

STANDING COMMISSION ON CIVIL SERVICE  
SALARIES AND CONDITIONS OF SERVICE

REPORT No. 67

# REPORT 2023

CHAIRMAN

DR PANG YIU-KAI, GBS, JP

APRIL 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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30 April 2024

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

Dear Sir,

--- 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 2023.

Yours faithfully,



( Y K Pang )  
Chairman

Standing Commission on Civil Service  
Salaries and Conditions of Service

Encl.

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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 offered independent advice to the Government 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, with full regard to factors relevant to the matters under consideration and views of stakeholders. The Commission's terms of reference, which set out the Commission's ambit and a couple of principles in accordance with which the Commission is to discharge its responsibilities, are at Appendix A. Appendix B sets out the Commission's current membership. All Commission Members are non-officials appointed in their personal capacity by the Chief Executive.

1.2 The present Annual Report gives an overall account of our major undertakings in 2023. During the year, our work revolved mainly around the Pay Level Survey (PLS). With the professional assistance rendered by a human resources consultant, we have completed the necessary groundwork in preparation for the fieldwork of the PLS. Chapter 2 below sets out our work in this regard and our recommendations as to the way forward. During the year, we also considered a host of proposals put forth by the Government relating to various conditions of service for individual grades, and in the case of marriage leave and compassionate leave, for virtually the whole body of government employees. In our view, the Government's proposals represent reasonable enhancements that are warranted and justified in the light of present circumstances, and accordingly, we rendered full support for them. We will give a further account of these matters and our work in other areas in Chapter 3. Separately, as required by our terms of reference, we keep in view the methodology adopted in the annual Pay Trend Survey (PTS). Practically, with the advice of the Pay Trend Survey Committee (PTSC) whose Chairman and Alternate Chairman are our fellow Members, we were satisfied that for the 2024 round of the PTS, the current survey methodology serves the purposes well (of indicating reliably the magnitude of salary changes in the private sector), and we have so recommended to the Government. Our work in this aspect is set out in Chapter 4. By way of

conclusion, we set out in Chapter 5 in brief terms a provisional programme of our work in the forthcoming year.

1.3 We would like to thank Mrs Ingrid Yeung Ho Poi-yan, JP, Secretary for the Civil Service, and her team, for their assistance and support. Our appreciation also goes to the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (the Joint Secretariat) whose staff rendered secretariat and research support for us during the year.

## **Chapter 2**

### **Pay Level Survey**

#### **Groundwork under Stage 1**

2.1 The PLS contributes to the policy objective of maintaining broad comparability of pay between the civil service and private sector by ascertaining and comparing the pay levels of civil service jobs with those of comparable jobs in private sector organisations. The PLS and the PTS are crucial components under the Improved Civil Service Pay Adjustment Mechanism (Improved Mechanism). This Chapter sets out the work that we accomplished for the PLS in the year, and Chapter 4, the PTS.

2.2 To recap, in December 2019, the Government asked us to conduct a fresh round of the PLS. At that time, the COVID-19 pandemic had just started to plague Hong Kong and the rest of the world and to take a toll on our society and economy. We recognised the role that the PLS was to play under the Improved Mechanism, but were also aware at the same time that the survey work for the PLS should be conducted at a time at which pay data collected would be reliable and useful for the purposes of conducting the PLS in the first place. The then state of the private sector, however, had already been prejudiced one way or another by the onset of the pandemic, and we believed that it would not be appropriate to conduct the fieldwork for the PLS during that time or in fact before the impact of the pandemic on the private sector subsided (the timing of which was uncertain at best). At the same time, we also believed that we should not hold up the series of preparatory work for the survey: unless all the preparatory work (which would take a considerable time to conduct) was completed, we could not proceed with the actual fieldwork even when there were imminent signs showing that timing was ripe (or about to be ripe) for the survey to go further. On balance, we took a considered view that the survey be taken forward in two stages. We would first commence the preparatory groundwork (which could largely be taken even in the presence of the negative impact on the private sector brought by the pandemic) right away, and after this “Stage 1” of work was completed, we would decide, in the light of the circumstances subsisting at the time, whether and when to proceed with the fieldwork of the survey (as “Stage 2” of the exercise). We so informed the Government in November 2020 in response to the latter’s earlier invitation.

2.3 In our previous Annual Report (in paragraphs 2.19 and 2.20), we spelt out the outcome of the early part of the Stage 1 work which we already completed in 2022. During the year 2023, the human resources consultant that we appointed continued with the remainder under Stage 1. Specifically, under our guidance, the consultant spent a great deal of time and attention on the process of “job inspection”. By this process of job inspection, the consultant ascertained the major, typical duties, and the qualifications and experience required, of a good number of “civil service benchmark jobs”, and came up with a job description for each of them. Arguably, this process is the most crucial under Stage 1, as the job descriptions so yielded will form the basis, an objective one, on which in Stage 2 of the exercise, comparable jobs in the private sector are to be identified and their pay levels compared.

