

STANDING COMMISSION ON CIVIL SERVICE  
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 66

REPORT ON  
CIVIL SERVICE  
PAY LEVEL SURVEY

CHAIRMAN

DR PANG YIU-KAI, GBS, JP

FEBRUARY 2024

# 公務員薪俸及服務條件常務委員會

## Standing Commission on Civil Service Salaries and Conditions of Service

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

Dear Sir,

I am pleased to submit the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) Report on the way forward for the Pay Level Survey (Report No. 66: Report on Civil Service Pay Level Survey).

The Civil Service Bureau extended an invitation to the Standing Commission in December 2019, inviting us to conduct a Pay Level Survey as a means to compare the pay of the civil service with the private sector. At that time, the Hong Kong community and economy was severely affected by the COVID-19 pandemic. In light of the then extreme circumstances, we resolved to adopt a “two-stage” approach to the survey. Under this approach, the Standing Commission was to proceed with the necessary groundwork for the survey, and upon completing the groundwork, the Standing Commission would decide whether and when to proceed with the actual fieldwork.

We have now completed all the necessary groundwork under the first stage of the exercise. The Standing Commission has resolved to withhold the second stage. Our recommendations on the way forward and considerations are set out in the attached Report.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, sweeping initial 'Y' followed by a series of connected loops and a long horizontal stroke that extends to the right and then curves downwards.

( Y K Pang )  
Chairman

Standing Commission on Civil Service  
Salaries and Conditions of Service

Encl.

STANDING COMMISSION ON CIVIL SERVICE  
SALARIES AND CONDITIONS OF SERVICE

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# Chapter 1

## Introduction

1.1 The Standing Commission on Civil Service Salaries and Conditions of Service (the Commission) has accepted the invitation of the Government of the Hong Kong Special Administrative Region (the Government) to conduct the 2019 Pay Level Survey (PLS). With the assistance from a consultant engaged for professional advice and practical assistance, the Commission has completed all necessary groundwork for the fieldwork of the 2019 PLS. This report sets out the recommendations of the Commission in relation to the way forward of the 2019 PLS and the considerations.

### Background

#### *The Commission*

1.2 The Commission is an independent advisory body appointed by the Chief Executive (CE) 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 the incumbent members are set out at Appendix A and Appendix B respectively.

#### *Civil service pay policy*

1.3 The civil service pay policy of the Government 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.

#### *Improved Civil Service Pay Adjustment Mechanism*

1.4 To achieve such broad comparability, under the Improved Civil Service Pay Adjustment Mechanism (Improved Mechanism), civil service pay

is compared with private sector pay on a regular basis through the following three separate surveys –

- (a) an annual Pay Trend Survey (PTS) to ascertain year-on-year pay adjustments in the private sector;
- (b) a PLS every six years to ascertain whether civil service pay remains broadly comparable with private sector pay; and
- (c) a Starting Salaries Survey (SSS) as and when necessary in response to specific circumstances to compare the starting salaries of non-directorate civilian grades in the civil service with the entry pay of jobs in the private sector.

1.5 The last PLS was conducted by the Commission from 2011 to 2014 using 1 October 2013 as the survey reference date. It was the first PLS conducted by the Commission under the Improved Mechanism. The Commission completed a review on the PLS and SSS in 2018 and re-confirmed that the PLS should be conducted at six-yearly intervals.

## **2019 Pay Level Survey**

### ***Two-stage approach***

1.6 In December 2019, the Secretary for the Civil Service (SCS) invited the Commission to conduct the next PLS under the Improved Mechanism. The Commission had taken some time to consider the invitation, with careful deliberation of the then unique social-economic circumstances, in particular the uncertainties arising from the onset and spread of the COVID-19 pandemic that according to the assessment at that time, would likely pose enormous difficulties in conducting the exercise in a fair manner. Balancing the uncertainties against the significance and the role of the PLS under the civil service pay policy, the Commission signified their in-principle agreement to take up the invitation on 3 June 2020. The Commission then undertook a thorough study of different approaches that might be adopted for the exercise. After consultation with the staff side, the Commission decided in November 2020 that a “two-stage” approach should be adopted for the 2019 PLS, which would enable the Commission to decide on the appropriate timing for conducting the fieldwork and collecting pay data from the private sector.

