

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

REPORT No. 58

REPORT 2017

CHAIRMAN

DR WILFRED WONG YING-WAI, GBS, JP

FEBRUARY 2018

公務員薪俸及服務條件常務委員會
Standing Commission on Civil Service Salaries and Conditions of Service

本會檔號 Our Ref.: JS/SC8/R58

尊函檔號 Your Ref.:

電 話 Tel.:

20 February 2018

The Honourable Mrs Carrie Lam Cheng Yuet-ngor, GBM, GBS
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China
Tamar
Hong Kong

Dear Madam,

On behalf of the Standing Commission on Civil Service Salaries
and Conditions of Service, I have the honour to submit a report on our work
during 2017.

Yours faithfully,



(Wilfred Wong Ying-wai)

Chairman

Standing Commission on Civil Service
Salaries and Conditions of Service

Encl.

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SALARIES AND CONDITIONS OF SERVICE

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Standing Commission on Civil Service Salaries and Conditions of Service

(Membership as at December 2017)



Front Row: Mr Joseph Lo Mr Wilfred Wong Kam-pui, JP Dr Wilfred Wong Ying-wai, GBS, JP (Chairman) Dr Carrie Willis, SBS, JP Mr T C Chan, BBS, JP

Back Row: Mr K C Yau (Secretary General) Ms Elaine Lo Ms Angela Lee, BBS, JP Mr Lee Ming-kwai, GBS Mr Lee Luen-fai Mr Tony Tse, BBS Ms Florence Chan (Assistant Secretary General)

Other Member: Professor Suen Wing-chuen, JP

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Chapter 1

Introduction

1.1 Since its establishment in 1979, the Standing Commission on Civil Service Salaries and Conditions of Service has been advising the Chief Executive on the principles and practices governing pay, conditions of service and salary structure of non-directorate civil servants, other than judicial officers and disciplined services staff. The Commission provides independent advice and makes recommendations to the Chief Executive, after taking into full account relevant factors and views expressed by the parties concerned. The Commission's terms of reference are at **Appendix A**.

1.2 This is our fifty-eighth report. It gives an account of our major undertakings in 2017. During the year, we held three Commission meetings, two staff consultation meetings in relation to the Review on the Pay Level Survey and Starting Salaries Survey, and three informal meetings with the civil service staff bodies.

1.3 The Commission's membership in 2017 is at **Appendix B**. All eleven Commission Members are non-officials appointed in their personal capacity by the Chief Executive. We would like to record our heartfelt gratitude to Professor Suen Wing-chuen, JP, who retired in December 2017 after six years of dedicated service. We also welcome Mrs Edith Chan, MH, who was appointed to the Commission as a new Member in January 2018.

1.4 We would like to thank Mr Joshua Law, GBS, JP, Secretary for the Civil Service, and his predecessor, Mr Clement Cheung, GBS, JP, as well as their staff for their assistance and co-operation.

1.5 On staffing, Mr K C Yau took over from Ms Winnie Ng, JP, as the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) in September 2017. We wish to record our thanks to Ms Ng for her contribution to the Commission during her tenure with the Joint Secretariat. Our appreciation also goes to the staff of the Joint Secretariat for their support during the year.

Chapter 2

Grade Structure Review for Marine Officer and Surveyor of Ships Grades

2.1 As stated in our Report No. 56 “Report 2016”, at the invitation of the Government, we commenced in February 2017 a Grade Structure Review (GSR) for the Marine Officer (MO) and Surveyor of Ships (SoS) grades. The GSR was the focus of our work in 2017.

Background

2.2 Notwithstanding the conduct of regular service-wide surveys under the *Improved Civil Service Pay Adjustment Mechanism*¹, some grades may still face recruitment and retention difficulties from time to time, which may have to be addressed through a revamp of the grade structure after a GSR.

2.3 Upon receipt of the Government’s invitation to conduct a GSR for the MO and SoS grades, we reviewed the information presented by the Government and were satisfied that there was a case to carry out a GSR for the two grades, which had been facing serious recruitment difficulties. We considered that the GSR for the MO and SoS grades should focus on whether and how the grade structures, entry requirements, pay scales and training opportunities should be altered to address the recruitment difficulties.

Guiding Principles and Key Considerations

2.4 With reference to our terms of reference and building on the experiences of past reviews, we were guided by the following principles and key considerations in conducting the GSR –

¹ Under the *Improved Civil Service Pay Adjustment Mechanism* approved by the Chief Executive-in-Council in May 2007, a six-yearly Pay Level Survey, a three-yearly Starting Salaries Survey and an annual Pay Trend Survey are conducted to maintain broad comparability between civil service pay and private sector pay.