2.4 This job inspection was a mammoth task. The extent to which the survey results could be accepted to be reliable at the end of day depends very much on whether jobs in the private sector that are selected for pay comparison are reasonably comparable to the civil service. It was therefore necessary for both the staff and management sides to jointly agree that the job descriptions produced from the job inspection were accurate descriptions of their major, typical responsibilities, which would inform which “job matches” in the private sector should be identified.

2.5 For the survey results to be representative, over 300 civil service ranks were selected as civil service benchmark jobs. We had invited more than 2 000 civil servants to meet with the consultant, over some 320 job inspection interviews, during which they shared candidly with the consultant the nature of their major duties and in many a case, the difficulties and challenges that they had to overcome. The outcome of the process cannot but be fruitful: not only were job descriptions the contents of which were agreed upon by the staff and management sides compiled but a better mutual understanding in between also consolidated.

2.6 In the year, for the PLS, in addition to job inspection, we also instructed the consultant to confirm an operational framework for conducting the fieldwork and to prepare a list of private sector organisations to be surveyed. The consultant completed these tasks under Stage 1 to our satisfaction.



## Way Forward

2.7 After completing the groundwork under Stage 1, the consultant submitted its recommendations on the way forward. Under the two-stage approach that we adopted, it was then incumbent upon us to consider whether and when to proceed with Stage 2 of the exercise (primarily the fieldwork). We already set out in detail our considerations and recommendations in a separate report that we submitted to the Chief Executive in February 2024<sup>1</sup>. In gist, our main consideration was whether there were any transient or idiosyncratic factors in the overall labour market and other parts of the economy that might, by the time the fieldwork was completed, call into question the accuracy, reliability or representativeness of the results of the fieldwork if it commenced at the material time or in the near future. As we set out in paragraph 2.2 above, it was imperative for the fieldwork of the PLS to be conducted at a time at which pay data collected would be reliable and useful for the purposes of conducting the PLS.

2.8 In our report submitted to the Government, we have recommended not to proceed with Stage 2 of the PLS, chiefly on account of the severe and unprecedented turbulence in the labour market. For one thing, the local labour force had been significantly dwindling with changes in its age and career profiles alongside surging vacancies in the private sector. In the face of the tightness in the labour market, private sector employers had adopted various strategies to attract and retain talents, which would have an impact on the pay practices and levels in the private sector. We also noted that the Government had put in place an array of schemes for trawling talents and labour in a bolder and more targeted manner, but the effectiveness of these schemes in restoring the stability of the labour market would take certain time to fully realise.

2.9 Furthermore, we noted that the economy was still weighed down by external circumstances, including the weakened demand from advanced economies and rising geopolitical tensions. The downturns in the equity and real estate markets also reflected a cautious economic outlook. All these factors would potentially bring an adverse impact on business expansion and remuneration decisions, which might in turn affect pay levels in the private sector. We considered it prudent not to proceed with Stage 2 of the PLS at least for the time being, and have so recommended to the Chief Executive.

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<sup>1</sup> Report No. 66 (Report on Civil Service Pay Level Survey), available at <https://www.jsscs.gov.hk/reports/en/66/66.pdf>.

2.10 We are pleased to know that the Government has accepted our recommendations. We will of course be pleased to offer any further assistance in or views on such an important topic as the PLS upon the Government's invitation.

## **Chapter 3**

### **Other Matters**

3.1 In addition to salary, the conditions of service (including fringe benefits) for the non-directorate segment of the civilian civil service also come under our purview.

3.2 During the year, the Government sought our views on a number of proposals relating to various conditions of service, for individual ranks and for the whole body of government employees alike. We will set out in the following paragraphs details of the proposals and the reasons for our supporting them.

#### **Conditioned Hours of Work**

3.3 In the civil service, conditioned hours of work refers to the hours of duty for which salary is calculated. Work that is performed over and beyond the conditioned hours is deemed as overtime, which may be compensated by “time off in lieu” or the payment of an “Overtime Allowance”. Civil servants at certain ranks or of certain grades are concerned about the length of their conditioned hours of work, and their representatives have raised this topic passionately with us. In particular, they have cast doubt on the appropriateness of the “net” conditioned hours of work system<sup>2</sup>.

3.4 Specific conditioned hours of work per week is laid down for different grades of civil servants according to the operational requirements and other relevant considerations. The stipulated conditioned hours of work has been taken into account when the pay of different civil service ranks or grades is determined. In other words, the length, and the system by which the conditioned hours of work is calculated, are historical and already determined (and by implication agreed upon) when one joins the relevant rank or grade.

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<sup>2</sup> There are two systems of conditioned hours of work in the civil service: the gross and the net. Under the gross system, meal breaks are counted towards the conditioned hours of work but under the net system, meal breaks are not counted in, and are therefore “unpaid”.