1.7 The adoption of the “two-stage” approach was a balanced decision of the Commission with due regard to the then special circumstances and the civil service pay policy, having considered the importance of maintaining the reliability of PLS so as to facilitate the Government’s decision in civil service pay structure and the need to conduct PLS at a regular interval under the established mechanism. Under this “two-stage” approach, Stage 1 of the PLS comprises a review of survey methodology, the compilation of a list of representative jobs in the civil service (known as “civil service benchmark jobs”) for comparison with comparable jobs in the private sector in Stage 2, and the confirmation of their major attributes (e.g. their typical responsibilities and qualifications and experience required) by means of “job inspection”<sup>1</sup>. These tasks are to be completed practically by the appointed consultant under the Commission’s guidance (see paragraph 1.10 below). After the completion of Stage 1, the Commission is to decide whether and when to proceed with Stage 2 of the exercise taking into consideration all relevant factors including the then state of labour market and overall economy and their projected development.

1.8 If Stage 2 is to be proceeded with, it will comprise mainly the fieldwork and subsequent analyses, including the identification of comparable jobs in the private sector through a process known as “job matching”, i.e. the collection of pay data pertaining to the matched private jobs, and the comparison of the pay levels between the two sides. The Commission will then recommend the Government on the application of the survey findings including whether and how civil service pay should be adjusted.

### ***Institutional set-up***

1.9 In the light of the possible application of the survey findings to directorate and disciplined services staff, the Commission has invited 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) to each nominate a member as an observer in the Commission’s proceedings relating to the PLS. The Directorate Committee has nominated Karen Chan Ka-yin, JP and Zabrina Lau Shing-yan (subsequent to Karen Chan’s departure from the Directorate

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<sup>1</sup> “Job inspection” process includes interviews with the identified job holder representatives in order to ascertain the major attributes of those jobs and to review if the jobs are still appropriate to be designated as benchmark jobs.



Committee in December 2022) and the SCDS, Wilfred Wong Kam-pui, BBS, JP.

### ***Engagement of a consultant***

1.10 For appointing the right consultant who could deliver services satisfactorily and for assessing fairly and objectively any consultancy proposals that may be received, the Commission's secretariat, i.e. Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (Joint Secretariat), had exercised considerable care in preparing the necessary documents for inviting qualified consultancy companies to supply the services. This work was unfortunately disrupted by the pandemic during the period. Eventually, the Commission, through the Joint Secretariat, appointed Korn Ferry (HK) Limited (the Consultant) in December 2021 to undertake the consultancy services for the PLS, including offering professional advice in the survey methodology and practical assistance in job inspection under Stage 1.

### ***Consultation with stakeholders***

1.11 In line with the past practice, the Commission fully recognises the need and merits of engaging the staff side adequately throughout the exercise. Practically, at each important milestone, the Commission had invited views from the staff side of the four Central Consultative Councils and four service-wide staff unions before proceeding further. Consultation meetings were held for the Commission to exchange views with the staff side representatives on a range of matters for the 2019 PLS during the period from September 2020 to January 2024, including –

- (a) the approach and framework of the 2019 PLS and the proposed survey methodology;
- (b) the conduct and progress of job inspection (for instance, when the list of benchmark jobs was to be adjusted); and
- (c) the proposed way forward and operational framework for Stage 2.

1.12 The Commission would like to thank the staff side for its valuable contributions to the exercise and where appropriate, has taken into account its views in the course of its deliberation.

## Chapter 2

### Completion of Stage 1

2.1 After appointment, the Consultant immediately kick-started its work under Stage 1, starting with a review of the pros and cons of different survey methodologies that could be adopted. The Consultant also embarked on the exercise of selecting the right civil service benchmark jobs as the basis of eventual pay comparison. These preparatory tasks under Stage 1 were completed in September 2022. The Consultant then proceeded with the crucial task of “job inspection”, a process through which major attributes (e.g. its typical responsibilities and qualifications and experience required) of each of the civil service benchmark jobs are ascertained. The Consultant spent more than half a year on this task of job inspection. Specifically, the Consultant met some 2 000 representatives of holders of the benchmark jobs over some 320 job inspection interviews, each of which took an hour or two. The Consultant took the opportunity of reviewing if any of the subject jobs are no longer appropriate to be designated as benchmark jobs. At the end of the day, more than 300 civil service jobs are designated as benchmark jobs, with a job description prepared for each of them (and, if applicable, for each job stream<sup>2</sup>), after extensive discussions with the relevant staff and management representatives. These job descriptions will form an objective basis on which comparable jobs in the private sector are to be identified during the fieldwork stage through “job matching”.