- (a) the Government's civil service pay policy, which is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and that such remuneration is to be regarded as fair by both civil servants and by the public they serve through broad comparability with the private sector;
- (b) the established pay principles, such as the qualification benchmark system for determining entry pay as well as the outcome of detailed deliberation in previous reviews, notably the 1989 Salary Structure Review²;
- (c) whether and how the work nature, job duties, responsibilities and workload of the two grades have evolved since the 1989 Salary Structure Review;
- (d) the recruitment and retention situation of the two grades;
- (e) the morale and career progression situation of the two grades;
- (f) public expectation on the two grades under the prevailing social, economic and political climate;
- (g) relevant wider community interest, including financial and economic considerations; and
- (h) any service-wide implications that may be associated with changes to the grade structures or pay scales of the two grades.

Mode of Operation

2.5 We established a dedicated Working Group to conduct the GSR. The Working Group took forward the review through a combination of fact-finding exercises, discussion meetings, as well as a visit and meetings with various parties. In addition, four written submissions from both the

² Upon invitation of the Government in March 1989, the Commission conducted a salary structure review of some 340 non-directorate civilian grades and completed the exercise in December 1990.

Marine Department (MD) management and staff bodies were carefully examined.

2.6 Taking staff sides' views into account as appropriate, and having considered the characteristics and the manpower situation of the two grades, the Working Group put forth a series of preliminary recommendations for the consideration of the Commission. Guided by the principles and key considerations set out in paragraph 2.4 above, the Commission endorsed the Working Group's recommendations which should help the MD address the manpower problems of the MO and SoS grades that had been identified and be conducive to the long-term development of the two grades.

Our Considerations and Recommendations

2.7 The MO and SoS grades are the two core professional grades in the MD, responsible for discharging the statutory functions relating to all navigational matters in the waters of Hong Kong and safety standards of all vessels. At the entry rank, the SoS grade is divided into three streams, namely the Engineer & Ship stream, the Nautical stream and the Ship stream. The MO grade is not streamed.

2.8 Based on the manpower statistics provided by the Government, we noted that the MO and SoS grades had been facing persistent recruitment difficulties. In none of the recent recruitment exercises could the MD identify sufficient candidates to meet its target. We also noted that the supply of home-grown trained seafarers had been limited and experienced maritime professionals were much sought-after in the global maritime market. Hence, we saw a strong case for creating a new tier of rank (i.e. Assistant MO (AMO) and Assistant SoS (ASoS)) each for the two grades to attract younger candidates with good potential to join the MD.

2.9 On the entry requirements of the new assistant ranks, we considered it necessary to strike an appropriate balance between the need to attract candidates and the professional requirements of the job. We recommended that a degree in a relevant discipline and a professional qualification at the basic level (i.e. Certificate of Competency Class 3) be set as the entry requirements for AMO, the Engineer & Ship stream and the Nautical stream of ASoS; and that a degree in naval architecture or related technology be set as the entry requirement for the Ship stream of ASoS.

2.10 To groom assistant rank officers to take up professional duties as they progress along the career path, the MD will provide designated training programmes to enable them to acquire the necessary knowledge and attain the required level of competency. Upon successful completion of the training programmes, these officers will obtain a certification from a professional institution. In this regard, we recommended that the MD should consider meticulously the contents of the designated training programmes and obtain accreditation from relevant professional organisations before recruitment exercises are launched.

2.11 As for pay, we recommended that the pay scales of AMO as well as the Engineer & Ship stream and the Nautical stream of ASoS be set at Master Pay Scale (MPS) Points 19-27; and that the pay scale of the Ship stream of ASoS be set at MPS Points 16-27.

2.12 We also examined the existing ranks of the MO grade and recommended that a degree in a relevant discipline be introduced as an academic entry requirement to the MO rank, which will better tie in with the international trend and more accurately reflect the job requirements of the rank. In addition, we recommended that the starting pay of the MO rank be increased from MPS Point 29 to Point 32 to address the proven serious and persistent recruitment difficulties of the rank. Such an improvement in pay would also be in step with the higher academic entry requirement.

2.13 The above recommendations were contained in the Commission Report No. 57 “Grade Structure Review for Marine Officer and Surveyor of Ships Grades”, which was submitted to the Government on 31 October 2017. This Report is available for public access at the Joint Secretariat’s website at <http://www.jsscs.gov.hk>.

Chapter 3

Review on Pay Level Survey and Starting Salaries Survey

Background

3.1 Following the completion of the 2013 Pay Level Survey (PLS), we recommended in our Report No. 52 “Civil Service Pay Level Survey 2013” that a review on the PLS be conducted, which might cover the survey methodology, application issues and frequency of the survey. In addition, after the completion of the 2015 Starting Salaries Survey (SSS), we recommended in our Report No. 54 “Civil Service Starting Salaries Survey 2015” that a specific study on Qualification Group (QG) 8 (Degree and Related Grades) be conducted.

3.2 On 26 April 2017, the Government invited the Commission to conduct a review on the PLS and SSS, including a specific study on QG 8. The review is the first of its kind to be conducted since the implementation of the *Improved Civil Service Pay Adjustment Mechanism* in 2007. At our meeting on 26 June 2017, we agreed to take on this important task. The review was the focus of our work in the latter part of 2017, and we expect that it will continue to be so in 2018.

