statistical surveys

4.9 Similar to any other surveys, the Survey cannot provide an absolutely precise picture of private sector pay. Statistical discrepancies caused by various factors, such as the inclusion of different organisations, staff profile and business performance of the participating organisations, depth and breadth of pay data, etc., are unavoidable. Hence, it may be prudent to allow some degree of flexibility in the application of Survey findings, instead of applying the results mechanically. We should also look into the circumstances of individual QGs in applying the Survey results.

(f) Wider community interests

4.10 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. 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.

4.11 Furthermore, as the Government is the largest employer in Hong Kong, any action in pay adjustment by the Government will have a significant impact on the private sector, both in terms of labour market implications and the signal this sends to the community. It therefore remains important for the Commission to take account of wider community interests in formulating its recommendations. Any decision on pay adjustment should be made in a prudent manner.

Conclusion: Holistic Approach

4.12 The principles and considerations supporting the holistic approach adopted by the Commission in the 2009 SSS, as explained above, remain valid and sound. Following the 2009 SSS, we **recommend** that the holistic approach should continue to be adopted for the 2012 SSS in considering the application of the Survey findings, as opposed to a mechanical application of the findings.

Chapter 5

Recommendations on Application of Findings

Details of Application Framework

5.1 On the basis of the holistic approach, following the established practices in previous SSSs, we **recommend** that pay comparison in the 2012 SSS should be based on the actual pay data of total cash compensation and the market P75 pay level as the basis for comparison with the civil service benchmark pay for individual QGs. We also **recommend** that where no comparable entry pay is found in the private sector for a QG, the new benchmark should follow the existing internal relativities with other QGs. Any new benchmark should be pegged to the nearest pay point.

Survey Results and Analysis

5.2 Accordingly, a comparison of the civil service existing benchmarks of individual QGs and the market pay indicators 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) | % Change |
|----|---|------------------------|--------------------------|----------------------------|------------------------------------|----------|
| 1 | Grades not requiring five passes in HKCEE | MPS 1 (\$10,160) | \$10,360 | + \$200 | 2,514 (58) | +2.0% |
| 2 | School Certificate Grades Group I: Grades requiring five passes in HKCEE | MPS 3 (\$11,520) | \$11,689 | + \$169 | 2,011 (36) | +1.5% |
| | Group II: Grades requiring five passes in HKCEE plus considerable experience | | <i>Insufficient Data</i> | | 561 (13) | N.A |
| 3 | Higher Diploma and Diploma Grades Group I: Higher Diploma Grades | MPS 13 (\$21,330) | <i>Insufficient Data</i> | | 84 (6) | N.A |
| | Group II: Diploma Grades | MPS 8 (\$15,805) | \$15,845 | + \$40 | 937 (65) | +0.3% |
| 4 | Technical Inspectorate and Related Grades: Higher Certificate plus experience | MPS 13 (\$21,330) | <i>Insufficient Data</i> | | 133 (14) | N.A |
| 5 | Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience | MPS 6 (\$13,910) | \$14,307 | + \$397 | 425 (32) | +2.9% |

| QG | Grades and Qualification Requirements | Existing Benchmark (a) | Market P75 Pay Level (b) | Difference (b) – (a) = (c) | No. of Data Points (Organisations) | % Change |
|----|---|------------------------|--------------------------|----------------------------|------------------------------------|----------|
| 6 | Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience | MPS 5 (\$13,085) | \$13,481 | + \$396 | 1,245 (32) | +3.0% |
| 7 | Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE | MPS 8 (\$15,805) | \$15,403 | – \$402 | 163 (29) | -2.5% |
| 8 | Professional and Related Grades | MPS 27 (\$41,495) | \$41,831 | + \$336 | 455 (20) | +0.8% |
| 9 | Degree and Related Grades | MPS 14 (\$22,405) | \$20,432 | – \$1,973 | 1,910 (96) | -8.8% |
| 10 | Model Scale 1 Grades | MOD 0 (\$10,155) | \$9,575 | – \$580 | 710 (46) | -5.7% |

5.3 Having analysed the findings above, the Consultant observed that there was an increase in the market P75 pay level across all QGs compared with the 2009 SSS. This was consistent with the general pay trend of the job market, and by and large reflects the market situation in the period between the 2009 SSS and the 2012 SSS, notably the recovery of the economy from the financial tsunami and the general increase in wages of the low-paying sectors following the implementation of the Statutory Minimum Wage.

