

**For information
on 21 January 2019**

**LEGISLATIVE COUNCIL
PANEL ON PUBLIC SERVICE**

Review on Civil Service Pay Level Survey and Starting Salaries Survey

Purpose

The Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) has completed a review on Civil Service Pay Level Survey (PLS) and Starting Salaries Survey (SSS) and published its report. This paper summaries and invites Members' views on the findings and recommendations of the review.

Background

2. Our 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 maintain broad comparability between civil service and private sector pay. To implement this policy, the Government devised the "Improved Civil Service Pay Adjustment Mechanism" ("Improved Mechanism") in 2007, which includes three types of pay surveys to be conducted on a regular basis, namely (i) an annual Pay Trend Survey to ascertain year-on-year pay adjustments in the private sector; (ii) an SSS 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 and/or experience; and (iii) a PLS every six years to ascertain whether civil service pay remains broadly comparable with private sector pay. Since the implementation of the "Improved Mechanism", the Government has invited the Standing Commission to conduct the SSS thrice (namely the 2009 SSS, 2012 SSS and 2015 SSS) and the PLS once (i.e. the 2013 PLS).

3. In April 2017, the Government invited the Standing Commission to conduct a review on the PLS and SSS, having regard to the recommendations made by the Standing Commission in the context of the 2013 PLS and 2015 SSS, including to review the methodology, application issues and frequency for the conduct of the survey, as well as to conduct a specific study on Qualification

Group (QG) 8 (Degree and Related Grades) before the next round of surveys, in order to provide useful reference information and a solid basis for the surveys to be conducted in future. On 17 December 2018, the Standing Commission submitted its Report No. 59 (Report) to the Chief Executive, which contains its review findings and recommendations on the PLS and SSS. The Report can be accessed via the following web page: <https://www.jsscs.gov.hk/reports/en/59/pls&sssindex.html>. We have also provided the Secretariat of this Panel with ten copies of the Report for Members' easy reference.

Main Content of the Review Report

4. The Standing Commission appointed a consultant to provide professional advice on the review and collect relevant market data. The scope of the review covered the survey methodologies of the PLS and SSS, a specific study on QG 8 as well as a research on civil service pay arrangements in overseas countries¹. In reviewing the methodologies of the two surveys, the Standing Commission also examined the frequency for conducting the two surveys and the application of the survey findings. The objective of the specific study on QG 8 was to examine the unique features and characteristics pertaining to this QG².

Staff Side Participation

5. During different stages of the review, the Standing Commission maintained communication and exchanged views with the staff side. The Standing Commission shared its views with and listened to those of the staff side of the four Central Consultative Councils and the four major service-wide staff unions³ on various fronts, including the review framework, work plan, methodology for the specific study on QG 8, the research on overseas countries, as well as major findings and recommendations of the review. In the course of the review, the relevant views have been taken into account where appropriate.

¹ The research on overseas countries covered Australia, Canada, New Zealand, Singapore and the United Kingdom. The research examined the civil service pay system, pay adjustment and review mechanism of these countries, as well as the ways the respective governments conduct pay surveys and determine starting salaries of civil service jobs.

² In the 2015 SSS, the Standing Commission observed certain unique features and characteristics pertaining to entry ranks of QG 8 in the civil service and degree graduate entry-level positions in the private sector, such as (a) a relatively larger pay dispersion of degree graduate entry-level positions in the private sector as compared to other QGs; (b) a widening pay difference between the civil service benchmark pay of QG 8 and the comparable upper quartile pay level in the private sector; and (c) a lower growth rate of the starting pay of degree graduate entry-level positions in the private sector as compared to other QGs.

³ The four Central Consultative Councils are Senior Civil Service Council, Police Force Council, Disciplined Services Consultative Council and Model Scale 1 Staff Consultative Council. The four major service-wide staff unions are Government Employees Association, Hong Kong Civil Servants General Union, Hong Kong Federation of Civil Service Unions and Government Disciplined Services General Union.

6. The findings of the review and a summary of the recommendations proposed by the Standing Commission are contained in the “Summary of Conclusions and Recommendations” of the Report (**Annex I**). The key points are set out below.