2.2 To put job matching into practice, one must identify suitable private sector organisations to be surveyed. In accordance with a set of criteria that the Commission has endorsed, the Consultant has put forward a list of some 500 private sector organisations that meet the selection criteria and are likely to engage positions comparable to the benchmark jobs. The Consultant has also floated a broad framework in accordance with which Stage 2 of the exercise could be conducted. The framework encompasses such issues as the determination of a survey reference date, the steps and procedures for data collection from private sector organisations, and a methodology for providing broad indications of the pay of entry-level positions in the private sector appropriately grouped for comparison with entry-level positions in the civil service.

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<sup>2</sup> Some of the benchmark jobs comprise more than one “job stream”. Conceptually, a job stream could be considered as a “work specialty” under a civil service benchmark job with reasonably distinct duties.

2.3 Stage 1 of the PLS was completed before the end of last year, after the major tasks referred to above were carried out to the Commission's satisfaction. As required under its agreement, the Consultant has submitted for the Commission's consideration its views on the way forward, i.e. whether and when it is appropriate and prudent to proceed with Stage 2 of the exercise. The Consultancy Report – Report on Way Forward (Consultancy Report), which contains the Consultant's full assessment, is available for public access on the website of the Joint Secretariat at <http://www.jsscs.gov.hk>.

2.4 The Commission will set out in the next Chapter its recommendations on whether to proceed with Stage 2 of the PLS and the relevant considerations, in the light of the analyses and assessment of the Consultant on the state of the labour market and other aspects of the economy, and the practical difficulties that may be encountered during the fieldwork stage.

## Chapter 3

### Recommendations on Stage 2

3.1 In the light of the “two-stage” approach, after the Consultant submitted its Consultancy Report upon completion of Stage 1, the Commission is minded to tender its advice to the Government on whether and when to proceed with Stage 2 of the 2019 PLS. Having consulted the staff side, the Commission has resolved to accept the Consultant’s recommendations and is of the view that Stage 2 of the PLS should **not** be proceeded with primarily owing to severe and unprecedented turbulence in the labour market, which may have an impact on the timeliness or even accuracy of the pay-related data to be collected from the private sector. This will in turn affect the reliability of the PLS when the Government applies the results and decides on the pay adjustments that may be proposed.

#### Examination of objective criteria

3.2 To decide on the question of whether Stage 2 of the 2019 PLS should be proceeded with, the Commission has taken into account a basket of objective criteria and all other relevant considerations, including –

- (a) the then prevailing state of the labour market and other aspects of the economy and their projected developments;
- (b) the anticipated response rate from the proposed list of private sector organisations under the then prevailing circumstances which may have a bearing on the statistical representativeness of the data points receivable;
- (c) the statistical reliability of the data points receivable which are subject to factors including the breadth of economic sectors represented by the participating private sector organisations and the economic situation when the data are collected; and
- (d) the likelihood of the fieldwork being disrupted or frustrated based on indications available at the material time.

3.3 It is important to examine the present situation against the above criteria as the purpose of conducting a PLS is not only to compare the civil service pay levels with those in the private sector, but also to facilitate the Government in attaining the civil service pay policy objectives, i.e. to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre and to ensure that civil service pay can be regarded as fair by both the civil servants and the public. It is for such policy objectives that the Government has adopted the principle that the level of civil service pay should be broadly comparable with private sector pay. The data to be collected in PLS and the subsequent analyses are to provide useful references to the Government in making informed decisions on the pay levels of the civil service as a whole. Hence, the PLS should be conducted under the circumstances where there are no transient factors in the overall labour market and other aspects of the economy, which may call into question its accuracy, reliability and representativeness, be it statistical or perceived, that would frustrate the purposes of conducting a PLS.