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 dispersion across all QGs, with a slightly higher level of dispersion for QG 8 and QG 9. The Consultant attributed the higher level of dispersion for QG 8 and QG 9 to the higher variation in the job nature under these QGs. For example, QG 9 encompasses 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 levels, while the market P75 pay level for QG 9 and QG 10 showed a larger deviation 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 10

QGs whose existing benchmarks differ from the market P75 pay level (i.e. QG 9 and QG 10)

5.6 As illustrated in **Table 4** above, the market P75 pay level for QG 9 and QG 10 was lower than the civil service benchmark pay by 8.8% and 5.7% respectively. The Commission has considered how the results of the Survey should be applied having regard to their unique circumstances.

QG 9 – Degree and Related Grades

5.7 There are a total of 26 basic ranks in QG 9. They generally provide internal support, and perform administrative and managerial functions. The market P75 pay level was lower than the civil service benchmark pay by about \$2,000 (or – 8.8%, representing two pay points).

5.8 The Commission opines that the considerations taken into account in the 2009 SSS in applying the Survey findings to QG 9 remain valid in the 2012 SSS. Due recognition should be given on the importance of degree education in the social and economic landscape, and a more positive message should be sent to the community in this regard. In addition, entry-level jobs in QG 9 have all along been discharging a wide range of important middle management functions in the government hierarchy. Given that jobs in QG 9 are the backbone of the civil service as the post holders progress along the career ladder in due course, it is important for the Government to maintain the competitiveness in recruitment of these positions.

5.9 While we consider that the market P75 pay level should remain the basis for comparison with the civil service benchmark pay for QG 9 like other QGs as mentioned in paragraph 5.1 above, we note that similar to the 2009 SSS, jobs within QG 9 have relatively large dispersion in pay, due to, amongst others, the wide range of starting positions across all sectors with diverse pay practices. As pointed out by the Consultant, it may be worth taking account of other factors in considering whether any pay adjustment is warranted. The Consultant noted that (a) compared with the 2009 SSS, the market average and median pay levels for QG 9 have increased more significantly than the increase in the civil service benchmark pay for QG 9; and (b) there is a relatively large variance in pay for QG 9. The Consultant opined that a mechanical reduction of the civil

service benchmark pay in accordance with the market P75 pay level may lower the competitiveness in attracting talents for civil service jobs under the QG, as this would lower the competitiveness of the entry pay of these jobs relative to degree jobs in the market, especially in some of the sectors or job families.

5.10 In addition, due to differences in salary structure, degree jobs in the private sector generally enjoy a relatively larger jump in salary a few years after recruitment, and the salary may be raised further depending on performance when the employees progress up the career ladder. However, the pay levels for QG 9 positions in the Government would only rise steadily in the course of the post holders' career. The attractiveness of private sector pay may have been underestimated if only the starting salaries at the point of entry are referred to for comparison with civil service pay.

5.11 We have also taken into account other factors, such as staff morale of existing civil servants under the QG, attractiveness of degree positions to new graduates, and the relationship with QGs of adjacent education qualifications (such as QG 3 Group I (Higher Diploma Grades) and QG 8 (Professional and Related Grades)), if the benchmark pay of QG 9 were to be adjusted.

5.12 On the basis of the above considerations, we **recommend** that no change be made to the existing benchmark pay of QG 9.

QG 10 – Model Scale 1 Grades

5.13 There are ten basic ranks in QG 10. They are mainly junior ranks providing operational support for non-administrative services. The benchmark pay of QG 10 is now the lowest among all the QGs.