PLS Methodology

7. For the PLS, the Standing Commission recommended the continued adoption of the broadly-defined Job Family-Job Level (JF-JL) method⁴, and made recommendations for enhancement including:

- (a) to continue the adoption of the existing five JL categorisation, but increase the number of JFs from five to six to enhance precision in job comparison. In the light of this enhancement measure, the number of organisations to be surveyed will be increased from 70-100 to 100-130 to ensure data sufficiency;
- (b) to request private sector organisations participating in future PLSs to provide additional pay-related data specifically targeted at entry-level positions, thus enabling the enhanced PLS to provide broad indications as to whether the levels of pay for private sector entry-level positions as classified into different QGs are generally in tandem with the benchmark pay for the corresponding QGs in the civil service; and
- (c) to relax the selection criteria for civil service benchmark jobs so that grades with an establishment size of not less than 50 posts and single-rank grades will be included in future PLSs with a view to increasing the number of data points in the survey.

The five JL categorisation being recommended for continued adoption and the enhanced JFs recommended by the Standing Commission are set out in **Annexes II and III** respectively.

⁴ In the PLS, civil service benchmark jobs are currently categorised into five JFs in accordance with the job content, work nature and manner in which a job contributes to the functioning of the Government, and are also categorised into five JLs in accordance with different levels of responsibility and the typical requirements of qualification and experience.

SSS Methodology

8. For the SSS, the Standing Commission recommended the continued adoption of the QG-JF framework⁵, the existing selection criteria for private sector jobs⁶ and the vetting criteria for data collection⁷. The QG-JF framework for the SSS is at **Annex IV**.

Application of Survey Findings

9. The Standing Commission considered that as the market is highly dynamic and that pay surveys only capture market information at a particular point in time, it would not be holistic to simply follow a single snapshot of the private sector pay in applying the findings of the pay surveys without at the same time considering other factors. The Standing Commission, therefore, did not recommend the use of a pre-determined range for a mechanical application of future survey results. Instead, the holistic approach should continue to be adopted in considering the application of the results of both surveys.

Frequency for Conducting the Surveys

10. The Standing Commission, having regard to the objective of the PLS which is to examine the levels of pay across the non-directorate civilian grades in the civil service, recommended that the PLS should continue to be conducted at a six-yearly interval, and the next PLS would be kickstarted in 2019. As for the frequency for conducting the SSS, the Standing Commission has examined the pros and cons of the alternatives proposed by the consultant, including conducting the SSS (in alternation with the PLS) at a six-yearly interval instead of triennially, or conducting the SSS as and when necessary in response to specific circumstances. The Standing Commission considered the latter option more preferable. Under this option, the Government may consider, after

⁵ Basic ranks in the civil service are currently categorised into 11 QGs, with respective benchmark pay generally set having regard to factors including the entry pay for jobs in the private sector requiring similar educational qualifications and experience (if applicable) as determined with reference to the results shown in previous SSSs. There are two major dimensions in comparing entry-level jobs in the civil service and those in the private sector, namely educational qualification requirements and, if applicable, experience, as well as job functions. The former is reflected in QGs and the latter in JFs.

⁶ The criteria for selecting private sector entry-level positions for comparison with civil service entry-level positions in the SSS are (a) the selected jobs should require similar minimum qualifications for appointment as those of the basic ranks of the civil service grades in the respective QGs; (b) the selected jobs should perform similar functions as those of the basic ranks of the civil service grades as identified in the JFs for the respective QGs; and (c) the selected jobs should be full-time ones with salary determined on the basis of factors and considerations applying to Hong Kong only.

⁷ The private sector pay data points for each QG should cover at least 60% of the JFs identified from the civil service basic ranks and at least 15% of all surveyed organisations or 15 surveyed organisations, whichever is the less. For QG 4 (Technical Inspectorate and Related Grades: Higher Certificate or equivalent qualification plus experience), the Standing Commission recommended relaxing the vetting criteria for this QG (for example, to reduce from at least 15 surveyed organisations to ten) to include more private sector organisations for future surveys.

reviewing the broad indications as revealed by the PLS and the specific circumstances, whether a comprehensive SSS, or an SSS of a smaller ambit should be conducted. This option also has the support of most of the staff side.

Specific Study on Qualification Group 8

11. In the 2015 SSS, the Standing Commission observed certain unique features and characteristics pertaining to QG 8 in the civil service and the degree graduate entry-level positions in the private sector. The Standing Commission therefore recommended that a specific study on QG 8, using a broader and longer perspective approach, should be conducted to determine whether the survey methodology should be improved and how future survey findings should be applied in relation to QG 8. The same methodology as in the 2015 SSS has been adopted in this specific study for collecting pay data of a total of 74 participating private sector organisations covering a wide range of sectors in Hong Kong. The study showed that the upper quartile pay level for degree graduate entry-level positions in the private sector was lower than the civil service benchmark pay of QG 8 (at Point 14 on the Master Pay Scale) by 19.8%.

