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## INFORMATION NOTE

### Civil Service Pay Adjustment And Pay Trend Surveys

#### 1. Civil Service Pay Policy and System

1.1 The objective of civil service pay policy is *"to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service. Such remuneration should be regarded as fair both by civil servants and by the public which they serve. Within these parameters, broad comparability with the private sector is an important factor in setting civil service pay"*<sup>1</sup>.

1.2 So far as the Basic Law is concerned, the Secretary for the Civil Service stated that *"according to the legal advice sought by the Administration, any adjustment in civil service pay should not result in a situation where the actual pay figures were less than those before the establishment of HKSAR in July 1997. Otherwise, it would contravene Article 100."*<sup>2</sup>

1.3 There are four advisory bodies providing independent advice to the Chief Executive on the principles and practices governing pay, conditions of service and salary structure for non-directorate civil service, disciplined services, directorate and judicial officers. The decision as to whether the advice should be accepted rests with the Government. The four advisory bodies are:

- (a) the Standing Commission on Civil Service Salaries and Conditions of Service for non-directorate civil service, other than judicial officers and disciplined services staff;
- (b) the Standing Committee on Disciplined Services Salaries and Conditions of Service for disciplined services staff;
- (c) the Standing Committee on Directorate Salaries and Conditions of Service for the directorate grade, other than disciplined services staff and judicial officers; and
- (d) the Standing Committee on Judicial Salaries and Conditions of Service for judicial officers.

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<sup>1</sup> Hong Kong Standing Commission on Civil Service Salaries and Conditions of Service, *First Report on 1989 Salary Structure Review (Report No. 23)*, October 1989, pp.13-14.

<sup>2</sup> From the minutes of the Legislative Council Panel on Public Service Meeting held on 17 December 2001. Article 100 of the Basic Law reads, "Public servants serving in all Hong Kong government departments, including the police department, before the establishment of the Hong Kong Special Administration Region, may all remain in employment and retain their seniority with pay, allowances, benefits and conditions of service no less favourable than before".

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- 1.4 Civil service salary levels are affected by:
- (a) annual increment;
  - (b) annual pay adjustment; and
  - (c) pay reviews which include:
    - (i) reviews of the overall salary structure, e.g. Salaries Structure Review in 1989; and
    - (ii) specific reviews, e.g. Starting Salaries Review in 1999.

1.5 At present, there are 11 sets of civil service pay scale<sup>3</sup>. Civil servants are remunerated according to the pay scales of their respective grade and rank. Subject to the provisions under Civil Service Regulations<sup>4</sup>, civil servants normally advance one increment a year within their respective rank scales until they reach the maximum point of scales. As at 1 April 2001, about 63% of civil servants did not receive increments because they have already reached the maximum point of their pay scales.

1.6 This information note focuses on the civil service annual pay adjustment from 1991/92 to 2000/01, and presents findings of pay trend surveys commissioned by the independent Pay Trend Survey Committee<sup>5</sup> (PTSC) and other organizations in the private sector for the same period.

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<sup>3</sup> The 11 sets of civil service pay scale are: Master Pay Scale, Model Scale 1 Pay Scale, Police Pay Scale, General Disciplined Services (Commander) Pay Scale, General Disciplined Services (Officer) Pay Scale, General Disciplined Services (Rank and File) Pay Scale, Directorate (Legal) Pay Scale, Directorate Pay Scale, Training Pay Scale, Technician Apprentice Pay Scale, and Craft Apprentice Pay Scale.

<sup>4</sup> Civil Service Regulations provide that a civil servant may be granted an increment only if his/her performance at work (including conduct, diligence and efficiency) has been satisfactory during the appraisal period. Please refer to the written reply by the Secretary for the Civil Service to a question raised at the Legislative Council meeting on 24 April 2002.

<sup>5</sup> Members of PTSC include staff sides representatives from the four Central Councils, representatives of the Government, the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Standing Commission on Civil Service Salaries and Conditions of Service, and Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service. Web site of the Government at <http://www.info.gov.hk/cml/eng/cbc/b91.htm>

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## 2. Civil Service Annual Pay Adjustment

2.1 The Government's policy on civil service pay adjustment is that adjustment should be considered annually and that changes should be broadly in line with pay adjustments in the private sector. To this end, PTSC commissions annually a survey of private sector pay trend whereby data from about 80 companies in the survey field is collected. Details of the methodology of the Pay Trend Survey are in **Appendix 1**.

2.2 The Pay Trend Survey produces three Gross Pay Trend Indicators (GPTIs) for each salary band in the civil service: the Upper Band, the Middle Band and the Lower Band<sup>6</sup>. These three salary bands correspond to the upper, middle and lower sectors of the Master Pay Scale (MPS) and represent the following monthly salaries according to the 2001 pay scale:

- (a) Upper Band: above MPS Point 33 to General Disciplined Services (Officer) Pay Scale 38 or equivalent; i.e. between HK\$47,591 and HK\$97,325 per month;
- (b) Middle Band: MPS Point 10 – Point 33 or equivalent, i.e. between HK\$15,520 and HK\$ 47,590 per month; and
- (c) Lower Band: below MPS Point 10 or equivalent (including Model Scale One) i.e. below HK\$ 15,520 per month.

2.3 The payroll costs of civil service increments are then deducted from GPTIs to produce Net Pay Trend Indicators (NPTIs) which form the basis for the civil service pay adjustment. Apart from pay adjustments in the private sector, factors such as changes in the cost of living, the state of the economy, budgetary considerations, the staff sides' pay claims, and the civil service morale are all taken into account when determining civil service pay adjustment.

2.4 When determining the rate of civil service pay adjustment, the Government follows practices listed below:

- (a) each pay adjustment exercise is a separate annual exercise based on circumstances prevailing at the time;
- (b) where the NPTI for the lower band is below that of the middle band, the pay adjustment should be brought up to the same level, unless there are overriding reasons for not doing so;
- (c) pay adjustment for directorate officers (D1 and above) normally

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<sup>6</sup> According to the Civil Service Bureau, the rate of salary adjustment for civil servants remunerated on Model Scale One has been the same as that for the Lower Band from 1991 to 2001 inclusive.

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follows the same adjustment rate as the Upper Band; (except in 1998/99 where D1 and D2 officers were granted a pay increase of 6.03% and the pay for D3 officers and above was frozen); and

- (d) the rate of pay adjustments for judicial officers follows that of the civil service under the existing mechanism.

2.5 The civil service annual pay adjustments for the period from 1991 to 2001 are shown in **Appendix 2**, together with NPTIs, changes in the cost of living and growth rates of per capita Gross Domestic Product (GDP) at current market prices.<sup>7</sup>

### 3. Findings of Pay Trend Surveys

#### Pay Trend Surveys Commissioned by the Pay Trend Survey Committee

3.1 Since the PTSC survey assesses average pay movements in the private sector over the preceding 12 months, the civil service pay principle of "civil service pay should follow rather than lead the private sector" is reflected in the survey methodology.<sup>8</sup>

3.2 GPTIs produced for the three salary bands for the period from 1991 to 2001 are shown in **Appendix 2**. During this period, GPTIs for the Lower Salary Band has been consistently lower than that for the Middle Salary Band except in 2000. When comparing with the Upper Salary Band, the Middle Salary Band had a lower GPTI from 1995 onwards except in 1999.