5.14 The market P75 pay level of QG 10 was lower than the civil service benchmark pay by \$580 (or -5.7%, representing almost three pay points, assuming about \$220 per pay point). Despite this, the Consultant observed a relatively high increase in the market average and median pay levels for the QG, as well as the lower percentiles of the market pay levels for the QG. The Consultant also pointed out that there have been shortages in labour for jobs covered by this QG in the market, and the market pay level for these jobs may be further pushed up.

5.15 As pointed out by the Commission in the 2009 SSS, the starting salary of the lowest paid in the civil service should not be governed solely by market forces. We should continue to look at the matter sympathetically. Taking into account the relevant factors, we **recommend** that no change be made to the existing benchmark pay of QG 10.

QGs whose existing benchmarks show minimal differences from the market P75 pay level (i.e. QG 1, QG 2 Group I, QG 3 Group II, QG 5, QG 6, QG 7 and QG 8)

5.16 On the basis of **Table 4** above, the differences in private sector pay and the civil service benchmark pay for these QGs were minimal. Hence, we **recommend** that no adjustment be made to the civil service benchmarks for these QGs.

QGs with insufficient data (i.e. QG 2 Group II, QG 3 Group I and QG 4)

5.17 Similar to the 2009 SSS, these QGs could not meet the vetting criterion of having data from not fewer than 15 surveyed organisations. In accordance with established practices and having regard to their prevailing internal relativities, we **recommend** that the benchmarks of QG 2 Group II, QG 3 Group I and QG 4 should be determined by their internal relativities with that of QG 2 Group I, QG 3 Group II and QG 3 Group I respectively. The benchmark pay of QG 2 Group II, QG 3 Group I and QG 4 should therefore remain unchanged, as no change is recommended to the benchmark pay of QG 2 Group I and QG 3 Group II (with which QG 3 Group I has internal relativity).

Starting Salaries for Basic Ranks in QGs not Covered by the Survey (i.e. QG 11 and QG 12)

QG 11 – Education Grades

5.18 Five out of nine basic ranks in QG 11 are in the Graduate Grades and the other four are in the Non-graduate Grades. In line with the established relativities, the starting salaries for the basic ranks in the Graduate Grades and Non-graduate Grades in QG 11 should be determined by internal relativities with QG 9 and QG 3 Group I respectively. Accordingly, we **recommend** that no change should be made to the starting salaries for all basic ranks in QG 11, as no change is recommended for QG 9 and QG 3 Group I.

QG 12 – Other Grades

5.19 There are 44 basic ranks under QG 12 (Other Grades), which has no benchmark pay. The basic ranks in QG 12 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 past practice, we **recommend** 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. 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 12 accordingly.

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

Training Ranks

5.20 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 established practice, we **recommend** 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.

Assistant Ranks

5.21 Assistant Ranks in QG 8 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 8. Since no change is recommended to the benchmark pay for QG 8, we **recommend** 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

5.22 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 for QG 1 and QG 2 Group I, we **recommend** that no change should be made to the starting salaries for the basic ranks of these two grades.

Chapter 6

Other Observations

6.1 A few issues have been observed by the Commission when conducting the 2012 SSS. They are listed below for reference in future SSSs as well as for separate consideration by the Administration.

Qualification Groups

6.2 The situation of insufficient data for QG 2 Group II, QG 3 Group I and QG 4 persisted in the 2012 SSS. Specifically, QG 2 Group II and QG 4 carry experience requirements, while in the private sector, jobs requiring experiences might not be entry-level positions. For QG 3 Group I, civil service jobs under this QG cover only one JF, i.e. JF 4 (Public Services (Social and Personal Services)). This has limited the survey field for these QGs under the survey methodology. Overall speaking, this reflected that the qualification or experience requirements or the JF combination of certain QGs did not match with the prevalent situation in the private market, and part of the situation is probably inevitable given the different roles of the Government and the market and hence fundamental differences between some civil service jobs and private sector jobs. The emergence of various post-secondary education programmes, the entry of graduates from the 3-3-4 new academic structure into the job market, and the development of the Qualifications Framework (QF) might further change the landscape of the private sector.