12. The Standing Commission considered that due regard should be given to the inherent differences in human resources management practices between the private sector and the civil service when interpreting any pay differential recorded at the point of entry. For instance, the civil service is establishment-tied, hierarchical and structured, whereas the private sector is more flexible and has varied career paths. Moreover, management trainee and fast-tracking programmes allow high performers in the private sector to be promoted to managerial positions in short periods of time leading to significant pay increases, but this was not captured in the study. The Consultant also noted in the study that the creation of high-end jobs in the private sector in recent years was unable to keep pace with the increased supply of degree graduates, with more and more such graduates taking up jobs requiring less professional knowledge (such as clerks and service workers) which resulted in relatively lower pay packages for them. Given the pay difference between degree graduate entry-level positions in the private sector and the civil service benchmark pay of QG 8 has been caused by multiple factors, and that qualification requirement is no longer the sole determining factor for pay of entry-level positions in the private sector, the Standing Commission recommended that when an SSS covering QG 8 is conducted in future, the present holistic approach should continue to be adopted in interpreting survey results for degree graduates in the private sector and with greater flexibility in relation to the QG. The Standing Commission also recommended that the feasibility of a more precise selection of private sector jobs for comparison with QG 8 ranks in the civil service should be explored before commencement of the survey.

Research on Civil Service Pay Arrangements in Overseas Countries

13. The research showed that the five countries surveyed had developed different approaches to civil service pay administration to meet their specific needs. Given the considerable differences in cultural, social and political environments amongst these countries and Hong Kong, their remuneration practices for civil servants, no matter individually or collectively, might not be directly applicable to or appropriate for Hong Kong. The Standing Commission did not see a strong reason for the Government to initiate fundamental changes to the management of the civil service. In determining civil service pay adjustments, other relevant factors should be taken into account in addition to findings of pay surveys. The Standing Commission also noted that the holistic approach that it had adopted in considering the results of previous rounds of the PLS and SSS was in tandem with the common trend identified in the five countries surveyed.

Way Forward

14. We have invited the staff side to provide their views on the review findings and recommendations of the Report. As the review findings may have implications on the relevant arrangements for civil service pay as a whole (including those for disciplined services and directorate officers) in future, we have also invited the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service to offer their views on the Report. Upon receiving the views from the stakeholders, we will submit our recommendations on the way forward to the Chief Executive-in-Council for a decision. We will also keep this Panel informed in a timely manner.

Advice Sought

15. Members are invited to give their views on the review findings and recommendations in the Report.

Civil Service Bureau
January 2019

(Extracted from Report No. 59 of the
Standing Commission on Civil Service Salaries and Conditions of Service:
Review on Civil Service Pay Level Survey and Starting Salaries Survey)

Summary of Conclusions and Recommendations

	Paragraph
Pay Level Survey (PLS) Methodology	
(1) Having evaluated various alternatives for job comparison in the PLS, the Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) considers that the existing broadly-defined Job Family-Job Level (JF-JL) method remains the most appropriate one for ensuring a broad comparability of the civil service pay and the private sector pay and recommends its continued adoption.	3.2 – 3.6
(2) The Commission has examined if there is a sufficient case for aligning the number of JLs for the PLS with the number of salary bands for the Pay Trend Survey. With full regard to the very purpose of conducting the PLS, the Commission considers that the five JL categorisation remains the most appropriate arrangement because it fares better than the three JL categorisation in terms of data precision and specificity in the result application. The Commission therefore recommends the continued adoption of the five JL categorisation.	3.10 – 3.12
(3) Having balanced the need to achieve greater precision in job comparison on the one hand, and the risk of failing to obtain sufficient data in some of the JF-JL combinations on the other, the Commission considers that the existing five JF approach, or the six JF approach, are more practical options compared with the eight JF approach. As the six JF	3.13 – 3.14