3.3 Results of the 2002 survey have just been announced and endorsed by PTSC. All of the GPTIs produced are negative numbers with -0.79% for the Lower Band, -0.60% for the Middle Band, and -3.39% for the Upper Band.

3.4 As regards the period under study, there were several years for which the civil service pay adjustment departed from NPTIs. **Table 1** shows the deviation and summarizes the estimated budget balance at the time of the Budget Speech as well as the official remarks made regarding the pay adjustment proposal.

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<sup>7</sup> Per capita GDP reflects the income of an average person in the Hong Kong economy.

<sup>8</sup> Task Force on Review of Civil Service Pay Policy and System, *Interim Report Phase 1 Study*, April 2002 pp. 12-16.

**Table 1 — Departure of Pay Adjustment from NPTIs for Financial Years 1991/92, 1992/93, 1998/99, 1999/2000 and 2000/01**

Financial year	NPTI	Pay Adjustment	Estimated budget balance *	Official remarks
1991/92			Surplus of HK\$1.3 Billion. [Pay Adjustment lower than NPTIs for all]	"An adjustment of 10.43% would not cause budgetary difficulties, but one in line with the net pay trend indicators, say 12%, could result in a deficit in 1991/92". <sup>9</sup>  "The Executive Council has decided that, in view of the economic and budgetary situation, the civil service pay adjustment should be limited to the average increase in the cost of living in the 12 months since the last pay adjustment, as measured by movements in the Consumer Price Index (A) i.e. 10.43%" <sup>9</sup> .
Upper Salary Band	11.88%	10.43%		
Middle Salary Band	12.49%	10.43%		
Lower Salary Band	12.09%	10.43%		
1992/93			Surplus of HK\$7.6 Billion. [Pay Adjustment higher than NPTIs for Middle Salary Band]	"Nevertheless budgetary constraints do not constitute a major consideration for this year's pay adjustment". <sup>10</sup>  "The proposed adjustment for the middle and lower salary bands is based on the Consumer Price Index (A), so as to restore the real value of their salaries". <sup>10</sup>
Upper Salary Band	11.17%	11.17%		
Middle Salary Band	10.82%	11.60%		
Lower Salary Band	10.68%	11.60%		
1998/99			Surplus of HK\$10.7 Billion [Pay frozen for grade D3 and above]	"The decision on the pay freeze [for D3 grade and above] was a move to demonstrate that senior officers responsible for policy-making in the Government understood and were prepared to share the hardship caused by the current economic turmoil and that directorate officers below D3 were not as heavily involved in high-level policy-making". <sup>11</sup>
Upper Salary Band	6.03%	6.03% (the pay for officers of grade D3 and above was frozen)		
Middle Salary Band	5.79%	5.79%		
Lower Salary Band	5.01%	5.79%		
1999/2000			Deficit of HK\$36.5 Billion [Pay frozen for all]	"The Financial Secretary also announced in the 1999 Budget Speech that civil service pay will be frozen in 1999 for fiscal reasons. The announcement has established a limit to this year's annual pay adjustment exercise. The Financial Secretary said at the time that we would need to make reference to the results of the 1998/99 pay trend survey to see whether there was a need to go further than a freeze". <sup>12</sup>
Upper Salary Band	-0.13%	Nil		
Middle Salary Band	0.84	Nil		
Lower Salary Band	-0.54%	Nil		
2000/01			Deficit of HK\$6.2 Billion [Pay frozen for all]	"More importantly, we are forecasting a situation of recurrent expenditure, the bulk of which is spent on payroll, exceeding considerably recurrent revenue throughout the medium term. The Financial Secretary has announced the setting up of a Task Force to review whether the successive operating deficits reflect a structural or cyclical problem in our public finances". <sup>13</sup>
Upper Salary Band	-0.41%	Nil		
Middle Salary Band	-1.97%	Nil		
Lower Salary Band	-1.78%	Nil		

Remark: \* Estimated budget balance for the financial year concerned.

<sup>9</sup> Civil Service Branch, *Civil Service Pay Adjustment 1991*, May 1991.

<sup>10</sup> Civil Service Branch, *Civil Service Pay Adjustment 1992*, June 1992.

<sup>11</sup> Finance Committee of the Legislative Council, *Record of Meeting on 17 July 1998*, p.8.

<sup>12</sup> Civil Service Bureau, *Civil Service Pay Adjustment 1999*, June 1999.

<sup>13</sup> Civil Service Bureau, *Civil Service Pay Adjustment 2000*, May 2000.

3.5 There were times when the civil service pay adjustment followed NPTIs when the estimated budget balance was in deficit. Details are as below:

**Table 2 — Pay Adjustment Following NPTIs for Financial Years 1993/94, 1995/96 and 2001/02**

Financial year	NPTI	Pay Adjustment	Estimated budget balance *	Official remarks
1993/94			Deficit of HK\$3.4 Billion	"A budget deficit of \$3.4 billion is forecast for 1993/4. A major reason for this is the package of one-off measures announced in the Budget Speech which were designed to take full advantage of the higher-than-expected surpluses of the last two financial years. The budget situation is not, therefore, a major consideration for this year's pay adjustment". <sup>14</sup>  "The economy performed well in 1992 and the outlook for 1993 is good." <sup>15</sup>
Upper Salary Band	9.76%	9.76%		
Middle Salary Band	10.66%	10.66%		
Lower Salary Band	10.54%	10.66%		
1995/96			Deficit of HK\$2.6 Billion	"Despite a deficit forecast for \$2.6 billion for 1995-6, a year of peak investment in the Airport Core Programme, our fiscal reserves remain very healthy. We shall return to an overall surplus from 1996/7 onwards, one year earlier than previously forecast. Hence the budgetary situation is not a significant consideration in this year's pay adjustment". <sup>16</sup>
Upper Salary Band	9.98%	9.98%		
Middle Salary Band	10.14%	10.14%		
Lower Salary Band	9.61%	10.14%		
2001/02			Deficit of HK\$3 Billion	"Generally speaking, any civil service pay adjustment would follow strictly the result of the pay trend survey in question, unless there were other overriding factors, such as economic or budgetary considerations, which justified a departure". <sup>17</sup>  "The situation this year does not justify a departure from NPTIs." <sup>18</sup>
Upper Salary Band	4.99%	4.99%		
Middle Salary Band	2.38%	2.38%		
Lower Salary Band	1.97%	2.38%		

Remark: \* Estimated budget balance for the financial year concerned.

<sup>14</sup> Civil Service Branch, *Civil Service Pay Adjustment 1993*, June 1993.