6.3 The above said, the Commission recognises that the long-established differences in entry and job requirements as well as pay and rank structures have established well-recognised internal relativities among grades and ranks in various QGs. In addition, the first cohort of the Hong Kong Diploma of Secondary Education (HKDSE) graduates under the 3-3-4 new academic structure has only started entering the labour market in the second half of 2012. It will take some time for the effect of the new education system to be fully felt in the labour market. Meanwhile, as noted from the Consultant, the impact of the QF on the labour market is still developing. The Administration 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.

6.4 In the interim, consideration may be given to choosing only a few key and representative QGs for pay comparison with the private sector for the SSS. The benchmarks of other QGs could then be determined by their internal relativities with relevant QGs.

Entry Qualifications

6.5 In the course of conducting the 2012 SSS, we have received comments from some Staff Sides that there is a rising number of new recruits with qualifications higher than the specified minimum requirements, and recruitment of over-qualified candidates might have negative impact on staff morale and retention. Some expressed their view that the minimum requirements in certain civil service positions may no longer reflect what is required of the jobs, due to a number of factors such as rising public expectation for better public services and increasing demand for accountability and transparency, which lead to increasing complexity for the positions concerned.

6.6 While reviewing entry requirements of individual civil service grades and the recruitment policy for civil servants are beyond the scope of the 2012 SSS, we understand 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. The Administration therefore may wish to keep the entry qualifications of individual grades under continuous review to ensure that the minimum entry requirements are set having regard to the grades' prevalent duties and responsibilities. From human resources management perspectives, it may also be prudent to recruit candidates whose expectations may be met from the job satisfaction and career progress which the recruiting civil service grades can offer, while at the same time maintaining the fairness of the recruitment process.

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

Mr Wilfred Wong Ying-wai, SBS, JP (since 1 August 2012)

Mr Nicky Lo Kar-chun, SBS, JP (until 31 July 2012)

Members

Mr Owen Chan Shui-shing, JP

Miss Elaine Chan Wing-yi

The Honourable Barry Cheung Chun-yuen, GBS, JP

Ms Virginia Choi Wai-kam, JP (until 31 July 2012)

Dr Miranda Chung Chan Lai-foon

The Honourable Jeffrey Lam Kin-fung, GBS, JP

Mr Pang Yiu-kai, SBS, JP

Professor Suen Wing-chuen

Dr Carrie Willis Yau Sheung-mui, SBS, JP (since 1 August 2012)

Mr Wilfred Wong Kam-pui

Existing Civil Service Qualification Groups (QGs)

| QG | Grades and Qualification Requirements | Benchmark Pay | Monthly Salary \$ (1 April 2012) |
|----|--|---------------|-------------------------------------|
| 1 | Grades not requiring five passes in HKCEE | MPS 1 | 10,160 |
| 2 | School Certificate Grades Group I: Grades requiring five passes in HKCEE Group II: Grades requiring five passes in HKCEE plus considerable experience | MPS 3 | 11,520 |
| 3 | Higher Diploma and Diploma Grades Group I: Higher Diploma Grades | MPS 13 | 21,330 |
| | Group II: Diploma Grades | MPS 8 | 15,805 |
| 4 | Technical Inspectorate and Related Grades: Higher Certificate plus experience | MPS 13 | 21,330 |
| 5 | Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience | MPS 6 | 13,910 |
| 6 | Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience | MPS 5 | 13,085 |
| 7 | Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE | MPS 8 | 15,805 |
| 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 | MPS 27 | 41,495 |
| 9 | Degree and Related Grades | MPS 14 | 22,405 |
| 10 | Model Scale 1 Grades | MOD 0 | 10,155 |
| 11 | Education Grades | Note 1 | - |
| 12 | Other Grades | Note 2 | - |

Note 1 No benchmark is set for QG 11. The starting salaries for their basic ranks are determined having regard to established relativities with QG 9 (for Graduate Grades) and QG 3 Group I (for Non-graduate Grades).