Paragraph

- approach will slightly enhance the precision of job comparison than the five JF approach, and as advised by the Consultant that it is a feasible and practical option, the Commission recommends using six JFs in the next PLS as a measure of enhancement.
- (4) The Commission recommends finetuning two selection criteria for civil service benchmark jobs so that grades with an establishment size of not less than 50 posts and single-rank grades will be included in future PLSs. For the rest of the selection criteria, the Commission considers them relevant and appropriate and recommends their continued adoption in the next PLS. 3.15 – 3.17
- (5) Having examined the findings and recommendations of the Consultant, the Commission recommends the continued exclusion of the Directorate Grades, the Disciplined Services Grades, the education and social welfare fields. For the medical and health care field, the Commission recommends that a brief study be conducted by the survey consultant of the next PLS to verify if the medical and health care field including the Hospital Authority and other large private medical and health care organisations continues to refer to the civil service pay scales or pay adjustments in pay determination before deciding if the medical and health care field should be excluded from the survey. 3.18 – 3.20
- (6) The Commission considers the selection criteria for surveyed organisations appropriate and recommends maintaining them. As a six JF categorisation is recommended for future PLSs, the Commission 3.21 – 3.23

Paragraph

recommends increasing the number of organisations to be surveyed from 70 – 100 to 100 – 130 to ensure that an adequate level of data sufficiency is maintained.

- (7) The Commission recommends, following the usual arrangement, the consultant of the next PLS to finalise the list of civil service benchmark jobs using the relaxed selection criteria after taking into account the latest establishment position and the Staff Sides' views before the actual commencement of field work. 3.24 – 3.25
- (8) The Commission recommends requesting participating private sector organisations to provide additional pay related data specifically targeted at entry-level positions in the questionnaire for future PLSs, enabling the enhanced PLS to provide broad indications as to whether the levels of pay for private sector entry-level positions as classified into different qualification groups (QGs) are generally in tandem with the benchmarks for the corresponding QGs in the civil service. These indications, however, will not be taken as a basis for consideration of any adjustment of starting salaries. 3.26
- (9) To further enhance transparency and quality assurance in job matching, the Commission recommends that participating private sector organisations be encouraged to provide duty lists of their jobs for matching with civil service benchmark jobs. The Commission also recommends that the survey consultant of the upcoming PLS be required to provide a detailed guide to the Staff Sides on the 3.27

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| protocol and job matching procedures. | |
| (10) The Commission considers that an aligned survey date of 1 April would capture the more up-to-date pay information and help the application decisions and therefore recommends its adoption. The Commission agrees that before the onset of the next PLS, detailed arrangements could be determined after taking into account views from stakeholders including the Staff Sides. | 3.28 – 3.30 |
| (11) The Commission recommends continuing with the existing practices in data collection and consolidation for future PLSs. | 3.31 – 3.33 |

Starting Salaries Survey (SSS) Methodology

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| (12) Having evaluated alternative methods for the purpose of job comparison, the Commission recommends the continued adoption of the QG-JF framework for the SSS. | 4.5 – 4.6 |
| (13) Having considered the latest position of QG 10 and QG 11, the Commission recommends that the basic ranks of these two QGs should continue to be excluded from the next SSS and that internal relativity be used in determining their starting salaries. | 4.7 – 4.12 |
| (14) The Commission notes the Staff Sides' comments that the entry requirements of certain ranks may no longer be in synchrony with the current market practice and their request for carrying out Grade Structure Review (GSRs) for the concerned grades. | 4.14 |

Paragraph

The Commission will convey these views to the Government. The Commission also notes the Government policy in relation to GSRs and that the Government has been handling requests for GSRs in accordance with the established policy.

- (15) The Commission recommends the continued adoption of eight JFs for the next SSS and, if necessary, that the consultant of the next SSS could review the JF categorisation having regard to the scope of the next survey. 4.15 – 4.17
- (16) The Commission considers the existing selection criteria for private sector jobs suitable in reflecting a broadly comparable pay indicator from the private sector and recommends their continued adoption in the next SSS. 4.18
- (17) The Commission recommends the continued adoption of the existing selection criteria for surveyed organisations in the next SSS. 4.19
- (18) The considerations and recommendations proposed for the survey reference date, the data collection and consolidation approaches for the PLS will also apply to the SSS. 4.20 and 4.22
- (19) The Commission recommends the continued adoption of the vetting criteria for data collection in the SSS which serves well in ensuring the data representation of the QG-JF combination. 4.21

Application of Survey Findings

- (20) The Commission considers that a pre-determined range would mandate a mechanical application of results, thereby limiting the degree of flexibility in the pay adjustment mechanism in taking into account relevant principles and considerations for meeting the needs of Hong Kong. Given that the market is highly dynamic and pay surveys only capture market information at a particular point in time, it would not be holistic to simply follow a single snapshot of the private sector pay in applying the findings of the pay survey without at the same time considering other factors. The Commission therefore does not recommend the use of a pre-determined range for a mechanical application of future survey results. 5.3 – 5.4