<sup>15</sup> Please refer to the discussion at the Finance Committee Meeting on 2 July 1993, details see *Report of the Finance Committee of the Legislative Council for 1993-94*, p.82.

<sup>16</sup> Civil Service Branch, *Civil Service Pay Adjustment 1995*, June 1995.

<sup>17</sup> Finance Committee of the Legislative Council, *Record of Meeting on 6 July 2001*, p.28.

<sup>18</sup> Civil Service Bureau, *Civil Service Pay Adjustment 2001*, June 2001.

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3.6 As noted in **Tables 1 and 2**, a surplus budget in the financial year concerned did not necessarily lead to pay adjustments strictly adhering to NPTIs, nor did a deficit budget result in a deviation from NPTIs. Therefore, it is not clear how the budgetary considerations would affect the size of the civil service pay adjustment.

#### Pay Trend Surveys by Other Organizations

3.7 A total of 17 organizations have been approached for information (please refer to **Appendix 3** for a full list of organizations approached). At the time of the publication of this information note, two organizations have not replied. Of those who have replied, only two organizations conducted pay trend surveys on a regular basis. They are the Employers' Federation of Hong Kong (EFHK) and the Institute of Human Resource Management (IHRM).

#### *Pay Review Surveys Conducted by The Employers' Federation of Hong Kong*

3.8 EFHK was founded in 1947. It is an employers' group representing employers' concern and retains close links with the General Chamber of Commerce with considerable joint membership and a high level of consultation.<sup>19</sup>

3.9 The EFHK annual pay review survey started in 1993 and information from 1994 onwards is provided. The survey collects data on the actual salary movements in January and February of a survey year. For companies which have salary reviews later in the survey year, EFHK also collects data on their forecast for pay adjustment. For the purpose of this information note, only actual salary adjustment data is included.

3.10 Details of the research methodology are in **Appendix 4** and the major findings are in **Appendix 5**.

3.11 The survey categorizes employees into four salary groupings. The weighted averages among the four salary groupings have displayed a distinct pattern from 1994 to 2002 — while the lowest salary group has received lower average pay increases than the second lowest salary group except in 1998 and 1999 when their average increases were the same, the second highest salary group has had higher average pay increases than the highest salary group except in 2001 when both groups had the same average increases.

3.12 Except in 1996 and 2002, there was an apparent trend in the period under study that for those companies with employees fewer than 100, their average pay increases were higher than those companies of a larger scale. The difference ranged from 1.52% to 0.45%.

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<sup>19</sup> Web site of the Employers' Federation of Hong Kong at <http://www.efhk.org.hk>.

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*Pay Trend Surveys Conducted by the Hong Kong Institute of Human Resource Management*

3.13 IHRM was established in 1994 with a history dating back to 1977 when it was known as the Hong Kong Institute of Personnel Management. It is now the largest human resource professional body in Hong Kong.<sup>20</sup>

3.14 The IHRM survey captures pay adjustments which occur during the period from 1 January to 1 October of a survey year. Details of the research methodology are in **Appendix 6** and the major findings are in **Appendix 7**. There has been no significant change in the sample base year-on-year in the past 11 years. Companies surveyed include both multinational corporations as well as local companies.

3.15 The survey classifies all employees into a descending scale of four salary groupings from “Top Level”, “Senior Level”, “Middle Level” to “General Level”. In the past 11 years, the general trend has been that the average pay increases for the “General Level” are lower than that for the “Middle Level” except in 1999; and “Top Level” salary increases are lower than that of the “Senior Level” except in 1997 and 1999. Despite different salary groupings being used, the pattern identified in the EFHK survey can also be found in the IHRM survey.

3.16 For companies with fewer than 500 employees, their average pay increases have been the highest compared with all of the other companies except in 1992, 1994 and 1995; whereas companies with more than 1 000 employees have recorded the lowest average pay increases except in 1998, 1999 and 2001. The difference between the highest and lowest increases ranged from 0.3% to 1.3% for the period under study. Again, the pattern that small companies awarded higher average pay increases than larger companies has existed in both EFHK and IHRM surveys.

3.17 As a separate exercise in 2000 and 2001, IHRM re-arranged their survey data in a way that made them broadly in line with the methodology adopted in the PTSC survey. The results of the IHRM survey are in **Appendix 8**.

A Comparison of the Survey Methodology Adopted by the Pay Trend Survey Committee, the Employers' Federation of Hong Kong, and the Institute of Human Resource Management

3.18 The scope and methodology adopted in the PTSC, EFHK and IHRM surveys are not entirely the same. A comparison of the major elements of their scope and methodology is set out as below:

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<sup>20</sup> Web site of the Institute of Human Resource Management at <http://www.hkihrm.org>.

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**Table 3 — A Comparison of the Survey Methodology Adopted by PTSC, EFHK and IHRM**

	PTSC	EFHK	IHRM
No. of companies surveyed	<ul style="list-style-type: none"> <li>Between 65 and around 90.</li> </ul>	<ul style="list-style-type: none"> <li>Between 120 and 270.</li> </ul>	<ul style="list-style-type: none"> <li>Around 100.</li> </ul>
Selection criteria of participating companies	<ul style="list-style-type: none"> <li>Generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis;</li> <li>Determine pay on the basis of factors and considerations applying to Hong Kong;</li> <li>Do not use the government pay adjustment as the main factor in determining pay adjustments;</li> <li>Have complete autonomy in setting and adjusting pay rates; and</li> <li>Normally employ 100 employees or more.</li> </ul>	<ul style="list-style-type: none"> <li>Members of the EFHK, Federation of Hong Kong Industries, and the Hong Kong General Chamber of Commerce;</li> <li>Participate on a voluntary basis; and</li> <li>The size of a company is not a selection criterion and the majority of participating companies employ no more than 500 staff.</li> </ul>	<ul style="list-style-type: none"> <li>Not necessarily members of IHRM;</li> <li>Are normally leaders in their respective sector;</li> <li>Maintain independent pay policies; and</li> <li>Employ at least 100 employees, with exceptions.</li> </ul>
Distribution of companies surveyed	<ul style="list-style-type: none"> <li>Should reflect closely the overall distribution of Hong Kong's economically active population.</li> </ul>	<ul style="list-style-type: none"> <li>10 - 14 sectors.</li> </ul>	<ul style="list-style-type: none"> <li>13 - 14 sectors.</li> </ul>
No. of employees covered	<ul style="list-style-type: none"> <li>About 130 000.</li> </ul>	<ul style="list-style-type: none"> <li>Between 80 000 and 123 000.</li> </ul>	<ul style="list-style-type: none"> <li>Between 120 000 and 130 000.</li> </ul>
Type of employees	<ul style="list-style-type: none"> <li>Full-time employees who work 75% or more of the normal weekly working hours.</li> </ul>	<ul style="list-style-type: none"> <li>Full-time employees.</li> </ul>	<ul style="list-style-type: none"> <li>Full-time employees.</li> </ul>
Survey period	<ul style="list-style-type: none"> <li>2 April in the previous year to 1 April in the survey year.</li> </ul>	<ul style="list-style-type: none"> <li>January to February in the survey year.</li> </ul>	<ul style="list-style-type: none"> <li>1 January to 1 October in the survey year.</li> </ul>
Items included or excluded in the adjustment calculation	<ul style="list-style-type: none"> <li><u>Include:</u> <ol style="list-style-type: none"> <li>basic salary adjustments relating to changes in the cost of living, overall changes in market rates, general prosperity and company performance, merit payments, and in-scale increments; and</li> <li>changes in payments in addition to basic salary such as year-end bonuses, whether permanent or temporary.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li><u>Include:</u> <ol style="list-style-type: none"> <li>basic salary adjustments including general and merit adjustments.</li> </ol> </li> <li><u>Exclude:</u> <ol style="list-style-type: none"> <li>promotion and transfer adjustments;</li> <li>awards of variable pay; and</li> <li>bonuses and other one-off payments.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li><u>Include:</u> <ol style="list-style-type: none"> <li>basic salary adjustments including general and merit adjustments.</li> </ol> </li> <li><u>Exclude:</u> <ol style="list-style-type: none"> <li>non-guaranteed and guaranteed bonuses;</li> <li>overtime, shift and other cash allowances;</li> <li>promotion and upgrades; and</li> <li>special adjustments (unless otherwise specified).</li> </ol> </li> </ul>