Note 2 No benchmark is set for QG 12. The starting salary for each basic rank is determined by reference to (a) the established relativities with relevant grades in other QGs; or (b) where such relativities are not readily identifiable, the relevant educational requirement for the grades.

**List of Private Sector Organisations
Participating in the Pay Comparison Survey**

| | | |
|-----|--|----------------|
| 1. | ACE Life Insurance Company Ltd. | 安達人壽保險有限公司 |
| 2. | AIA Group Limited | 友邦保險控股有限公司 |
| 3. | Airport Authority Hong Kong | 香港機場管理局 |
| 4. | Asia Airfreight Terminal | 亞洲空運中心有限公司 |
| 5. | Atkins China Ltd. | 阿特金斯顧問有限公司 |
| 6. | Aviation Security Company Limited | 機場保安有限公司 |
| 7. | Belle Worldwide Limited | 百麗環球有限公司 |
| 8. | Black & Veatch Hong Kong Limited | 博威工程顧問有限公司 |
| 9. | C M WONG & ASSOCIATES LTD | 黃志明建築工程師有限公司 |
| 10. | Café de Coral Holdings Limited | 大家樂集團有限公司 |
| 11. | Carlsberg Hong Kong Limited | 嘉士伯香港有限公司 |
| 12. | Cathay Pacific Airways Ltd. | 國泰航空公司 |
| 13. | Celestica Hong Kong Limited | — |
| 14. | Chubb Hong Kong Limited | 集寶香港有限公司 |
| 15. | Chun Wo Construction & Engineering Company Limited | 俊和建築工程有限公司 |
| 16. | Citibank (Hong Kong) Limited | — |
| 17. | CITIC Pacific Limited | 中信泰富有限公司 |
| 18. | Citybus Limited | 城巴有限公司 |
| 19. | Compass Technology Company Limited | — |
| 20. | Dah Chong Hong, Limited | 大昌貿易行有限公司 |
| 21. | Dah Sing Bank, Limited | 大新銀行有限公司 |
| 22. | Defond Electrical Industries Limited | 德豐電業有限公司 |
| 23. | DHL Express (Hong Kong) Limited | 敦豪國際速遞（香港）有限公司 |
| 24. | Elec & Eltek Multilayer PCB Limited | 依利多層線路板有限公司 |
| 25. | Employees Retraining Board | 僱員再培訓局 |
| 26. | Esquel Enterprises Ltd. | 溢達企業有限公司 |
| 27. | Evangelical Lutheran Church Social Service - Hong Kong | 基督教香港信義會社會服務部 |
| 28. | Gammon Construction Limited | 金門建築有限公司 |
| 29. | Giordano Limited | 佐丹奴有限公司 |
| 30. | Green Island Cement Company Limited | 青洲英坭有限公司 |
| 31. | Halcrow China Limited | 合樂中國有限公司 |
| 32. | Hang Lung Properties Limited | 恒隆地產有限公司 |
| 33. | Hip Hing Construction Co., Ltd. | 協興建築有限公司 |
| 34. | Hong Kong Baptist Hospital | 香港浸信會醫院 |
| 35. | Hong Kong Exchanges and Clearing Ltd | 香港交易及結算所有限公司 |
| 36. | Hong Kong Housing Authority | 香港房屋委員會 |