### **Prevailing state of the labour market and peripheral factors with a bearing on the labour market**

3.4 The Commission is aware that, as also pointed out by the Consultant, the labour market is presently in a state of instability, as evidenced by a severe and structural shrinkage in the labour force and a significant rise in private sector vacancies. The changes in the labour demand and supply and human resources practices will affect, directly and indirectly, the pay practices and levels thus the data receivable for the Government's reference.

#### *(a) Shrinkage of labour force*

3.5 The Commission notes that Hong Kong has been in face of an acute shortage in manpower resources as evidenced by a severe shrinkage in the labour force. The shrinkage of labour force is also accompanied by a shift in its age and career profile, with the loss being particularly pronounced in the active age group and higher-skilled workers. Higher-skilled workers with managerial and professional experience account for the majority of those who left the workforce from 2020 to 2022, which is also manifested in the high number of vacancies in relevant occupational groups. As the Consultant observes, the changes in the labour force have induced changes in the labour market such as a greater competition for new graduates in entry positions as well as skilled talents for experienced posts.

3.6 The Commission notes the Consultant's observation that the intensifying competition for talents and labour worldwide may also have an impact on the outflow of younger workforce from Hong Kong to other regions, given that various places (e.g. Canada and Australia) have rolled out measures and further relax their policies to attract talents and labour over the world, some of which are specifically targeted at those from Hong Kong.

(b) *High vacancies level and private sector responses*

3.7 In parallel to the shrinkage of labour force, the Commission notes that the vacancies in private sector rise as the pandemic subsides. The number of vacancies in private companies surveyed by the Census and Statistics Department has doubled in the past three years to a level which is even higher than pre-COVID times. As pointed out by the Consultant, enterprises have been actively deploying strategies and measures in response to the manpower strain, such as employing more part-time staff. Some have continued with measures that were put in place during the pandemic, such as remote working, to retain flexibility in their manpower resources, or even introduced additional financial incentives as a means to attract and retain talents.

(c) *Talent trawling measures*

3.8 The Commission notes that against the backdrop of a shrinking labour force and an increasingly competitive global environment, the Government has rolled out a package of measures to trawl labour and talents across various skilled levels and sectors (e.g. Top Talent Pass Scheme, expansion of coverage of the Immigration Arrangements for Non-local Graduates, suspension of quality migrant admission quota and Enhanced Supplementary Labour Scheme for labour importation). The Commission agrees that while it is reasonable to predict that the measures will increase labour supply and check the rise in labour cost, the time to be taken for the measures to restore the balance in labour supply and demand is yet to be firmly known.

(d) *Economic and external circumstances*

3.9 The overall economic situation and external circumstances may also have a bearing on the labour market. As cited by the Consultant, Hong Kong's economy (as indicated by the Gross Domestic Product figures) is still weighed by the challenging external circumstances, including the weakened demand from advanced economies as shown in the decline in Hong Kong's

external trade, and the rising geopolitical tensions. The recent downturns in the equity and real estate markets also reflect a cautious economic outlook, as shown in pressure in the local stock market and decline in property transaction activities amidst a rising and high interest environment. The Commission agrees that the cautious market outlook will potentially bring an adverse impact on business expansion and remuneration decisions, which may in turn affect pay levels in the private sector.

### **Recommended way forward**

3.10 As set out above, Hong Kong's labour market has been experiencing unprecedented turbulence. The local labour force has been significantly dwindling with changes in its age and career profile alongside surging vacancies in private organisations. These instabilities have triggered a stronger competition in the labour market for manpower, especially younger candidates and skilled talents, which have likely led to changes in employment or even remuneration practices in the market. In face of the tightness in the labour market, private sector employers have utilised different strategies to attract and retain talents, which would have an impact on the pay practices and levels in the private sector. The Commission agrees with the Consultant that given the turbulent state in the labour market, certain time will be required to observe how the package of measures implemented by the Government to trawl talents in a bolder and more targeted manner amidst the drastic demographic changes will take effect to alleviate the manpower shortage across different sectors. During the Commission's consultation exercise with the staff side representatives, different views were expressed, and while a few believed that extreme circumstances had ceased to exist and that fieldwork if conducted would not be severely disrupted, many others went along with the Consultant's recommendations. Taking into account all relevant factors including the views expressed during the staff consultation exercise, the Commission has resolved to accept the Consultant's assessment and recommendations.