- (21) The Commission recommends that the holistic approach should continue to be adopted in considering the application of the results of the PLS and the SSS. 5.5 – 5.10

Frequency for the Conduct of the Surveys

- (22) The Commission, having regard to the objective of the PLS that it is to examine the levels of pay across the non-directorate civilian grades in the civil service, recommends that the PLS should continue to be conducted at a six-yearly interval. 6.2

- (23) The Commission has examined the pros and cons of the alternatives proposed by the Consultant for the frequency of conducting the SSS, including conducting the SSS (in alternation with the PLS) at a 6.3 – 6.11

six-yearly interval instead of triennially, or conducting the SSS as and when necessary in response to specific circumstances. The Commission considers the latter option, under which the Government can consider if a comprehensive SSS, or an SSS of a smaller ambit is warranted, after reviewing the broad indications as revealed by the PLS and the specific circumstances related thereto, more preferable. This option is supported by most of the Staff Sides and they request their engagement in the process of consideration. The Commission therefore recommends this option for consideration by the Government. If this option is adopted, the next PLS will be kickstarted in 2019.

Specific Study on Qualification Group 8 (Degree and Related Grades)

- (24) The Commission observes that the different remuneration practices of the private sector and the Government have contributed to the widening gap between the benchmark pay of QG 8 ranks and the pay of private sector degree graduate entry-level positions. Multiple factors contribute to the wide dispersion including the supply and demand for specific professional knowledge and skills, the large variety of roles offered to degree graduates, the different streams of jobs in the same organisation in the private sector and the different pay offered to degree graduates according to their calibre and abilities. 7.7 – 7.8
- (25) The Commission considers that due regard should be given to the inherent differences in human resources 7.13

management practices between the private sector and the civil service when interpreting any pay differential recorded at the point of entry.

- (26) Given the pay difference caused by multiple factors and that qualification requirement is no longer the sole determining factor for pay of entry-level positions in the private sector, the Commission recommends that when an SSS covering QG 8 is conducted, the present holistic approach should continue to be adopted in interpreting survey results for degree graduates in the private sector and with greater flexibility in relation to the QG. The Commission also recommends that the feasibility of a more precise selection of private sector jobs for comparison with QG 8 ranks in the civil service should be explored before the survey commences. 7.15
- (27) The Commission recommends that the consultant of the next survey explore the relaxation of the vetting criteria for QG 4 (for example, from at least 15 surveyed organisations to ten) to include more private sector organisations. For QG 3 Group I, the Consultant expects the data insufficiency issues will persist in the future. The Commission notes that some Staff Sides consider the qualification and/or experience possessed by the civil service recruits of some of the ranks are different from and usually higher than the entry requirements and recommends that the Government further consider the issues identified in relation to the QG framework in the light of the findings of future pay surveys. 7.20

Research on Civil Service Pay Arrangements in Overseas Countries

- (28) The Commission does not see a strong reason for the Government to initiate fundamental changes to the management of the civil service solely for the purpose of following international practices. Other relevant factors should be taken into account in addition to findings of pay surveys in determining pay adjustments. 8.5
- (29) The Commission notes that the holistic approach that it has adopted in considering the results of previous rounds of the PLS and the SSS is in tandem with the common trend identified in the five countries surveyed. 8.6

The categorisation of five Job Levels (JLs) in the Pay Level Survey

<p>JL 1 (MOD 1 Points 0-13 and MPS Points 0-10) Operational staff</p>
<p>JL 2 (MPS Points 11-23) Technicians and assistant executives/professionals</p>
<p>JL 3 (MPS Points 24-33) Middle-level executives and professionals</p>
<p>JL 4 (MPS Points 34-44) Managerial and senior professionals</p>
<p>JL 5 (MPS Points 45-49) Senior managers and lead professionals</p>

Note:

MPS denotes Master Pay Scale and MOD 1 denotes Model Scale 1 Pay Scale

**The existing categorisation of five Job Families (JFs) and
the proposed categorisation of six JFs
in the Pay Level Survey**

Five JFs (current categorisation)	Six JFs (proposed categorisation)
Clerical and secretarial	Clerical and secretarial
Internal support	Internal support
Public services	Public services (Personal, Social & Community)
	Public services (Physical resources)
Works-related	Works-related
Operational support	Operational support

**The Job Family (JF) framework in the
Starting Salaries Survey**

JF	Description
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