3.5 That said, and notwithstanding its effect of effectively improving the pay and conditions of service, the Government is open to proposals on reduction of conditioned hours of work for individual grades, subject to their fulfilment of the three pre-requisites (i.e. cost-neutrality, no additional manpower and maintaining the same level of service to the public) as well as the “same grade, same conditioned hours of work” principle. While we have taken note of this policy stance, with which we cannot find fault<sup>3</sup>, we have flagged up with the Government the strong views expressed by many staff representatives on individual cases, and encouraged the Government and the relevant departmental management to leverage the use of technologies or adjust their management practices (or adopt any other appropriate means) such that the three pre-requisites as well as the “same grade, same conditioned hours of work” principle can be met for the conditioned hours of work to be reduced, no matter how incrementally.

3.6 Our efforts bore fruit during the year. The Government including the departmental management, and the staff members, have worked hand-in-hand to reduce the conditioned hours of work for the Explosives Officer II rank. The Explosives Officer grade comprises four ranks, and members of it serve in two offices<sup>4</sup>. Members of the grade are mainly responsible for enforcing the law on explosives and managing Government explosives depots. Due to historical reasons, different conditioned hours of work are stipulated for different ranks of the grade, with the Explosives Officer II rank (i.e. the entry rank) serving the longest conditioned hours at 45 hours **net** per week. The Government and the departmental management have explored practical means (such as process re-engineering and a more extensive use of technologies) to reduce the conditioned hours of work for the rank. With the earnest support of the grade, the conditioned hours of work for the rank could be reduced to 44 hours **gross** per week, on par with the other ranks of the grade and in fact with most civilian grades. When consulted by the Government on the proposal in April 2023, we rendered full support, as the proposal was a reasonable enhancement in the conditions of service without compromising any of the three pre-requisites as well as the “same grade, same conditioned hours of work” principle.

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<sup>3</sup> For instance, management problems will likely arise if different conditioned hours of work are stipulated for members of the same rank of the grade deployed to different programme areas or teams.

<sup>4</sup> The Explosives Officer grade comprises four ranks, namely, Explosives Officer II, Explosives Officer I, Senior Explosives Officer and Chief Explosives Officer. Members of the grade serve in the Mines Division of the Civil Engineering and Development Department and Create Hong Kong of the Culture, Sports and Tourism Bureau.

## **Extraneous Duties Allowances**

3.7 In accordance with their terms of appointment and applicable Civil Service Regulations, a salary (usually monthly) is payable to civil servants for their work expected of them at their current rank. There are however occasions on which civil servants are called upon to perform duties that are extraneous to the job descriptions for the officers concerned and the discharge of such duties requires extra skill or imposes new responsibility not normally expected of staff in the same grade or rank. In these circumstances, an Extraneous Duties Allowance (EDA) may be granted to them. EDAs are payable only when justified on operational grounds and upon compliance with the general principles adopted by the Government in governing job-related allowances payable to civilian grade staff. Quite often, the Government seeks our views on proposals to introduce a new EDA or to adjust the payment rate. During the year, the Government consulted us on a proposal to establish a new EDA for members of the Field Assistant grade who are required to regularly and frequently perform vessel-driving duties.

3.8 Members of the Field Assistant grade serve in various streams in the Agriculture, Fisheries and Conservation Department. A portion of them are tasked to patrol and enforce related law in marine parks, marine reserves and fish culture zones. When discharging these duties, they invariably have to make use of government vessels. For operational needs, the Department has deployed members of the grade (after they are properly trained and licensed) to drive government vessels which they are at any rate on board for the patrol and enforcement duties. Vessel-driving requires extra skills of such members. To recognise such extra skills, the Agriculture, Fisheries and Conservation Department proposed to make available an EDA to such members who shoulder regularly and frequently the extraneous duty of driving government vessels. The Government sought our views on the proposal during the year.

3.9 We appreciated first of all the initiative of the staff concerned to shoulder an extraneous duty. We also agreed that for all purposes, vessel-driving falls outside the scope of normal duties expected of members of the Field Assistant grade, and that the proposal not only meets the prevailing principles governing the payment of EDAs but also had the effect of incentivising members of the grade to acquire an extra skill through structured training. We therefore rendered full support for the proposal, which took effect from 1 January 2024.

3.10 Another case relating to EDA was routed through us in the year, and that case related to the payment rate of an existing EDA and a rate adjustment mechanism in the future.

3.11 In July 2017, after consulting us, the Government introduced an EDA, the EDA(Mainland and Macao Driving), for compensating members of the Motor Driver and Chauffeur grades who perform cross-boundary driving duties on trips to and from the mainland of China and Macao<sup>5</sup>. The purpose of the EDA was to compensate members having regard to the extra responsibilities involved in cross-boundary driving duties, the need for additional qualification and knowledge and to encourage members of the grades to become and remain licensed for driving in the two places. Under the approved regime, the rate of the EDA was a fixed one.