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Major Findings of Surveys Commissioned / Conducted by the Pay Trend Survey Committee, the Employers' Federation of Hong Kong, and the Hong Kong Institute of Human Resource Management from 1991 to 2001

3.19 Major findings of PTSC, EFHK and IHRM surveys from 1991 to 2001, together with civil service increments and pay adjustments for the same period are shown in **Appendix 9**.

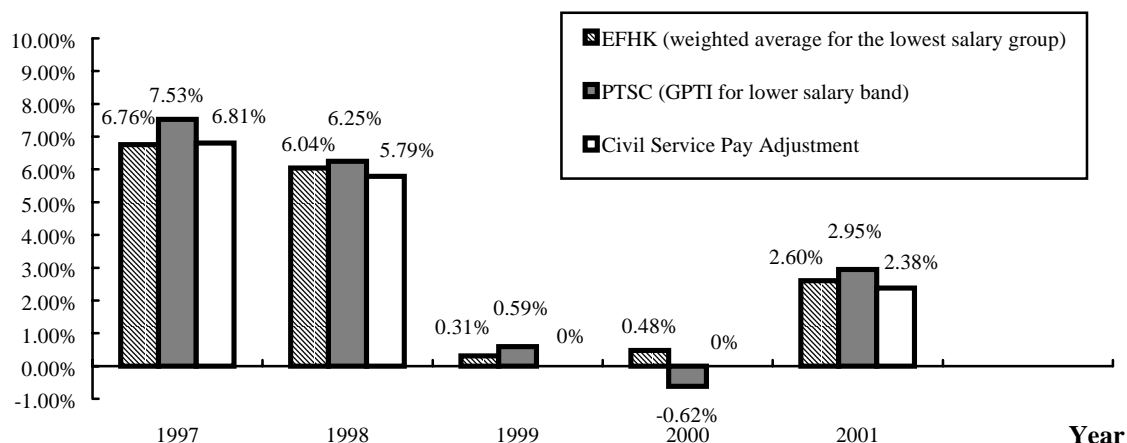
3.20 Due to the differences in the calculation of adjustment (e.g. the PTSC survey includes discretionary bonus whereas the other two surveys do not), the scope and survey methodology, survey period and factors unique to the civil service pay review, a direct comparison between findings of PTSC, EFHK and IHRM surveys is not recommended.

3.21 However, generally speaking, the annual overall weighted averages of EFHK and IHRM surveys have been pretty close to each other throughout the studied period, with a difference ranging from 0.03% to 0.66%. As the PTSC survey does not produce a consolidated GPTI for all three salary bands, it is not possible to compare the overall average pay adjustments captured by the PTSC survey against the other two surveys.

3.22 While different salary groupings are adopted by the three surveys, some of the salary groupings for the EFHK survey and the IHRM survey can be considered as largely comparable to those of the PTSC survey between 1997 and 2001. **Charts 1 to 4** below give the results of these three surveys with the actual percentage of pay adjustment for each salary band of the civil service.

3.23 **Charts 1 and 2** for the Lower and Middle Salary Bands show that from 1997 to 2001, civil service pay increases in general were lower than those of the corresponding salary groups in the private sector as represented by the EFHK survey except in 1997. As for the Upper Salary Band and Directorate Grade of the civil service, no discernible pattern could be identified.

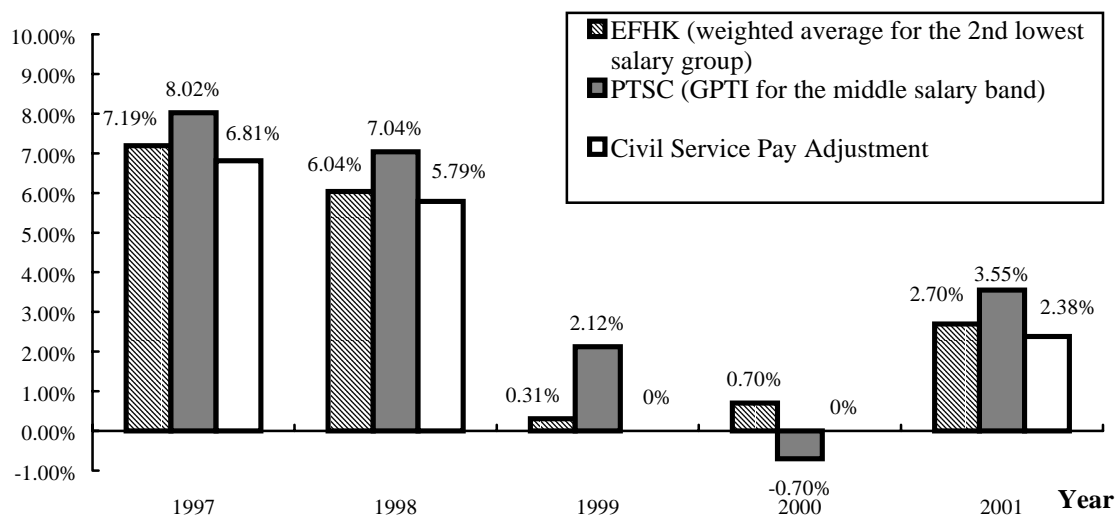
**Chart 1 — The Lower Salary Band of the Civil Service**



Remark:

1. Please note the following when interpreting the word "year" as indicated in the above chart. For example, the year 1997 means:
  - a. EFHK produced a weighted average of 6.76% for the survey period of Jan-Feb 1997;
  - b. PTSC produced a GPTI of 7.53% for the survey period of 2 April 1996 - 1 April 1997; and
  - c. the Government adopted a 6.81% pay adjustment for the financial year of 1 April 1997- 31 March 1998.