3.3 As suggested in our previous Reports, the review will examine the methodology, application issues and frequency of both the PLS and SSS as well as a specific study on QG 8. The specific study on QG 8 aims to provide a thorough understanding of the distinctive features and characteristics of this QG as identified during the conduct of past SSSs.

Conduct of the Review

3.4 Hay Group Limited (the Consultant) was appointed in October 2017 to provide consultancy services for us in conducting the review. The key tasks of the Consultant are to assist in –

- (a) reviewing the survey methodology, application issues and frequency of the PLS and SSS, and recommending a detailed

methodology for the next PLS and SSS;

- (b) formulating a detailed methodology for the specific study on QG 8;
- (c) conducting a specific study on QG 8 to gain a thorough understanding of the distinctive features and characteristics of the QG; and
- (d) conducting related research on civil service pay arrangements in overseas countries.

3.5 For the specific study on QG 8, the Consultant will collect information on –

- (a) how the salaries of degree graduates filling QG 8 positions in the civil service compare with those in the private sector, both at the point of entry and along their career path;
- (b) the career progression, turnover rate, promotion opportunity and job switching, etc. of degree graduates in the private sector;
- (c) how qualifications under QG 3 Group I and QG 4 are recognised and remunerated in the private sector; and
- (d) the supply of and demand for degree graduates in the labour market.

Consultation with Stakeholders

3.6 In line with past practices, the Standing Committee on Directorate Salaries and Conditions of Service (Directorate Committee) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) will be consulted by the Government on the Commission's eventual findings and recommendations arising from the review. The Directorate Committee and the SCDS were therefore invited to each nominate a member to participate in the Commission's relevant meetings as an observer. The Directorate Committee nominated Dr Clement Chen

Cheng-jen, SBS, JP; whilst the SCDS nominated Mr Victor Lam Hoi-cheung, JP, as observers.

3.7 All along, we firmly believe that staff consultation is crucial to the smooth conduct of pay-related surveys. Adequate opportunities should be provided for staff bodies to express their views during the review. So far, two consultation meetings with the Staff Sides of the four Central Consultative Councils³ and the four major service-wide staff unions⁴ on the review have been held –

- (a) on the proposed framework for the review (14 August 2017); and
- (b) on the work plan for examining the various aspects of the two surveys and the methodology for the specific study on QG 8 (2 February 2018).

3.8 In addition, at the request of some Staff Sides, the Consultant held a meeting with the Staff Sides on 16 November 2017 to better understand their concerns on the review.

3.9 The Staff Sides put forth valuable comments on the various aspects of the PLS and SSS at these meetings. We note the Staff Sides' views and will look into them during the review.

Next Steps

3.10 Looking ahead, the Consultant will undertake an in-depth review of the PLS and SSS, and collect relevant market data for the specific study on QG 8. Taking into account the information and analysis to be provided by the Consultant and the Staff Sides' views, we will explore practical ways to improve the conduct of the two surveys and provide our views on matters relating to QG 8 positions. Our target is to submit our recommendations to the Government for consideration within 2018.

³ 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.

⁴ The four service-wide staff unions include 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.

Chapter 4

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

4.1 During the year, the Government invited the Commission to advise on a proposal to introduce a new job-related allowance (JRA), namely, Extraneous Duties Allowance (EDA) for performing cross-boundary driving duties. We also met with representatives of the major civil service staff bodies to keep abreast of issues of topical concern to staff. A brief account of these activities is set out in the following paragraphs.

Introduction of Extraneous Duties Allowance for Performing Cross-boundary Driving Duties

Background

4.2 JRAs, covering EDA and Hardship Allowances, are payments to compensate civil servants for aspects of their work which are not normally expected of a particular grade/rank and which have not been taken into account in the determination of its pay scale. They are payable only when justified on operational grounds and upon compliance with the general principles adopted by the Government in governing JRAs payable to civilian grade staff.

4.3 At present, the Chauffeur (CH) grade and the Motor Driver (MD) grade may be assigned to provide cross-boundary driving services to Government officials, a valid Mainland driving licence being a prerequisite for providing the services. However, the Guides to Appointment of the two grades do not specify the requirement to possess a Mainland driving licence and to perform cross-boundary driving duties. The qualification is obtained on a voluntary basis and the duties are performed subject to the consent of the concerned CHs and MDs.

The Government's Proposal

4.4 Having regard to the extra responsibilities involved in cross-boundary driving duties, the need for an additional qualification and knowledge, and the state of readiness of the two grades to perform such duties, the Government recommended the introduction of a new EDA, payable to staff of the CH and MD grades when they perform driving duties that are carried out in the Mainland, including both driving time and stand-by time beyond the boundary of Hong Kong, at an hourly rate of \$40. Our advice was then sought.

The Commission's Advice

4.5 We considered the Government's proposal by circulation of paper in June 2017. On the strength of the justifications put forth by the Government, we supported the introduction of the EDA for performing cross-boundary driving duties at the rate as proposed, and replied to the Government on 26 June 2017 tendering our support for the proposal (**Appendix C**).