3.12 Since its introduction in 2017, the value of the EDA has thus paled, either as a form of additional monetary compensation or as a form of incentive for becoming properly licensed. The Government sought our views in October 2023 on a proposal to uplift the rate and to build in a rate adjustment mechanism.

3.13 Starting from the premise that the EDA is still justified on operational grounds and for other merits, we agreed that the rate should be reasonably uplifted such that the EDA can serve its intended purposes effectively. The Government proposed to reference the rate of a similar existing EDA, an approach which we fully supported. Separately, for preserving the value of the EDA in the long run, the Government proposed to build in a rate adjustment mechanism, under which the rate will be adjusted in the future in accordance with the annual civil service pay adjustment for civil servants in the lower salary band. We agreed that it is a practical approach, and therefore rendered full support for this aspect as well. We would expect that any new EDA will have a rate adjustment mechanism built in if its value is to be preserved over time.

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<sup>5</sup> Report No. 58 on our work in 2017, paragraphs 4.2 to 4.5, available at <https://www.jsscs.gov.hk/reports/en/58/58.pdf>.

## **Provision of Marriage Leave and Compassionate Leave to Government Employees**

3.14 As a good employer, the Government is committed to providing a family-friendly working environment to enable government employees to cope with both work and family commitments. We are pleased to know that whilst aspiring to be a role model, the Government has always strived to strike a fine balance between this commitment and a prudent use of public money. Practically, the Government has rolled out a package of family-friendly employment measures, such as the five-day week initiative, maternity leave and paternity leave that are more favourable than the statutory requirements, and the implementation of a breast-feeding-friendly workplace. We believe that these initiatives could not have been queried as a matter of principle, but the trickiest part always remains as to where to strike the right balance.

3.15 The Government's efforts on this front carried on in the year. It was announced in the 2023 Policy Address that the Government will make available marriage leave and compassionate leave to government employees starting from April 2024 to cater for their family needs arising from marriage or bereavement. The Government subsequently sought our views on a detailed proposal.

3.16 When examining the proposal, we were guided by the basic principle that the facility should not be too "lavish" when compared with practices in the private sector, recognising at the same time that the facility will be funded by the public purse. Under the Government's proposal, all government employees on active service are eligible to apply for this facility<sup>6</sup>. We agreed that this is a reasonable and equitable arrangement, as employees on different terms of employment cannot be assumed to have different family needs. An eligible employee can take up to three days of authorised absence, on each occasion of the employee's own marriage and of the death of a defined family member, subject to the exigencies of the service. We recognise that one may always query the scope of coverage (for example, why the facility cannot be made more generous by, for instance, counting in the marriage of an officer's own children), but we believed that the Government's proposal has struck the right balance as we described above (as how close a relationship varies among individuals and public money is involved here). The Government also proposed that unless there are contrary indications,

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<sup>6</sup> Civil servants who are on final leave are not eligible to apply for this facility as they are already excused from duty.

applications should be handled summarily. We agreed that this is a practical arrangement, as bureaucratic red-tape is utterly inappropriate in any of the circumstances for which the facility is to be made available. In sum, we rendered full support for the Government's proposal.

3.17 We should put up a marker here: in the context of this proposal (and other matters), the Government is particularly responsive to and sympathetic with reasonable requests raised by the staff side. We understand that the staff side has floated a similar request for marriage leave and compassionate leave for some time before the announcement in the 2023 Policy Address. In fact, at our earlier sharing sessions with them (further details in the subsequent paragraphs), the staff side floated the same suggestion which we agreed was fair and largely justified. The present proposal is a positive response to the request. It is true that the staff side has raised many other requests, but as persons partially in the know, we believe that as the guardian of the public purse and of other public interests and to avoid pressuring the private sector, the Government is perfectly entitled to be circumspect in determining the salary, conditions of service and other facilitative measures for whatever segments of the civil service.

### **Liaison with Major Civil Service Staff Bodies**

3.18 Our terms of reference mandate us to provide adequate opportunities for staff associations to express their views. This has proven to be a sensible and fruitful approach, as the advice that we are to tender is supposed to be a balanced view reflecting the interests and perhaps conflicting views of different stakeholders including the staff side.

3.19 We engage the staff side on specific topics (such as the PLS) and generally. For instance, we sought views from the staff side at various junctures when we proceeded with Stage 1 of the PLS, and we hold annual sharing sessions with the staff side of the Senior Civil Service Council (SCSC)<sup>7</sup> and the Model Scale 1 Staff Consultative Council, and the three major service-wide staff unions<sup>8</sup>. Without any specific agenda, the sessions provide a less formalistic forum for the staff side and ourselves to exchange views candidly over matters of mutual concern, such as the five-day week

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<sup>7</sup> 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.

<sup>8</sup> The three major service-wide staff unions are the Government Employees Association, the Hong Kong Civil Servants General Union and the Hong Kong Federation of Civil Service Unions.



initiative, the length of the conditioned hours of work of a number of grades/ranks, facility for marriage and bereavement, the quantum and scope of medical and dental benefits available to civil servants and the mode of provision, and the fringe benefits for officers appointed on New Terms<sup>9</sup>.