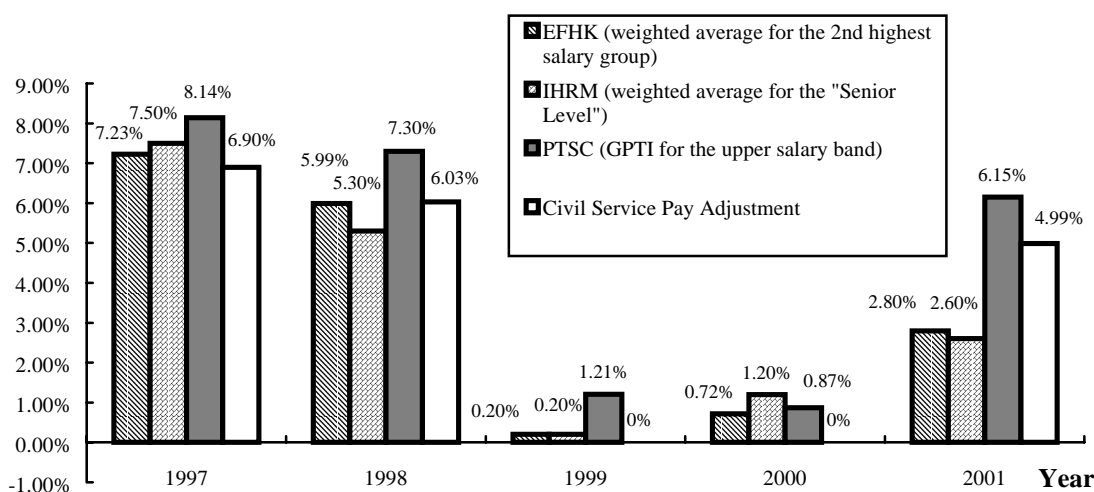
**Chart 2 — The Middle Salary Band of the Civil Service**



Remark:

1. Please note the following when interpreting the word "year" as indicated in the above chart. For example, the year 1997 means:
  - a. EFHK produced a weighted average of 7.19% for the survey period of Jan-Feb 1997;
  - b. PTSC produced a GPTI of 8.02% for the survey period of 2 April 1996 - 1 April 1997; and
  - c. the Government adopted a 6.81% pay adjustment for the financial year of 1 April 1997 - 31 March 1998.

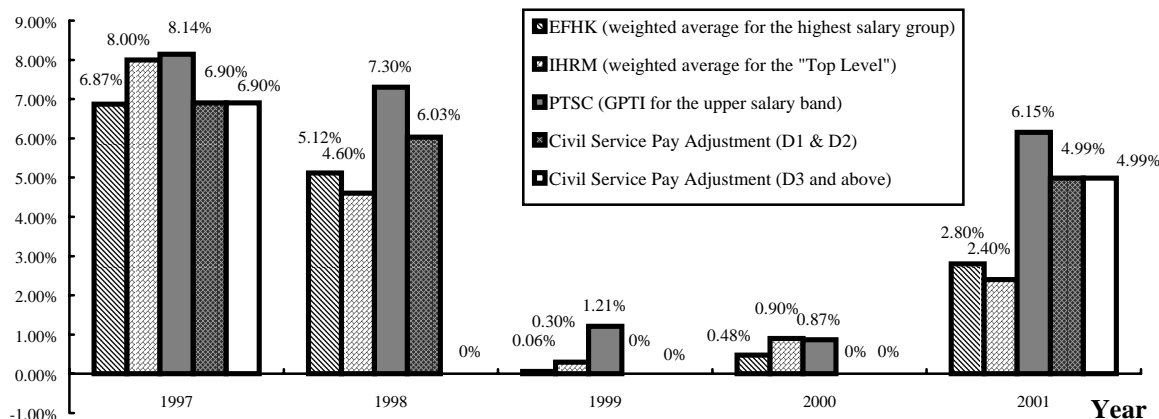
**Chart 3 — The Upper Salary Band of the Civil Service**



Remark:

1. Please note the following when interpreting the word "year" as indicated in the above chart. For example, the year 1997 means:
  - a. EFHK produced a weighted average of 7.23% for the survey period of Jan-Feb 1997;
  - b. IHRM produced a weighted average of 7.50% for the survey period of Jan-Oct 1997;
  - c. PTSC produced a GPTI of 8.14% for the survey period of 2 April 1996 - 1 April 1997; and
  - d. the Government adopted a 6.90% pay adjustment for the financial year of 1 April 1997 - 31 March 1998.

**Chart 4 — Directorate Grade of the Civil Service**



Remarks:

1. Data on salaries beyond the upper salary band level are not available from the PTSC survey. The rate of pay adjustment for the directorate grade normally follows that of the Upper Salary Band.
2. Please note the following when interpreting the word "year" as indicated in the above chart. For example, the year 1997 means:
  - a. EFHK produced a weighted average of 6.87% for the survey period of Jan-Feb 1997;
  - b. IHRM produced a weighted average of 8.00% for the survey period of Jan-Oct 1997;
  - c. PTSC produced a GPTI of 8.14% for the upper salary band for the survey period of 2 April 1996 - 1 April 1997; and
  - d. the Government adopted a 6.90% pay adjustment for D1, D2, and D3 and above officers for the financial year of 1 April 1997 - 31 March 1998.

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### Related Information from 1990 to 2001

3.24 Statistics on GDP and civil service emoluments as percentages of government expenditure are in **Appendices 10 and 11** respectively.

3.25 In general, a nominal pay adjustment reflects (a) the growth of productivity of an individual (as reflected in the per capita GDP growth rate), as well as (b) the inflation rate (as reflected in a change in the consumer price index). In the early 1990s, the rate of civil service pay adjustments lagged behind the growth rate of per capita GDP. The gap was as large as about 4%. The situation was reversed in 1995 and 1996 with the civil service pay adjustment exceeding the per capita GDP by about 1.8% to about 5.6%. After 1997, per capita GDP continued to show negative growth year-on-year except 2000. During the same period, civil servants either received a pay increase or had a pay freeze. In short, the rate of pay adjustment for the civil service between 1998 and 2001 exceeded the growth of per capita GDP except in 2000. (For statistics on GDP, please refer to **Appendix 10**; for statistics on per capita GDP, please refer to **Appendices 2 and 10**).

3.26 Since the composite consumer price index was adopted in 1995, the percentage of civil service pay adjustment has been able to offset the inflationary effect in the previous 12 months except in 1996 and 1999.<sup>21</sup> In years of deflation i.e. 2000 and 2001, civil servants either enjoyed a pay increase or had a pay freeze, hence receiving pay increases in real terms. (For information on consumer price index, please refer to **Appendix 2**).

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<sup>21</sup> In 1998, officers of D3 grade or above had their pay frozen.