Liaison with the Major Civil Service Staff Bodies

Background

4.6 Since 1992, the Commission has held regular informal meetings with the Staff Sides of the Senior Civil Service Council (SCSC) and the Model Scale 1 Staff Consultative Council, the two Central Consultative Councils of the Government in respect of the civilian grades. The Staff Side of the SCSC is made up of the Association of Expatriate Civil Servants of Hong Kong, the Hong Kong Chinese Civil Servants' Association and the Hong Kong Senior Government Officers Association. In order to canvass a wider spectrum of views, the Commission decided in 1996 to meet also three major confederation-type unions not represented on the SCSC, viz. the Government Employees Association, the Hong Kong Civil Servants General Union, and the Hong Kong Federation of Civil Service Unions. These meetings have proven to be very useful in keeping us apprised of issues of topical concern to civil servants.

Major Development of Matters Discussed at Previous Meetings

4.7 We understand from the previous rounds of informal meetings that the implementation of five-day week (FDW) in the Government and conditioned hours of work of the Model Scale 1 grades have been key concerns to staff. We have appealed to the Government to tackle the two issues as a matter of priority and to strive for further improvements whilst engaging staff in the process. We are pleased to note that around 430 staff of the Hawker Control Task Forces of the Food and Environmental Hygiene Department migrated to FDW permanently from 20 September 2017 after the successful completion of a one-year FDW trial scheme.

The Current Round of Informal Meetings

4.8 At the 2017 round of informal meetings, we exchanged views with the staff bodies on, among others, the annual civil service pay adjustment, extension of service of civil servants, implementation of FDW, conditioned hours of work, Grade Structure Reviews, provision of medical and dental benefits as well as training and development. In particular, the staff representatives continued to express their wish to have more staff migrated to FDW and to reduce the conditioned hours of work for staff who have longer working hours.

4.9 We find the exchange of views with the staff bodies very fruitful. We will convey their views and aspirations to the Government for consideration and the necessary follow-up.

Liaison with External Stakeholders

4.10 In the course of the year, the Commission and the Joint Secretariat maintained close contacts with major interested private sector organisations to keep track of developments in the private sector and exchange views on civil service pay, conditions of service and pay surveys. For example, we met with representatives from the Employers' Federation of Hong Kong, the Hong Kong Institute of Human Resource Management and the Hong Kong People Management Association to exchange views on the findings the 2017 Pay Trend Survey in June 2017.

Chapter 5

Pay Trend Survey System

5.1 The Pay Trend Survey (PTS) system aims to ascertain the year-on-year average movements in private sector pay. In accordance with the recommendations of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters, the Government deducts the values of civil service increments at their payroll cost in the relevant year (expressed as a percentage of the total payroll cost for each salary band) from the gross pay trend indicators (PTIs) to produce the net PTIs. Having regard to the net PTIs derived from the PTSs and other pertinent considerations (including the state of the economy of Hong Kong, the Government's fiscal position, changes in the cost of living, pay claims of the Staff Sides, civil service morale), the Chief Executive-in-Council decides on the specific rates of adjustment for civil service pay.

Pay Trend Survey Committee

5.2 The Pay Trend Survey Committee (PTSC) is an independent committee established by the Government on the Commission's advice in 1983. Its Chairman and Alternate Chairman are nominated from Members of the Commission. Mr Wilfred Wong Kam-pui, JP and Dr Carrie Willis, SBS, JP, have been the Chairman and Alternate Chairman of the PTSC respectively since August 2012 and January 2013. The PTSC also comprises representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Civil Service Bureau (CSB) and the Staff Sides. Its composition is at **Appendix D**.

5.3 The main function of the PTSC is to commission the annual PTS, analyse the results of the survey, ensure that the agreed criteria for the interpretation of the data collected have been properly applied and agree on its results. The PTSC is the only and final authority for the conduct of the PTS. Once the findings of a PTS have been agreed, neither the PTSC nor the Commission is involved in any way in subsequent discussions between the CSB and the Staff Sides on any pay adjustment based on the survey results.

5.4 In tendering advice to the Government on the methodology for the PTS, as prescribed by our terms of reference, the Commission has to have regard to the recommendations of the PTSC.

Pay Survey and Research Unit

5.5 The fieldwork of the PTS is conducted by the Pay Survey and Research Unit (PSRU), which is an independent unit under the Joint Secretariat. The PSRU collects information from companies/organisations in the survey field as approved by the PTSC on changes in basic salaries and additional payments relating to cost of living, general prosperity and company performance, general changes in market rates, inscale increment and merit during the survey period. These data are analysed to produce gross PTIs for three different salary bands. The findings are then presented to the PTSC for validation and agreement.