3.20 As we set out above, quite a number of requests made by the staff side at this forum have been taken on board by the Government. Other requests if entertained will give rise to significant financial implications (such as an adjustment to the fringe benefits available to officers appointed on New Terms), and we agree with the Government that such requests have to be handled meticulously.

3.21 In any event, we appreciate how candid and passionate the staff side is when they share with us their views and aspirations at these sharing sessions. We look forward to the next round of the sessions.

### **Liaison with External Stakeholders**

3.22 Although we are appointed to the Commission in our personal capacity, by virtue of our positions in the private sector or our professional background, our views could be taken to reflect various wider interests. We do go a step further than that. 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 to exchange views on civil service pay, conditions of service and pay surveys. For instance, in June 2023, 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 of the 2023 PTS. These initiatives will continue in the future.

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<sup>9</sup> New Terms officers refer to those civil servants who were offered appointment on or after 1 June 2000.

## Chapter 4

### Pay Trend Survey

4.1 The PTS aims to ascertain the year-on-year average movements in private sector pay. Together with the PLS, the PTS forms the bulk of the Improved Mechanism. Collectively, both surveys seek to ascertain private sector pay, such that with the benefits of the findings, the Government can decide if and how civil service pay should be adjusted to bring it broadly comparable to private sector pay, a cardinal principle underlining the current civil service pay policy.

4.2 As it is now conducted, the PTS yields a set of gross pay trend indicators (PTIs), representing the average pay adjustment for surveyed employees classified into defined salary bands. The net PTIs (derived from the gross PTIs after the payroll costs of increments are suitably deducted) and other pertinent considerations (including the state of Hong Kong's economy, changes in the cost of living, the Government's fiscal position, the pay claims of the staff side and civil service morale) are then taken into consideration by the Chief Executive-in-Council (CE-in-Council) in deciding on the specific rates of adjustment for civil service pay for the year.

4.3 This is the gist of the annual civil service pay adjustment mechanism adopted nowadays. As long as the present policy (of maintaining broad comparability of pay between the civil service and private sector) is maintained, the Improved Mechanism, with the PLS and the PTS as the core elements, should be effective in gathering reliable information and generating useful indicators for the Government to take a policy decision.

4.4 Within this policy context, we are duty bound to keep in view the utility or effectiveness of the methodology adopted for the PTS, and to examine if any fine-tuning or adjustments are feasible and warranted. With the help of and inputs from the PTSC, we completed such a review in the latter part of 2023. Before we set out our views on the PTS methodology, it would be opportune for us to say a few words about the PTSC and the findings of the 2023 PTS.

## **Pay Trend Survey Committee**

4.5 The 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 Laurence Li Lu-jen, SC, JP, and Ms Dilys Chau Suet-fung, JP, are the incumbent Chairman and Alternate Chairperson respectively. The PTSC also comprises representatives of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Civil Service Bureau and the staff side. Its composition is at **Appendix C**.

4.6 The main function of the PTSC is to commission the annual PTS, agree on a survey field in accordance with the criteria that the PTSC imposes on itself, analyse the findings of the survey, apply the agreed criteria for the interpretation of the data collected, and finally agree on its results.

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

## **Pay Survey and Research Unit**

4.8 The fieldwork of the PTS is conducted by the Pay Survey and Research Unit (PSRU), which is a unit under the Joint Secretariat. The PSRU collects information from organisations in the agreed survey field. The pieces of information collected include changes in basic salaries and additional payments that relate to (or can be attributed to changes in) the cost of living, general prosperity and company performance, general changes in market rates, merit increase and in-scale increment during the survey period. The pay data collected are then aggregated to derive an average pay adjustment rate for each of the three salary bands into which all surveyed employees are classified, known as the gross PTI. The findings in the form of a gross PTI for each of the salary bands are presented to the PTSC for verification and, if deemed appropriate, for validation.

## **The Improved Methodology of the Pay Trend Survey**

4.9 Starting from 2007, the PTS has adopted an improved methodology as approved by the CE-in-Council in March 2007. Under the improved methodology, the survey field covers larger companies (with 100 or

more employees) and smaller companies (employing between 50 and 99 employees). By definition, smaller companies engage much fewer employees than larger companies. To prevent the data contributed collectively by smaller ones from being overwhelmed by larger counterparts, a gross-up factor is applied when pay data from both smaller and larger companies are aggregated.

4.10 On the advice of the PTSC and ours, the Government has agreed to enhance the PTS methodology in various aspects over the years. For instance, pay data of various categories of employees<sup>10</sup> are not counted in the computation of the gross PTIs, as their pay is influenced by factors other than (or at least in addition to) those referred to in paragraph 4.8 above. After these enhancements, the PTS should be able to yield findings that are more reliable and relevant to civil service pay adjustment decisions.