## Appendix 1

### **Methodology of the Annual Pay Trend Survey Commissioned by the Pay Trend Survey Committee**

1. The system of annual pay trend surveys was introduced in 1974. The survey is commissioned by the independent Pay Trend Survey Committee (PTSC). The Pay Survey and Research Unit (PSRU) of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service carries out the surveys in accordance with the methodology agreed by PTSC.
2. Each year, PSRU collects data from around 80 companies in the survey field (in 2001/02, the sample size increased to 91) based on the following criteria:
  - (a) The distribution of companies by major economic sectors in the survey field should reflect closely the overall distribution of Hong Kong's economically active population.
  - (b) Individual companies should -
    - (i) be regarded as typical employers in their respective fields normally employing 100 employees or more;
    - (ii) be generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis;
    - (iii) determine pay on the basis of factors and considerations applying to Hong Kong rather than factors applying in another country;
    - (iv) if they form part of a group or consortium in Hong Kong, they will only be treated as separate companies where they have complete autonomy in setting and adjusting pay rates; and
    - (v) not use the government pay adjustment as the main factor in determining pay adjustments.

**Appendix 1 (cont'd)**

3. The pay trend survey covers the period from 2 April of the previous year to 1 April of the survey year. It includes all full-time employees who work 75% or more of the normal weekly working hours and whose basic salaries are equivalent to the three salary bands of the non-directorate staff in the civil service. Basic salary adjustments relating to changes in the cost of living, overall changes in market rates, general prosperity and company performance, merit payments and in-scale increments are accounted for in the survey. Changes in payments additional to the basic salary such as year end bonuses, whether permanent or temporary, are also included. The calculation method reflects any changes in additional payments, including increase, cessation or reduction of such payments, in the year of award and in the subsequent year. Any one-off special payment in a private sector company would not have a permanent effect on civil service salaries.
  
4. Based on the basic salary adjustments and the changes in additional payments, the pay trend survey produces three Gross Pay Trend Indicators (GPTIs), each representing the weighted average pay adjustment for all surveyed employees within each salary band. These GPTIs, following validation by PTSC, will be submitted to the Government for consideration.

## Sources:

- 1 Civil Service Bureau, *Brief for the Legislative Council Civil Service Pay Adjustment 2000, Annex A*.
- 2 Civil Service Bureau.

## Appendix 2

Findings of the PTSC<sup>1</sup> Survey, Civil Service Pay Adjustments, Changes in the Cost of Living and Per Capita GDP<sup>2</sup> From 1991 to 2001

Survey year <sup>3</sup>	Salary band <sup>4</sup>	GPTI <sup>5</sup> (a)	Payroll cost of increments (b)	NPTI <sup>6</sup> (a) - (b)	Civil service pay adjustment (with effect from 1April of the survey year)	Changes in the cost of living <sup>7</sup>		Per capita GDP <sup>8</sup> year-on-year change
1991	D3 & above	-	-	-	10.43%	HSCPI	11.60%	13.8%
	D1-D2	-	-	-	10.43%	CPI (B)	10.40%	
	Upper	13.12%	1.24%	11.88%	10.43%	CPI (A)	10.43%	
	Middle	13.71%	1.22%	12.49%	10.43%			
	Lower	13.27%	1.18%	12.09%	10.43%			
1992	D3 & above	-	-	-	11.17%	HSCPI	10.58%	15.6%
	D1-D2	-	-	-	11.17%	CPI (B)	11.19%	
	Upper	12.50%	1.33%	11.17%	11.17%	CPI(A)	11.54%	
	Middle	12.06%	1.24%	10.82%	11.60%			
	Lower	11.81%	1.13%	10.68%	11.60%			
1993	D3 & above	-	-	-	9.76%	HSCPI	9.7%	13.2%
	D1-D2	-	-	-	9.76%	CPI (B)	9.5%	
	Upper	11.32%	1.56%	9.76%	9.76%	CPI(A)	9.1%	
	Middle	11.90%	1.24%	10.66%	10.66%			
	Lower	11.77%	1.23%	10.54%	10.66%			



## Appendix 2 (cont'd)

Findings of the PTSC<sup>1</sup> Survey, Civil Service Pay Adjustments, Changes in the Cost of Living and Per Capita GDP<sup>2</sup> From 1991 to 2001

Survey year <sup>3</sup>	Salary band <sup>4</sup>	GPTI <sup>5</sup> (a)	Payroll cost of increments (b)	NPTI <sup>6</sup> (a) - (b)	Civil service pay adjustment (with effect from 1 April of the survey year)	Changes in the cost of living <sup>7</sup>		Per capita GDP <sup>8</sup> year-on-year change
1994	D3 & above	-	-	-	9.47%	HSCPI	9.4%	10.1%
	D1-D2	-	-	-	9.47%	CPI (B)	8.3%	
	Upper	10.97%	1.50%	9.47%	9.47%	CPI(A)	8.1%	
	Middle	11.18%	1.29%	9.89%	9.89%			
	Lower	10.84%	1.15%	9.69%	9.89%			
1995	D3 & above	-	-	-	9.98%	Composite CPI	9.2%	4.5%
	D1-D2	-	-	-	9.98%	HSCPI	10.2%	
	Upper	11.38%	1.40%	9.98%	9.98%	CPI (B)	9.2%	
	Middle	11.36%	1.22%	10.14%	10.14%	CPI(A)	8.7%	
	Lower	10.66%	1.05%	9.61%	10.14%			
1996	D3 & above	-	-	-	7.68%	Composite CPI	8.5%	5.8%
	D1-D2	-	-	-	7.68%	HSCPI	9.1%	
	Upper	8.89%	1.21%	7.68%	7.68%	CPI (B)	8.5%	
	Middle	8.85%	1.18%	7.67%	7.67%	CPI(A)	7.9%	
	Lower	7.92%	1.09%	6.83%	7.67%			

## Appendix 2 (cont'd)

Findings of the PTSC<sup>1</sup> Survey, Civil Service Pay Adjustments, Changes in the Cost of Living and Per Capita GDP<sup>2</sup> From 1991 to 2001

Survey year <sup>3</sup>	Salary band <sup>4</sup>	GPTI <sup>5</sup> (a)	Payroll cost of increments (b)	NPTI <sup>6</sup> (a) - (b)	Civil service pay adjustment (with effect from 1 April of the survey year)	Changes in the cost of living <sup>7</sup>		Per capita GDP <sup>8</sup> year-on-year change
1997	D3 & above	-	-	-	6.90%	Composite CPI	6.1%	10.2%
	D1-D2	-	-	-	6.90%	HSCPI	6.3%	
	Upper	8.14%	1.24%	6.90%	6.90%	CPI (B)	6.2%	
	Middle	8.02%	1.21%	6.81%	6.81%	CPI(A)	6.0%	
	Lower	7.53%	1.15%	6.38%	6.81%			
1998	D3 & above	-	-	-	0%	Composite CPI	5.6%	-5.7%
	D1-D2	-	-	-	6.03%	HSCPI	5.8%	
	upper	7.30%	1.27%	6.03%	6.03%	CPI (B)	5.5%	
	middle	7.04%	1.25%	5.79%	5.79%	CPI(A)	5.4%	
	lower	6.25%	1.24%	5.01%	5.79%			
1999	D3 & above	-	-	-	0%	Composite CPI	1.1%	-3.5%
	D1-D2	-	-	-	0%	HSCPI	1.6%	
	upper	1.21%	1.34%	-0.13%	0%	CPI (B)	0.9%	
	middle	2.12%	1.28%	0.84%	0%	CPI(A)	1.0%	
	lower	0.59%	1.13%	-0.54%	0%			