The Improved Methodology of the Pay Trend Survey

5.6 Starting from 2007, the PTS has adopted an improved methodology as approved by the Chief Executive-in-Council in March 2007. Under the improved methodology, the survey field is broadened to cover larger companies (with 100 or more employees) and smaller companies (with 50 to 99 employees) in order to enhance the representativeness and credibility of the PTS. To complement the broadening of survey field, the data consolidation method is modified to ensure that the data from smaller companies with 50 to 99 employees are suitably represented.

5.7 In the 2012 PTS, an exclusion category was added to exclude employees affected by Statutory Minimum Wage (SMW), which came into effect on 1 May 2011. The approach to exclude SMW-affected employees continues to be adopted in subsequent PTSs. Since the 2014 PTS, another exclusion category has been added to exclude new recruits who are not subject to pay adjustment decisions during the survey period as a result of company policy.

The 2017 Pay Trend Survey

5.8 The 2017 PTS, commissioned by the PTSC in February 2017, was conducted between February and May 2017. It followed the improved PTS methodology with the refinements as mentioned in paragraph 5.7.

5.9 A total of 111 companies, comprising 86 larger companies (77%) and 25 smaller companies (23%), participated in the 2017 PTS. The PSRU collected information on pay adjustments in these 111 companies (comprising 156 238 employees) over the 12-month period from 2 April 2016 to 1 April 2017 and analysed the data in accordance with the improved methodology. The survey findings were released on 18 May 2017, and considered and validated by the PTSC on 25 May 2017. A summary of the results of the survey is at **Appendix E**.

5.10 With the approval of the Chief Executive-in-Council and the funding support of the Finance Committee of the Legislative Council in October 2017, the 2017-18 civil service pay adjustment took retrospective effect from 1 April 2017. The approved salary increases were 1.88% for civil servants in the upper salary band and 2.94% for those in the middle/lower salary bands. The revised pay scales relevant to the Commission's purview are shown at **Appendix F**.

Review of Survey Methodology

5.11 It has been an established practice for the PTSC, as assisted by the PSRU, to conduct a review of the PTS methodology and submit its recommendations to the Commission before the conduct of the next PTS. The PTSC completed the review in December 2017.

5.12 After careful deliberations, the PTSC recommended that the methodology of the 2017 PTS should continue to be adopted for the 2018 PTS.

The Commission's Views on the Review of PTS Methodology

5.13 We supported the PTSC's recommendation. A copy of our letter dated 18 December 2017 tendering advice to the Government on the review of the PTS methodology is at **Appendix G** (with key features of the methodology at **Annex** to the letter).

Chapter 6

Future Programme of Work

6.1 As mentioned in Chapter 3, we are in the course of conducting the review on Pay Level Survey and Starting Salaries Survey and the specific study on Qualification Group 8. This review will be in full swing in 2018.

6.2 We will continue to carry out our responsibilities in accordance with our terms of reference and tender advice on any proposals from the Government for changes to the pay and conditions of service for individual grades or for the civil service as a whole.

6.3 We will also keep the methodology of the Pay Trend Survey under review to ensure that the data collected are as credible as possible.

6.4 As in the past, we will maintain close contacts with the major civil service staff bodies and interested private sector organisations to keep abreast of developments relating to the discharge of our duties and responsibilities and in carrying out specific tasks.

Standing Commission on Civil Service Salaries and Conditions of Service

Terms of Reference

- I. To advise and make recommendations to the Chief Executive in respect of the non-directorate civil service, other than judicial officers and disciplined services staff, on :
- (a) the principles and practices governing grade, rank and salary structure;
 - (b) the salary and structure of individual grades;
 - (c) whether overall reviews of pay scales (as opposed to reviews of the salary of individual grades) should continue to be based on surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, or whether some other mechanisms should be substituted;
 - (d) the methodology for surveys of pay trends in the private sector conducted by the Pay Survey and Research Unit, subject to advice under I(c) and having regard to the advice of the Pay Trend Survey Committee;
 - (e) matters relating to those benefits, other than salary, which the Commission advises as being relevant to the determination of the civil service remuneration package, including the introduction of new benefits or proposed changes to existing benefits;
 - (f) suitable procedures and machinery to enable staff associations and staff to discuss with management their views on matters within the terms of reference of the Commission;
 - (g) the circumstances in which it would be appropriate for the Commission itself to consider any issue, and how staff associations and management might present their views to the Commission in such circumstances; and
 - (h) such matters as the Chief Executive may refer to the Commission.

II. The Commission shall keep the matters within its terms of reference under continuing review, and recommend to the Chief Executive any necessary changes.

III. The Commission shall give due weight to any wider community interest, including financial and economic considerations, which in its view are relevant.

IV. The Commission shall give due weight to the need for good staff relations within the Civil Service, and in tendering its advice shall be free to make any recommendations which would contribute to this end.

V. In considering its recommendations and advice, the Commission shall not prejudice the 1968 Agreement between the Government of the Hong Kong Special Administrative Region and the Main Staff Associations (1998 Adapted Version).

VI. The staff associations making up the Staff Side of the Senior Civil Service Council and the Model Scale 1 Staff Consultative Council may jointly or individually refer matters relating to civil service salaries or conditions of service to the Commission.