### **The 2023 Pay Trend Survey**

4.11 The 2023 PTS, commissioned by the PTSC in February 2023, was conducted between February and May 2023. It followed the improved PTS methodology with the refinements as mentioned in paragraphs 4.9 to 4.10.

4.12 A total of 108 companies, comprising 81 larger companies (75%) and 27 smaller companies (25%), participated in the 2023 PTS. The PSRU collected information on pay adjustments in these 108 companies (comprising 136 971 employees) over the 12-month period from 2 April 2022 to 1 April 2023, and analysed the data in accordance with the improved methodology. The gross PTIs<sup>11</sup> derived from the survey findings were released on 17 May 2023, and considered and validated by the PTSC on 24 May 2023. A summary of the results of the survey is at **Appendix D**.

4.13 Having considered the net PTIs<sup>12</sup> and the other pertinent considerations as mentioned in paragraph 4.2, the CE-in-Council decided on 13 June 2023 to increase the pay for civil servants in the upper salary band at

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<sup>10</sup> Employees whose salary is affected, directly or indirectly, by the Statutory Minimum Wage, new recruits who are not subject to pay adjustment decisions during the survey period as a result of company policy, and new recruits who are awarded pay adjustment on a pro-rata basis as a result of company policy.

<sup>11</sup> In the 2023 PTS, the gross PTIs for the upper, middle and lower salary bands are 3.91%, 5.68% and 5.66% respectively.

<sup>12</sup> The net PTIs adopted for the 2023-24 civil service pay adjustment exercise were 2.87%, 4.65% and 4.50% for the upper, middle and lower salary bands respectively.

2.87% and for those in both the middle and lower salary bands at 4.65% for 2023-24. Following the above decision made by the CE-in-Council and the subsequent approval of the Finance Committee of the Legislative Council on 7 July 2023, the 2023-24 civil service pay adjustment took retrospective effect from 1 April 2023. The latest pay scales relevant to the Commission's purview are shown at **Appendix E**.

### **Review of Survey Methodology**

4.14 After disposing of the 2023 PTS, the PTSC embarked on a review of the survey methodology. The PTSC has examined the definition of "smaller companies", how the survey field should be apportioned among major economic sectors, whether additional information that could shed light on whether and how the payroll costs of increments should be discounted could be collected from surveyed companies, and the handling of the PTS under extreme circumstances.

4.15 The PTSC considered that there were theoretical merits in each of the proposals under review. But the PTSC also noted that there were practical difficulties, some of which being insurmountable, in implementing the proposals. On balance, the PTSC resolved that none of the proposals could be taken on board, and that therefore the methodology adopted for the 2023 PTS should be adopted for the 2024 exercise.

### **The Commission's Views on the Review of PTS Methodology**

4.16 We supported the PTSC's recommendation. A copy of our letter dated 15 December 2023 tendering advice to the Government on the review of the PTS methodology is at **Appendix F** (with key features of the methodology at **Annex** to the letter).

## **Chapter 5**

### **Future Programme of Work**

5.1 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.

5.2 In the latter part of 2024, with the benefit of the PTSC's advice, we will examine the methodology to be adopted for the 2025 PTS. Separately, the Government has accepted our recommendation not to proceed with the remaining work of the PLS. In the event that the Government wishes to have our views or assistance in relation to the PLS, in 2024 or beyond, we will be pleased to oblige.

5.3 A proper and accurate recognisance of the concerns, aspirations or requests of the staff side is indispensable to the proper discharge of our responsibilities. We will continue to leverage the sharing sessions for a candid exchange of views with the staff side. We will engage the relevant staff representatives if necessary for any specific tasks that we may undertake.

## **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.



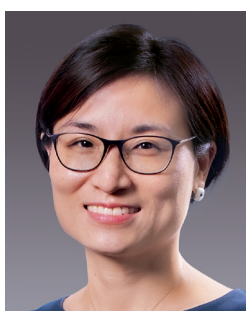
**STANDING COMMISSION ON  
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE  
(Membership as at 2023)**



**DR PANG YIU-KAI, GBS, JP**  
CHAIRMAN

(APPOINTED ON 1 JANUARY 2019)

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**MS CHRISTINA MAISENNE LEE, JP**  
MEMBER

(APPOINTED ON 1 AUGUST 2018)

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**DR MIRANDA LOU LAI-WAH**  
MEMBER

(APPOINTED ON 1 JANUARY 2019)

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**MR JOSEPH LUC NGAI, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2019)

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**HON CHAN CHUN-YING, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2020)

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**STANDING COMMISSION ON  
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE**  
(Membership as at 2023)



**MRS BETTY YUEN SO SIU-MAI, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2020)

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**MS VENA CHENG WEI-YAN**  
MEMBER

(APPOINTED ON 1 JANUARY 2021)

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**MS ADA LEUNG KA-LAI, SBS**  
MEMBER

(APPOINTED ON 1 JANUARY 2021)

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**MR LAURENCE LI LU-JEN, SC, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2021)