## Appendix 2 (cont'd)

Findings of the PTSC<sup>1</sup> Survey, Civil Service Pay Adjustments, Changes in the Cost of Living and Per Capita GDP<sup>2</sup> From 1991 to 2001

Survey year <sup>3</sup>	Salary band <sup>4</sup>	GPTI <sup>5</sup> (a)	Payroll cost of increments (b)	NPTI <sup>6</sup> (a) - (b)	Civil service pay adjustment (with effect from 1 April of the survey year)	Changes in the cost of living <sup>7</sup>		Per capita GDP <sup>8</sup> year-on-year change
2000	D3 & above	-	-	-	0%	Composite CPI	-4.8%	2.3%
	D1-D2	-	-	-	0%	CPI (C)	-4.9%	
	Upper	0.87%	1.28%	-0.41%	0%	CPI (B)	-5.4%	
	Middle	-0.70%	1.27%	-1.97%	0%	CPI(A)	-3.9%	
	Lower	-0.62%	1.16%	-1.78%	0%			
2001	D3 & above	-	-	-	4.99%	Composite CPI	-3.0%	-1.2%
	D1-D2	-	-	-	4.99%	CPI (C)	-3.5%	
	Upper	6.15%	1.16%	4.99%	4.99%	CPI (B)	-3.0%	
	Middle	3.55%	1.17%	2.38%	2.38%	CPI(A)	-2.4%	
	Lower	2.95%	0.98%	1.97%	2.38%			

## Remarks:

1. PTSC stands for Pay Trend Survey Committee.
2. GDP stands for Gross Domestic Product.
3. The survey period covers 2 April of the previous year to 1 April of the survey year.
4. The three non-directorate salary bands are:  
Lower Band: below Master Pay Scale (MPS) Point 10 or equivalent (including Model Scale One);  
Middle Band: MPS 10-33 or equivalent; and  
Upper Band: above MPS 33 to General Disciplined Services (Officer) Pay Scale (GDS(O)) 38 or equivalent.
5. GPTI stands for Gross Pay Trend Indicator.
6. NPTI stands for Net Pay Trend Indicator.
7. The changes are calculated for the period 1 April in the previous year to 31 March of the survey year, over the corresponding period in the previous 2 years. HSCPI stands for Hang Seng Consumer Price Index; and Composite CPI stands for Composite Consumer Price Index; CPI(C) stands for Consumer Price Index C; CPI (B) stands for Consumer Price Index B; and CPI (A) stands for Consumer Price Index A.
8. GDP on expenditure based, at current market prices. Source: Web site of the Census and Statistics Department at <http://www.info.gov.hk/censtatd/home.html>.

## Appendix 3

### Organizations Invited to Provide Pay Trend Survey Information

1. Hong Kong Institute of Human Resource Management
2. Hong Kong General Chamber of Commerce
3. Federation of Hong Kong Industries
4. The Chinese Manufacturer's Association of Hong Kong
5. The Chinese General Chamber of Commerce
6. The Hong Kong Confederation of Trade Unions
7. The Employers' Federation of Hong Kong
8. The Hong Kong Federation of Trade Unions
9. The Federation of Hong Kong & Kowloon Labour Unions
10. The Hong Kong & Kowloon Trade Union Council
11. Research and Technology Administration Office, The Chinese University of Hong Kong
12. PolyU Technology and Consultancy Ltd., The Hong Kong Polytechnic University
13. The Research and Survey Programme, Lingnan University
14. The Research Office, City University of Hong Kong
15. Hong Kong University of Science and Technology
16. The Public Opinion Programme, The University of Hong Kong
17. The Social Sciences Research Centre, The University of Hong Kong

## Appendix 4

### **Methodology of the Pay Review Survey Conducted by the Employers' Federation of Hong Kong**

1. The survey started in 1993 and has since been carried out annually. It is conducted by the Employers' Federation of Hong Kong (EFHK) among its members and member companies of the Federation of Hong Kong Industries and the Hong Kong General Chamber of Commerce on a voluntary basis.
2. The questionnaire is drafted by EFHK, reviewed by EFHK together with Watson Wyatt Worldwide, and then finalized by EFHK. Data analysis is done by Watson Wyatt Worldwide.
3. The survey collects data on actual pay movements in January and February of the survey year. For companies which have their salary reviews later in the survey year, the survey collects data on their forecast for their pay adjustment.
4. In general, the survey captures data from between 120 and 270 companies spreading across 10 - 14 business sectors covering between 80 000 and 123 000 employees (120 companies and 85 512 employees in the 2002 survey). Majority of companies participating in the survey employs no more than 500 full-time staff.
5. The survey tracks basic salary adjustments including general and merit adjustments but excluding promotion and transfer adjustments. Awards of variable pay, bonuses or other one-off payments to employees are not included in the adjustment. Analysis and calculation on pay trend are based on the weighted average of employees.

Source: The Employers' Federation of Hong Kong.

## Appendix 5

**Employers' Federation of Hong Kong  
Pay Review Surveys from 1994 to 2002  
Actual Salary Adjustments<sup>1</sup>**

Survey Year <sup>2</sup>	Overall Weighted Average	Weighted Average by Salary Per Month							
		(HK\$)							
1994	10.44%	>\$60,000	9.92%	\$30,001 - \$60,000	11.05%	\$10,001 - \$30,000	11.17%	<\$10,000	10.22%
1995	9.73%	>\$60,000	9.42%	\$30,001 - \$60,000	10.06%	\$10,001 - \$30,000	10.22%	<\$10,000	9.56%
1996	8.63%	>\$80,000	8.41%	\$40,001 - \$80,000	8.63%	\$13,001 - \$40,000	8.77%	<\$13,000	8.65%
1997	6.94%	>\$80,000	6.87%	\$40,001 - \$80,000	7.23%	\$13,001 - \$40,000	7.19%	<\$13,000	6.76%
1998	6.04%	>\$87,000	5.12%	\$44,001 - \$87,000	5.99%	\$14,001 - \$44,000	6.04%	<\$14,000	6.04%
1999	0.27%	>\$92,000	0.06%	\$46,001 - \$92,000	0.20%	\$15,001 - \$46,000	0.31%	<\$15,000	0.31%
2000	0.55%	>\$92,000	0.48%	\$46,001 - \$92,000	0.72%	\$15,001 - \$46,000	0.70%	<\$15,000	0.48%
2001	2.50%	>\$92,000	2.80%	\$46,001 - \$92,000	2.80%	\$15,001 - \$46,000	2.70%	<\$15,000	2.60%
2002	0.12%	>\$97,000	-0.09%	\$47,501 - \$97,000	0.03%	\$15,501 - \$47,500	0.26%	<\$15,500	0.09%

## Remarks:

- Salary adjustments are based on the basic salary including general and merit adjustment but exclude the 13<sup>th</sup> month salary and other bonuses, salary adjustments due to promotion and transfer, awards of variable pay, and other one-off payments.
- Each survey year covers January and February of the year except in the 1994 survey in which March was also covered.