VII. The heads of departments may refer matters relating to the structure, salaries or conditions of service of individual grades to the Commission.

VIII. The Commission shall not consider cases of individual officers.

IX. The Commission may wish to consider in the light of experience whether changes in its composition or role are desirable.

X. In carrying out its terms of reference, the Commission should ensure that adequate opportunities are provided for staff associations and management to express their views. The Commission may also receive views from other bodies which in its view have a direct interest.

Membership of the Commission in 2017

Chairman

Dr Wilfred Wong Ying-wai, GBS, JP

Members

Mr T C Chan, BBS, JP

Mr Lee Luen-fai

Mr Lee Ming-kwai, GBS

Ms Angela Lee Wai-yin, BBS, JP

Mr Joseph Lo Kin-ching

Ms Elaine Lo Yuen-man

Professor Suen Wing-chuen, JP

Mr Tony Tse Wai-chuen, BBS

Dr Carrie Willis Yau Sheung-mui, SBS, JP

Mr Wilfred Wong Kam-pui, JP

公務員薪俸及服務條件常務委員會
Standing Commission on Civil Service Salaries and Conditions of Service

本會檔號 Our Ref. : JS/SC6/COS/4B

尊函檔號 Your Ref. : PC/490/006/1

26 June 2017

Mr Cheung Wan-ching, Clement, JP
Secretary for the Civil Service
9th Floor, West Wing
Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Clement,

**Extraneous Duties Allowance for
Performing Cross-boundary Driving Duties**

The Standing Commission on Civil Service Salaries and Conditions of Service has considered the Government's proposal to introduce a new job-related allowance (JRA), namely, Extraneous Duties Allowance (EDA) for performing cross-boundary driving duties on trips to and from the Mainland. I am writing on behalf of the Commission to tender our advice in accordance with our terms of reference.

Background

The Commission notes that JRAs, covering EDA and Hardship Allowances, are payments to compensate civil servants for aspects of their work which are not normally expected of a particular grade/rank and which have not been taken into account in the determination of its pay scale. They are payable only when justified on operational grounds and upon compliance with the general principles adopted by the Government in governing JRAs payable to civilian grade staff.

At present, the Chauffeur (CH) grade and the Motor Driver (MD) grade may be assigned to provide cross-boundary driving service to Government officials, which require a valid Mainland driving licence. However, the Guides to Appointment (G/As) of the two grades do not specify the requirement to possess a Mainland driving licence and to perform cross-boundary driving duties. The qualification is obtained on a voluntary basis and the duties are performed subject to the consent of the concerned CHs and MDs.

The Government's Proposal

The Government recommends the introduction of the new EDA, payable to staff of the CH and MD grades when they perform driving duties that are carried out in the Mainland, including both driving time and stand-by time beyond the boundary of Hong Kong^{Note}, at an hourly rate of \$40.

Having regard to the extra responsibilities involved in cross-boundary driving duties, the need for additional qualification and knowledge, and the reluctance of CHs/MDs to perform such duties, the Government Logistics Department (GLD) proposes that the new EDA should be introduced. The rationale put forth by GLD is that –

- (a) cross-boundary driving duties are not the inherent job duties of CHs/MDs as set out in the G/As;
- (b) cross-boundary driving duties incur extra work and responsibilities; and
- (c) cross-boundary driving duties require CHs/MDs to adapt to a different traffic system.

The Commission's View

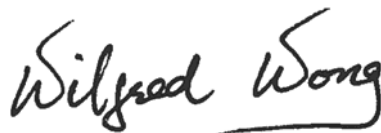
On the strength of the justifications put forth by the GLD, and noting that the proposal has been supported by the relevant bureaux, the Commission supports the introduction of the EDA for performing cross-boundary driving duties at the rate as proposed. The Commission also

^{Note} Off-duty time and meal break are excluded. Travelling to the Mainland for renewal of licence and attending training courses will not be eligible for the EDA.

supports the proposed payment period of the EDA, i.e. commencement on the first day of the month after approval is given until 31 March 2022. The Commission notes that this will tie in with the five-yearly review mechanism for JRAs.

The Commission trusts that the Government will continue to keep under review the payment of JRAs in accordance with the established mechanism and the principles governing the payment of JRAs to staff of civilian grades to ensure that they are at all times justified.