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**MS DILYS CHAU SUET-FUNG, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2022)

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**STANDING COMMISSION ON  
CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE**  
(Membership as at 2023)



**MR VICTOR LAM HOI-CHEUNG, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2022)

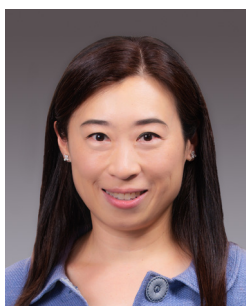
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**MS IVY CHEUNG WING-HAN**  
MEMBER

(APPOINTED ON 1 JANUARY 2023)

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**MS IRENE CHOW MAN-LING, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2023)

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**DR BILLY MAK SUI-CHOI**  
MEMBER

(APPOINTED ON 1 JANUARY 2023)

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**MR ADRIAN WONG KOON-MAN,  
BBS, MH, JP**  
MEMBER

(APPOINTED ON 1 JANUARY 2023)

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## **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 2023 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 2023 PTS was the 46<sup>th</sup> of its kind.

### Survey period

2. The survey covered a 12-month period from 2 April 2022 to 1 April 2023.

### Surveyed companies

3. A total of 108 companies took part in the survey including 81 larger companies (with 100 or more employees) and 27 smaller companies (with 50 to 99 employees) in the ratio of 75 : 25. The pay data of their 136 971 employees were used in the calculation of the 2023 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 (CE-in-Council) in March 2007), data collection in the 2023 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><br>(below MPS <sup>1</sup> Point 10)                          | below \$24,670 per month        |
| (b) | <u>Middle Salary Band (I)</u><br>(MPS Points 10 to 23)                                 | \$24,670 – \$47,820 per month   |
| (c) | <u>Middle Salary Band (II)</u><br>(above MPS Point 23 to Point 33)                     | \$47,821 – \$75,620 per month   |
| (d) | <u>Upper Salary Band (I)</u><br>(above MPS Point 33 to Point 44)                       | \$75,621 – \$112,925 per month  |
| (e) | <u>Upper Salary Band (II)</u><br>(above MPS Point 44 to<br>PPS <sup>1</sup> Point 54b) | \$112,926 – \$154,690 per month |

5. Data collection commenced in February 2023 and ended in May 2023. 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 17 May 2023. Taking into account only those adjustments which related to the cost of living, general prosperity and company performance, general

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<sup>1</sup> MPS denotes Master Pay Scale; PPS denotes Police Pay Scale.

changes in market rates, merit increase and in-scale increment, the following pay adjustments had been made in the surveyed companies during the period from 2 April 2022 to 1 April 2023 –

- |     |  |         |
|-----|--|---------|
| (a) | Lower Salary Band<br>(below \$24,670 per month)        | + 5.66% |
| (b) | Middle Salary Band<br>(\$24,670 to \$75,620 per month) | + 5.68% |
| (c) | Upper Salary Band<br>(\$75,621 to \$154,690 per month) | + 3.91% |

8. The PTSC met on 24 May 2023 to verify and consider the 2023 PTS Report. The two representatives of the Standing Commission on Civil Service Salaries and Conditions of Service, the representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, the two representatives of the Civil Service Bureau, the two Staff Side Representatives of the Senior Civil Service Council, the three Staff Side Representatives of the Model Scale 1 Staff Consultative Council, the two Staff Side Representatives of the Police Force Council and the two Staff Side Representatives of the Disciplined Services Consultative Council validated the survey findings. 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 and pursuant to the decision of the CE-in-Council in June 2019<sup>2</sup>, the Government, after deducting the values of civil service increments at their payroll cost, which were 1.16%,

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<sup>2</sup> In considering the 2019-20 civil service pay adjustment in June 2019, the CE-in-Council also decided to put a cap on the PCIs to be deducted from the gross PTIs. Specifically, from the 2019-20 civil service pay adjustment exercise onwards, the average PCI for each salary band from 1989-90 to 2019-20, or the actual PCI for the particular salary band for the year, whichever is the lower, will be adopted for deriving the net PTI for that salary band.

1.03% and 1.04% respectively for the lower, middle and upper salary bands, arrived at the net PTIs for 2023-24<sup>3</sup> as follows –

(a)	Lower Salary Band	+4.50%
(b)	Middle Salary Band	+4.65%
(c)	Upper Salary Band	+2.87%

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<sup>3</sup> In June 2023, having considered all pertinent considerations including the net PTIs under the Improved Civil Service Pay Adjustment Mechanism, the CE-in-Council decided to increase the pay for civil servants in the upper salary band at 2.87% and for those in both the middle and lower salary bands at 4.65% with retrospective effect from 1 April 2023.