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| 37. | Hong Kong Housing Society | 香港房屋協會 |
| 38. | Hong Kong Lutheran Social Service Lutheran Church-Hong Kong Synod | 香港路德會社會服務處 |
| 39. | Hong Kong Productivity Council | 香港生產力促進局 |
| 40. | Hong Kong Seibu Enterprise Co., Ltd | — |
| 41. | Hong Kong Tourism Board | 香港旅遊發展局 |
| 42. | Hong Kong Trade Development Council | 香港貿易發展局 |
| 43. | Hong Yip Service Company Limited | 康業服務有限公司 |
| 44. | HongKong International Theme Parks Limited | 香港國際主題樂園有限公司 |
| 45. | Hongkong Land Group Limited | 置地集團有限公司 |
| 46. | Hongkong United Dockyards Limited | 香港聯合船塢集團有限公司 |
| 47. | Hsin Chong Construction Group Ltd | 新昌營造集團有限公司 |
| 48. | Hutchison Telecommunications Hong Kong Holdings Limited | 和記電訊香港控股有限公司 |
| 49. | Hyder Consulting Limited | 安誠工程顧問有限公司 |
| 50. | i-CABLE Communications Limited | 有線寬頻通訊有限公司 |
| 51. | Inchcape Hong Kong | 英之傑香港 |
| 52. | InfoTech Services (Hong Kong) Limited | 資訊科技服務（香港）有限公司 |
| 53. | ISS Facility Services Limited | — |
| 54. | Jardine Airport Services Limited | 怡中航空服務有限公司 |
| 55. | Jebsen & Co. Ltd. | 捷成洋行有限公司 |
| 56. | K. Wah Construction Materials (HK) Ltd. | 嘉華建材（香港）有限公司 |
| 57. | Kai Shing Management Services Limited | 啓勝管理服務有限公司 |
| 58. | Kwoon Chung Bus Holdings Limited | 冠忠巴士集團有限公司 |
| 59. | Lane Crawford (Hong Kong) Limited | 連卡佛（香港）有限公司 |
| 60. | Maersk Hong Kong Limited | — |
| 61. | Manulife (International) Limited | 宏利人壽保險（國際）有限公司 |
| 62. | Ming Pao Holdings Limited | 明報集團有限公司 |
| 63. | Modern Terminals Ltd. | 現代貨箱碼頭有限公司 |
| 64. | MTR Corporation Ltd | 香港鐵路有限公司 |
| 65. | Nestle Hong Kong Ltd. | 雀巢香港有限公司 |
| 66. | New Hong Kong Tunnel Company | 新香港隧道有限公司 |
| 67. | New World First Bus Services Limited | 新世界第一巴士服務有限公司 |
| 68. | NXP Semiconductors Hong Kong Limited | 恩智浦半導體香港有限公司 |
| 69. | Ocean Empire Food Shop (Holdings) Limited | 海皇粥店（集團）有限公司 |
| 70. | Ocean Park Corporation | 香港海洋公園 |
| 71. | Orient Overseas Container Line Limited | 東方海外貨櫃航運有限公司 |
| 72. | Prudential Corporation Asia | — |
| 73. | Public Bank (Hong Kong) Limited | 大眾銀行（香港）有限公司 |
| 74. | Quality HealthCare Medical Services Limited | 卓健醫療服務有限公司 |

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| 75. | River Trade Terminal Co. Ltd. | 香港內河碼頭 |
| 76. | Samsonite Asia Limited | — |
| 77. | Securities and Futures Commission | 證券及期貨事務監察委員會 |
| 78. | Shiu Wing Steel Limited | 紹榮鋼鐵有限公司 |
| 79. | Shun Hing Electronic Trading Co., Ltd | 信興電器貿易有限公司 |
| 80. | Shun Tak Holdings Ltd | 信德集團有限公司 |
| 81. | Sik Sik Yuen | 薈色園 |
| 82. | Sino Land Company Limited | 信和置業有限公司 |
| 83. | SmarTone Telecommunications Limited | — |
| 84. | SOCAM Development Limited | 瑞安建業有限公司 |
| 85. | Society for the Prevention of Cruelty to Animals (HK) | 香港愛護動物協會 |
| 86. | South China Morning Post Publishers Limited | 南華早報出版有限公司 |
| 87. | St. James' Settlement | 聖雅各福群會 |
| 88. | Standard Chartered Bank (Hong Kong) Limited | 渣打銀行（香港）有限公司 |
| 89. | Sun Hung Kai Properties Limited | 新鴻基地產發展有限公司 |
| 90. | The Bank of East Asia, Limited | 東亞銀行有限公司 |
| 91. | The Commercial Press (Hong Kong) Limited | 商務印書館（香港）有限公司 |
| 92. | The Dairy Farm Co. Ltd. | 牛奶有限公司 |
| 93. | The Hong Kong and China Gas Company Limited | 香港中華煤氣有限公司 |
| 94. | The Hong Kong Jockey Club | 香港賽馬會 |
| 95. | The Hong Kong Society for the Aged | 香港耆康老人福利會 |
| 96. | The Jardine Engineering Corporation, Limited | 怡和機器有限公司 |
| 97. | The Kowloon Motor Bus Co. (1933) Ltd. | 九龍巴士（一九三三）有限公司 |
| 98. | The Swank Shop Limited | 詩韻有限公司 |
| 99. | The Wing On Department Stores (Hong Kong) Limited | 永安百貨有限公司 |
| 100. | TNT Express Worldwide (HK) Ltd. | — |
| 101. | Tung Wah Group of Hospitals | 東華三院 |
| 102. | Urban Group | 富城集團 |
| 103. | Urban Renewal Authority | 市區重建局 |
| 104. | Whirlpool (Hong Kong) Limited | 惠而浦（香港）有限公司 |
| 105. | Wing Hang Bank, Ltd. | 永亨銀行有限公司 |
| 106. | YATA Limited | 一田百貨 |
| 107. – 142. Anonymous* | | |

