

Standing Commission on Civil Service Salaries and Conditions of Service: Report No. 66: Report on Civil Service Pay Level Survey

The following is issued on behalf of the Standing Commission on Civil Service Salaries and Conditions of Service:

The Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) submitted a report to the Chief Executive today (February 6). The report sets out its recommendation of not proceeding with Stage 2 of the 2019 Civil Service Pay Level Survey (PLS).

The PLS aims at ascertaining whether civil service pay is broadly comparable with private sector pay. Following the invitation from the Government in December 2019, the Standing Commission has been spearheading the groundwork for the PLS.

In light of the then unique social-economic circumstances, particularly the uncertainties arising from the onset and spread of the COVID-19 pandemic, the Standing Commission adopted a "two-stage" approach for the 2019 PLS. Under this approach, through a professional consultant, the Standing Commission has completed all necessary groundwork for the exercise (known as Stage 1). Engaging the staff side along the way, the Standing Commission has fine tuned the survey methodology, identified appropriate civil service jobs for eventual comparison with the private sector, and confirmed the major attributes of identified civil service jobs after extensive discussions with representatives of the management and staff sides.

Under the "two-stage" approach, after completing Stage 1, the Standing Commission will recommend on whether and when to proceed with Stage 2 of the PLS, which will include the collection of pay-level related data from the private sector and the analysis of the survey findings and recommendations. Having completed Stage 1, the Standing Commission is now equipped with the necessary information to recommend on the appropriateness and timing of conducting Stage 2 and collecting pay data from the private sector. The adoption of such an approach was a balanced decision of the Standing Commission with due regard to the then special circumstances and the civil service pay policy.

In assessing whether to proceed with Stage 2 of the PLS, the Standing Commission has taken into consideration the overall labour market and all relevant conditions. The Standing Commission notes that the labour market has been experiencing unprecedented turbulence. The local labour force has been significantly and rapidly 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 have adopted various strategies to attract and retain talent as well as reduce labour, which would have an impact on the pay practices and levels in the private sector. The Government has also put in place an array of measures for trawling for talent in a bolder and more targeted manner, and the effect of these measures in alleviating manpower shortages will take some time to fully realise.

The Standing Commission also observes that the economy is still weighed down by challenging external circumstances, including weakened demand from advanced economies and rising geopolitical tensions. The recent downturn in equity and real estate markets also reflects a cautious economic outlook. All these factors will potentially bring an adverse impact on business expansion and remuneration decisions, which may in turn affect pay levels in the private sector.

"The Standing Commission considers it prudent not to proceed with Stage 2 of the PLS at least for the time being. We take the view that the PLS should be conducted at a time when the labour market has largely stabilised, and in such an environment that the survey results will in general be perceived by the majority of stakeholders as reasonably reliable, and thus can adequately serve the very purpose of conducting a PLS, which is to fully inform the Government of the relevant situation for its decision in adjusting civil service pay," the Chairman of the Standing Commission, Dr Pang Yiu-kai, said.

"We are also of the view that the reconvening of another round of the PLS should be subject to review of the then prevailing circumstances, including the overall labour market conditions and other relevant factors. It is necessary to maintain a fair and equitable pay system for the civil service and the Government should revisit the conditions upon a reasonable period of time," Dr Pang said.

"We would like to express our appreciation to all parties that have contributed to the 2019 PLS, including the staff side as well as the grade/departmental management of all bureaux/departments," Dr Pang added.

The Standing Commission Report No. 66 is available for public access on the website of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at www.jsscs.gov.hk.

The Standing Commission is appointed by the Chief Executive to advise on the structure, salaries and conditions of service of non-directorate civilian grades in the civil service. The Standing Commission is chaired by Dr Pang. Its members are Mr Chan Chun-ying; Ms Dilys Chau Suet-fung; Ms Vena Cheng Wei-yan; Ms Ivy Cheung Wing-han; Ms Irene Chow Man-ling; Mr Victor Lam Hoi-cheung; Ms Christina Maisenne Lee; Ms Ada Leung Ka-lai; Mr Laurence Li Lu-jen, SC; Dr Miranda Lou Lai-wah; Dr Billy Mak Sui-choi; Mr Joseph Luc Ngai; Mr Adrian Wong Koon-man and Mrs Betty Yuen So Siu-mai.