**Civil Service Pay Scales Relevant to the Commission’s Purview  
(with effect from 1 April 2023)**

<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	142,840	13	19,175	4	13,065
48	137,875	12	18,790	3	11,975
47	133,090	11	18,405	2	10,830
46 (44B)	128,420	10	18,050	1	9,740
45 (44A)	123,980	9	17,695	0	9,185
44	116,165	8	17,355		
43	112,130	7	17,040		
42	107,515	6	16,695		
41	103,065	5	16,370		
40	98,810	4	16,035		
39	94,735	3	15,690		
38	90,540	2	15,375		
37	86,575	1	15,040		
36 (33C)	82,650	0	14,730		
35 (33B)	80,730				
34 (33A)	79,930				
33	79,135				
32	75,585				
31	72,180				
30	68,940				
29	65,875				
28	62,895				
27	60,065				
26	57,390				
25	54,805				
24	52,410				
23	50,045				
22	47,795				
21	45,640				
20	43,460				
19	41,400				
18	39,435				
17	37,585				
16	35,775				
15	34,060				
14	32,430				
13	30,870				
12	29,120				
11	27,405				
10	25,815				
9	24,380				
8	22,895				
7	21,500				
6	20,165				
5	18,965				
4	17,770				
3	16,695				
2	15,665				
1	14,735				
0	13,860				

<u>Training Pay Scale</u>		<u>Technician Apprentice Pay Scale</u>	
<u>Point</u>	<u>\$</u>	<u>Point</u>	<u>\$</u>
16	33,975	4	16,510
15	32,355	3	15,060
14	30,800	2	13,605
13	29,455	1	12,525
12	27,655	0	11,750
11	25,395		
10	23,320		
9	21,965		
8	20,615		
7	19,360		
6	18,180		
5	17,055		
4	16,025		
3	15,060		
2	14,110		
1	13,270		

## 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/4-085/001/80

15 December 2023

Mrs. Yeung Ho Poi Yan, Ingrid, JP  
Secretary for the Civil Service  
9<sup>th</sup> Floor, West Wing  
Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

*Dea Ingrid.*

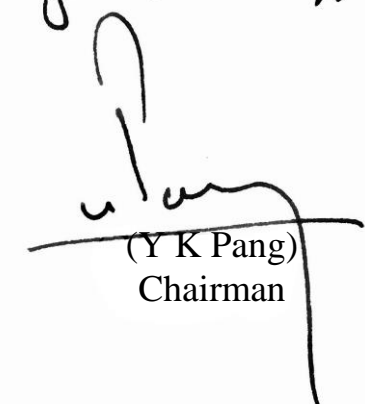
### **Review of the Methodology of the Pay Trend Survey**

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 PTS has been conducted on the basis of an 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 side 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. In line with the 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. Over the years, a number of refinements have been made to the PTS methodology in accordance with this well-established mechanism.

The PTSC has met in October 2023 to examine various aspects of the PTS methodology, and agreed that the methodology for the 2023 PTS be maintained for the 2024 PTS. The key features of the proposed 2024 PTS methodology are set out at **Annex**.

Having considered the PTSC's review report, we are pleased to inform you that the Standing Commission supports the PTSC's recommendation on the methodology for the 2024 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,  
  
(Y K Pang)  
Chairman

Encl.

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

### **Key Features of the 2024 Pay Trend Survey Methodology**

#### **Overall**

The 2023 Pay Trend Survey (PTS) methodology should continue to be adopted for the 2024 PTS.

#### **Survey Field**

- (a) *Distribution of companies in the survey field***

  - (i) an incremental approach will continue to be adopted to address the issues of over-representation or under-representation of individual economic sectors in the survey field. If in the future, having regard to the overall distribution of economic sectors in the survey field, it comes to the notice of the Pay Survey and Research Unit (PSRU) that the “F”, “T” or “C” sectors are particularly under-represented to the extent that new companies have to be identified for them, the PSRU will, in the light of the then circumstances, identify suitable new smaller companies for Members’ consideration.
  
- (b) *Examining if it is feasible and desirable to broaden the survey field to encompass companies with fewer than 50 employees***

  - (i) the *status quo* will be maintained for the 2024 PTS: smaller companies for inclusion in the survey field should continue to be defined as those engaging between 50 and 99 employees, and larger companies, those with 100 employees or more. The ratio of larger to smaller companies should be maintained at 75 : 25, with an allowance of a deviation of around plus or minus five percentage points.

(c) ***Component Factors of Salary Adjustment - Merit Increase and Special Merit Pay***

- (i) the PSRU will continue to encourage the surveyed companies to provide a breakdown of salary adjustments attributable to special merit pay by communicating with them. To further understand and analyse whether there is a change in the number of companies that have considered special merit pay when awarding basic salary adjustments to their employees, the PSRU will continue to collect the information on special merit pay and keep in view the situation.

(d) ***Devising a Mechanism to Cope with Special Circumstances***

- (i) the annual PTS will continue to be conducted in accordance with the existing mechanism. The PSRU will report to the Pay Trend Survey Committee in good time, in the event that during data collection, the survey could not be duly completed due to special circumstances or in the event that the survey could be called into question due to a significant shrinkage of the coverage of the survey field.