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

Annex B

Findings of the 2012 Starting Salaries Survey (extracted from paragraph 5.2 of the 2012 Starting Salaries Survey Report)

| QG | Grades and Qualification Requirements | Existing Benchmark (a) | Market P75 Pay Level (b) | Difference (b) – (a) = (c) | No. of Data Points (Organisations) | % difference |
|----|---|------------------------|--------------------------|----------------------------|------------------------------------|--------------|
| 1 | Grades not requiring five passes in HKCEE | MPS 1 (\$10,160) | \$10,360 | + \$200 | 2,514 (58) | +2.0% |
| 2 | School Certificate Grades Group I: Grades requiring five passes in HKCEE | MPS 3 (\$11,520) | \$11,689 | + \$169 | 2,011 (36) | +1.5% |
| | Group II: Grades requiring five passes in HKCEE plus considerable experience | | | | <i>Insufficient Data</i> | 561 (13) |
| 3 | Higher Diploma and Diploma Grades Group I: Higher Diploma Grades | MPS 13 (\$21,330) | <i>Insufficient Data</i> | | 84 (6) | N.A |
| | Group II: Diploma Grades | | | | MPS 8 (\$15,805) | \$15,845 |
| 4 | Technical Inspectorate and Related Grades: Higher Certificate plus experience | MPS 13 (\$21,330) | <i>Insufficient Data</i> | | 133 (14) | N.A |
| 5 | Technician, Supervisory and Related Grades Group I: Certificate or apprenticeship plus experience | MPS 6 (\$13,910) | \$14,307 | + \$397 | 425 (32) | +2.9% |
| 6 | Technician, Supervisory and Related Grades Group II: Craft and skill plus experience, or apprenticeship plus experience | MPS 5 (\$13,085) | \$13,481 | + \$396 | 1,245 (32) | +3.0% |
| 7 | Grades requiring two passes at Advanced Level in HKALE plus three credits in HKCEE | MPS 8 (\$15,805) | \$15,403 | – \$402 | 163 (29) | -2.5% |
| 8 | Professional and Related Grades | MPS 27 (\$41,495) | \$41,831 | + \$336 | 455 (20) | +0.8% |

| QG | Grades and Qualification Requirements | Existing Benchmark (a) | Market P75 Pay Level (b) | Difference (b) – (a) = (c) | No. of Data Points (Organisations) | % difference |
|-----------|--|-------------------------------|---------------------------------|-----------------------------------|---|---------------------|
| 9 | Degree and Related Grades | MPS 14 (\$22,405) | \$20,432 | – \$1,973 | 1,910 (96) | -8.8% |
| 10 | Model Scale 1 Grades | MOD 0 (\$10,155) | \$9,575 | – \$580 | 710 (46) | -5.7% |