Yours sincerely,

A handwritten signature in black ink that reads "Wilfred Wong". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

(Wilfred Wong Ying-wai)
Chairman

Composition of the Pay Trend Survey Committee

Members

Two Members of the Standing Commission on Civil Service Salaries and Conditions of Service, one as Chairman and the other as Alternate Chairman

Up to two Representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service

Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service

Two Representatives of the Civil Service Bureau

Three Staff Side Representatives of the Senior Civil Service Council

Three Staff Side Representatives of the Model Scale 1 Staff Consultative Council

Two Staff Side Representatives of the Police Force Council

Two Staff Side Representatives of the Disciplined Services Consultative Council

Observers

Three Staff Side Representatives of the Senior Civil Service Council

Three Staff Side Representatives of the Model Scale 1 Staff Consultative Council

A Management Side and two Staff Side Representatives of the Police Force Council

Three Staff Side Representatives of the Disciplined Services Consultative Council

Summary of the 2017 Pay Trend Survey

Introduction

Pay Trend Surveys (PTSs) yield information on the general movements of pay in the private sector over a given period. They are not concerned with the comparison of pay levels for specific occupational groups. Prior to 1983, PTSs were undertaken by the then Pay Investigation Unit, under the auspices of a Steering Committee of the Senior Civil Service Council. The Pay Survey and Research Unit (PSRU) was established in December 1982 and the Pay Trend Survey Committee (PTSC) shortly after. The 2017 PTS was the 40th of its kind.

Survey Period

2. The survey covered a 12-month period from 2 April 2016 to 1 April 2017.

Participating Companies

3. A total of 111 companies took part in the survey including 86 larger companies (with 100 or more employees) and 25 smaller companies (with 50 to 99 employees) in the ratio of 77 : 23. The pay data of their 156 238 employees were used in the calculation of the 2017 gross pay trend indicators (PTIs).

Data Collection

4. Following the adoption of a technical refinement to the improved methodology for the PTSs (the methodology was endorsed by the Chief Executive-in-Council in March 2007), data collection in the 2017 PTS was based on five salary bands by subdividing the middle and upper salary bands into two bands while keeping the lower salary band intact. The classification was as follows –

- | | | |
|-----|--|--------------------------------|
| (a) | <u>Lower Salary Band</u>
(below MPS ¹ Point 10) | below \$21,255 per month |
| (b) | <u>Middle Salary Band (I)</u>
(MPS Points 10 to 23) | \$21,255 – \$41,200 per month |
| (c) | <u>Middle Salary Band (II)</u>
(above MPS Point 23 to Point 33) | \$41,201 – \$65,150 per month |
| (d) | <u>Upper Salary Band (I)</u>
(above MPS Point 33 to Point 44) | \$65,151 – \$99,205 per month |
| (e) | <u>Upper Salary Band (II)</u>
(above MPS Point 44 to
GDS(O) ¹ Point 39) | \$99,206 – \$132,580 per month |

5. Data collection commenced in February 2017 and ended in May 2017. Questionnaires with guidance notes were sent to participating companies for completion. The staff of the PSRU followed up by field visits or telephone discussions. The companies were asked to provide data on changes in basic salaries and additional payments other than those relating to fringe benefits.

6. Information collected for the survey was recorded in individual company statements, after their accuracy had been confirmed by the company concerned. Strict confidentiality was observed in the handling of company data which were made non-attributable in survey reports, so as to preserve the anonymity of the participating companies.

Survey Findings

7. The PSRU analysed the company data in accordance with the approved methodology and presented its findings to the PTSC on 18 May 2017. Taking into account only those adjustments which related to the cost of living, general prosperity and company performance, general changes in market rates, inscale increment and merit, the following pay

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

adjustments had been made in the surveyed companies during the period from 2 April 2016 to 1 April 2017 –

(a)	Lower Salary Band (below \$21,255 per month)	+ 3.78%
(b)	Middle Salary Band (\$21,255 to \$65,150 per month)	+ 3.51%
(c)	Upper Salary Band (\$65,151 to \$132,580 per month)	+ 2.53%

8. The PTSC met on 25 May 2017 to verify and consider validating the 2017 PTS findings. The two representatives of the Commission, the representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the two representatives of the Civil Service Bureau, the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service and the three Staff Side representatives of the Model Scale 1 Staff Consultative Council validated the survey findings. One Staff Side representative of the Senior Civil Service Council validated the survey findings with reservation. In line with the established practice, the PTSC submitted its Report to the Government for consideration.

Pay Trend Indicators

9. The findings of the PTSs were known as the gross PTIs. In accordance with the recommendations of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters, the Government, after deducting the values of civil service increments at their payroll cost, which were 1.96%, 1.07% and 1.15% respectively for the lower, middle and upper salary bands in 2017, arrived at the net PTIs as follows –

(a)	Lower Salary Band	+ 1.82%
(b)	Middle Salary Band	+ 2.44%
(c)	Upper Salary Band	+ 1.38%