3.11 Under this turbulent state in the labour market, the Commission considers that if pay data were to be captured at the current juncture, the data would likely have been overtaken by new changes in the market by the time when the Government is to apply the survey results to decide on civil service pay adjustments. In other words, the uncertainties in labour market may cast doubt on the timeliness and thus reference value of the collected pay data at the time of application, particularly when they are actually applied to the civil service at a later time point. A PLS conducted at the moment will then yield

findings the reliability of which may invite criticism and be subjected to queries and challenges, hindering the ultimate purpose of conducting a PLS to enable the Government to ascertain the comparability of civil service pay with private sector pay, and to subsequently make an informed decision on the civil service salary structure.

3.12 In addition, the Commission notes the Consultant's observation that there may be concerns on the capacity of participating companies in providing quality and timely responses to the survey in light of the manpower resources constraints, which may in turn cast doubt on the statistical reliability as well.

3.13 In light of the above analyses, the Commission **recommends** that it is prudent, as it is fair to the civil service and the private sector, **not** to proceed with Stage 2 of the PLS at least for the time being. The Commission takes the view that the PLS should be conducted at a time when the labour market has largely stabilised as the survey results then yielded will in general be perceived by the majority of stakeholders as reasonably reliable, and thereby meaningfully serve the purpose of informing the Government on the decision in adjusting civil service pay. The Commission wishes to emphasise that it is not the economic downturn nor the time required for the present economic recovery to run its full course which forms the basis on which the Commission so recommends. An economic downturn (or its mirror an economic upturn), particularly when it is established as a secular trend or a part of an economic cycle, is not a reason for withholding the fieldwork of a PLS.

3.14 The Commission **recommends**, as the Consultant has proposed, that the reconvening of another round of PLS should be subject to review of the then prevailing circumstances, including the overall labour market conditions. Subject to further consideration, that review should encompass an examination of the then state of the labour market and the overall economic situation, in particular if any transient or episodic factors are at work. At a suitable juncture, an examination of the role of the PLS under the civil service pay policy, and the survey methodology to be adopted, might be appropriate. The Commission firmly acknowledges the necessity of a fair and equitable pay determination mechanism for maintaining an adequately-staffed, competent and stable civil service, and this examination will definitely contribute to the establishment of a robust mechanism in the face of changing circumstances.

3.15 The Commission also takes note of the Consultant's observation that the various talent-trawling measures introduced by the Government are



tentatively for implementation for two years, and the suggestion that a clearer picture as to whether the changes in the labour market should be considered as episodic or transient factors can be ascertained nearer the time. The Commission recommends the Government to keep in view the labour market and economic circumstances and to revisit the conditions in a reasonable period of time.

## **Chapter 4**

### **Acknowledgements**

4.1           The Commission would like to convey its sincere gratitude to all parties who have contributed to Stage 1 of the exercise. Our thanks go to all staff representatives who participated in the job inspection interviews despite their hectic schedules which were in one way or another exacerbated during the pandemic (and during which the job inspection interviews were conducted). We would like to thank the staff side for sharing its views with the Commission over the series of consultation meetings. We would also like to thank the Census and Statistics Department for sharing the information and data in the course. Lastly, the Commission would like to record our appreciation to the staff of the Joint Secretariat for their hard work and dedicated support throughout the exercise.

**Standing Commission on Civil Service  
Salaries and Conditions of Service**

**Terms of Reference**

I. To advise and make recommendations to the Chief Executive in respect of the non-directorate civil service, other than judicial officers and disciplined services staff, on –

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

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

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

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

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

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

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

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

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

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

**Standing Commission on Civil Service  
Salaries and Conditions of Service**

**Membership**

**Chairman**

Dr Pang Yiu-kai, GBS, JP

**Members**

Hon Chan Chun-ying, JP

Ms Dilys Chau Suet-fung, JP

Ms Vena Cheng Wei-yan

Ms Ivy Cheung Wing-han

Ms Irene Chow Man-ling, JP

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Dr Miranda Lou Lai-wah

Dr Billy Mak Sui-choi

Mr Joseph Luc Ngai, JP

Mr Adrian Wong Koon-man, BBS, MH, JP

Mrs Betty Yuen So Siu-mai, JP