**Civil Service Pay Scales Relevant to the Commission’s Purview
(with effect from 1 April 2017)**

<u>Master Pay Scale</u>		<u>Model Scale 1 Pay Scale</u>		<u>Craft Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
49	124,280	13	16,240	4	11,065
48	119,960	12	15,915	3	10,140
47	115,795	11	15,590	2	9,170
46 (44B)	111,730	10	15,285	1	8,245
45 (44A)	107,870	9	14,985	0	7,775
44	101,070	8	14,700		
43	97,560	7	14,430		
42	93,540	6	14,140		
41	89,675	5	13,860		
40	85,970	4	13,580		
39	82,425	3	13,285		
38	78,775	2	13,020		
37	75,320	1	12,735		
36 (33C)	71,910	0	12,475		
35 (33B)	68,730				
34 (33A)	67,270				
33	67,065				
32	64,055				
31	61,170				
30	58,425				
29	55,825				
28	53,300				
27	50,900				
26	48,630				
25	46,445				
24	44,415				
23	42,410				
22	40,505				
21	38,675				
20	36,830				
19	35,085				
18	33,425				
17	31,855				
16	30,320				
15	28,865				
14	27,485				
13	26,160				
12	24,675				
11	23,225				
10	21,880				
9	20,650				
8	19,395				
7	18,205				
6	17,080				
5	16,065				
4	15,055				
3	14,140				
2	13,270				
1	12,480				
0	11,735				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	28,790	4	13,985
15	27,420	3	12,750
14	26,100	2	11,525
13	24,965	1	10,605
12	23,435	0	9,950
11	21,510		
10	19,750		
9	18,605		
8	17,460		
7	16,395		
6	15,400		
5	14,445		
4	13,570		
3	12,750		
2	11,950		
1	11,240		

公務員薪俸及服務條件常務委員會
Standing Commission on Civil Service Salaries and Conditions of Service

本會檔號 Our Ref. : JS/SC6/PIU/10 Pt.20

尊函檔號 Your Ref. : CSBCR/PG/4-085/001/78

18 December 2017

Mr Law Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service
9th Floor, West Wing
Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Joshua,

Review of the Methodology of the Pay Trend Survey

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

The PTS is part of the civil service pay adjustment mechanism, and is conducted annually to ascertain the average year-on-year pay movements in the private sector. Since 2007, the conduct of the PTS has been based on the improved methodology as approved by the Chief Executive-in-Council in March 2007. The Pay Trend Survey Committee (PTSC), a tripartite forum comprising representatives from independent advisory bodies, the Staff Sides and the Government, may propose changes to the PTS methodology for consideration by the Standing Commission. The Standing Commission will in turn tender its advice to the Government. As an established practice, the PTSC, as assisted by the Pay Survey and Research Unit, conducts a review of the PTS methodology after each round of PTS in preparation for the next and will put forth its recommendation in the form of a report to the Standing Commission for its consideration.

The PTSC has conducted the latest round of review, and recommended that the methodology of the 2017 PTS should continue to be

adopted for the 2018 PTS. The key features of the 2018 PTS methodology are set out at **Annex**.

I am pleased to inform you that having considered the PTSC's review report, the Standing Commission supports the PTSC's recommendation on the methodology for the 2018 PTS. The Standing Commission also wishes to place on record its appreciation of the dedication and professionalism of PTSC Members involved in this important review exercise.

Yours sincerely,

Wilfred Wong

(Wilfred Wong Ying-wai)
Chairman

Encl.

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

Key Features of the 2018 PTS Methodology

Overall

- (a) The 2017 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2018 PTS.

Survey Field

- (b) Smaller companies should continue to be included in the survey field, and the ratio of 75 : 25 between the number of larger and smaller participating companies (with a flexibility of deviation of around plus or minus five percentage points) should be maintained. The situation will be kept under monitoring to see if there is a clear trend indicating a significant change in the ratio of employees between larger and smaller companies in the market which might amount to a case for adjusting the current ratio of 75 : 25 or allowing a greater deviation (or both).
- (c) The existing incremental approach to address the over-representation of the “Financing, insurance and real estate” sector and the under-representation of the “Professional and business services” and “Information and communications” sectors in the survey field should continue.

Components of Pay Adjustment

- (d) The Pay Survey and Research Unit (PSRU) will continue to ensure that the participating companies have a clear understanding of, among others, the definitions of individual pay-trend-related factors and the calculation of weighted average rate of salary adjustment/weighted average size of additional payments.
- (e) The PSRU will continue to request the companies to provide more detailed information in the context of the 2018 PTS, such as the breakdown of salary adjustments attributable to merit pay and/or inscale increment, for the Pay Trend Survey Committee (PTSC)’s reference.

- (f) The PSRU will request participating companies to provide, in the context of the 2018 PTS, information on the definition of their “merit pay” and related matters for the PTSC’s reference.

Percentage of Employees Promoted During the Survey Period

- (g) The PSRU will continue to explain clearly to the companies the definitions of promotion and pay adjustments as a result of the pay-trend-related factors as opposed to those following a promotion.
- (h) The PSRU will continue the practice of reporting the percentage of employees promoted during the survey period and the number of companies not providing the information at the meeting prior to submission of the Controller’s Report (Pre-meeting) for the PTSC’s reference.

Companies Reporting an Average Rate for All Employees for Additional Payments

- (i) The PSRU will continue its efforts to urge companies to provide breakdown by salary band and employee category, seek clarifications from them, and report to the PTSC at the Pre-meeting where companies reporting the same rate for basic salary adjustment and/or the same level of additional payments across all salary bands (and employee categories).