## Appendix 5 (cont'd)

**Employers' Federation of Hong Kong  
Pay Review Surveys from 1994 to 2002  
Actual Salary Adjustments<sup>1</sup> by Size of Company**

Survey Year <sup>2</sup>	Overall Weighted Average	Weighted Average by Size of Company						
		< 50 employees	50-100 employees	101-500 employees	501-1 000 employees	1 000 - 3 000 employees	3 001 - 5 000 employees	> 5 000 employees
1994	10.44%	11.29%		10.92%		10.8%		
1995	9.73%	10.96%		10.29%	9.94%	9.68%		9.44%
1996	8.63%	8.64%		8.74%	8.30%	8.42%		8.55%
1997	6.94%	7.84%		7.50%	6.93%	6.72%		6.90%
1998	6.04%	6.74%		5.99%	5.34%	5.74%		6.28%
1999	0.27%	0.52%		0.07%	0.22%	0.24%	0.33%	
2000	0.55%	1.40%	1.46%	1.26%	0.75%	0.67%	0.22%	
2001	2.5%	3.0%	3.7%	3.3%	2.9%	2.5%	2.2%	
2002	0.12%	-0.16%	0.05%	-0.33%	0.26%	0.13%	0.21%	

## Remarks:

1. Salary adjustments are based on the basic salary including general and merit adjustment but exclude the 13<sup>th</sup> month salary and other bonuses, salary adjustments due to promotion and transfer, awards of variable pay, and other one-off payments.
2. Each survey year covers January and February of the year except in the 1994 survey in which March was also covered.

## Appendix 6

### **Methodology of the Pay Trend Survey Conducted by the Hong Kong Institute of Human Resource Management**

1. The survey first started in 1984 and was conducted by the Hong Kong Institute of Human Resource Management.
2. Companies invited to participate in the survey are not necessarily members of the Institute and normally fulfil the following criteria:
  - (a) they are amongst the leaders in their particular business sectors;
  - (b) they employ at least 100 full-time employees in their establishments, with exceptions; and
  - (c) they maintain independent pay policies although a few companies may be linked in some business groupings.
3. The survey covers about 100 companies across 13 - 14 industrial or business sectors including between 120 000 - 130 000 full-time salaried employees.
4. The survey captures pay adjustments that occurred during the period from 1 January to 1 October of a survey year. This period is chosen to ensure the adjustments are related to the current year and reflect economic, social and other influences in the same year. The selection of the period is also based on the fact that very few companies award adjustments during the period 2 October to 31 December.
5. The survey provides information on Total Pay Adjustment which is the adjustment in annual basic salaries including general and merit adjustments. Total Pay Adjustment contains only salary adjustments affecting most employees. Overtime, shift, and other cash allowances are excluded, as well as salary adjustments resulting from promotions, upgrades or other factors affecting individual employees. Special adjustments are excluded unless otherwise specified. Non-guaranteed and guaranteed bonuses are also excluded in the adjustment calculation. The survey produces weighted average taking into account the different numbers of employees in each company or salary level.

Source: The Hong Kong Institute of Human Resource Management.



## Appendix 7

**Hong Kong Institute of Human Resource Management**  
**Pay Trend Surveys from 1991 to 2002**  
**Total Pay Adjustment <sup>1</sup>**

Survey Year <sup>2</sup>	Overall Weighted Average	Weighted Average by Annual Salary <sup>3</sup>							
		Top Level		Senior Level		Middle Level		General Level	
1991 <sup>4</sup>	12.5%	>\$500,000	11.5%	\$270,000 - 500,000	12.5%	\$130,000 - \$270,000	13.1%	<\$130,000	12.4%
1992 <sup>4</sup>	12.4%	>\$540,000	12.0%	\$292,000 - 540,000	12.5%	\$140,000 - \$292,000	13.1%	<\$140,000	12.3%
1993 <sup>4</sup>	11.6%	>\$610,000	11.0%	\$330,000 - 610,000	11.3%	\$160,000 - \$330,000	12.0%	<\$160,000	11.5%
1994	11.1%	>\$680,000	10.3%	\$370,000 - 680,000	10.9%	\$180,000 - \$370,000	11.3%	<\$180,000	11.1%
1995	10.1%	>\$750,000	9.9%	\$410,000 - 750,000	10.3%	\$200,000 - \$410,000	10.5%	<\$200,000	10.0%
1996	8.5%	>\$830,000	8.4%	\$450,000 - \$830,000	8.5%	\$220,000 - \$450,000	8.8%	<\$220,000	8.4%
1997	7.4%	>\$900,000	8.0%	\$490,001 - 900,000	7.5%	\$240,001 - \$490,000	7.6%	<\$240,001	7.3%

## Appendix 7 (cont'd)

## Hong Kong Institute of Human Resource Management

## Pay Trend Surveys from 1991 to 2002

Total Pay Adjustment <sup>1</sup>

Survey Year <sup>2</sup>	Overall Weighted Average	Weighted Average by Annual Salary <sup>3</sup>							
		Top Level		Senior Level		Middle Level		General Level	
1998	5.4%	>\$970,000	4.6%	\$530,001-\$970,000	5.3%	\$260,001 - \$530,000	5.6%	<\$260,001	5.4%
1999	0.3%	>\$1,020,000	0.3%	\$560,001 -\$1,020,000	0.2%	\$270,001 - \$560,000	0.2%	<\$270,001	0.3%
1999 <sup>5</sup>	not available	>\$1,020,000	1.8%	\$560,001 -\$1,020,000	2.1%	\$270,001 - \$560,000	2.5%	<\$270,001	1.7%
2000	0.8%	>\$1,020,000	0.9%	\$560,001 - \$1,020,000	1.2%	\$270,001 - \$560,000	1.0%	<\$270,001	0.7%
2001	2.6%	>\$1,030,000	2.4%	\$560,001 - \$1,030,000	2.6%	\$270,001 - \$560,000	2.8%	<\$270,001	2.6%
2002 January <sup>6</sup>	0.01%	Information not available							

## Remarks:

- Total Pay Adjustment is the adjustment in annual basic salaries includes general and merit adjustments. It contains only salary adjustments affecting most employees. Salary adjustments resulting from promotions, upgrades or other factors affecting individual employees are excluded. Special adjustments are excluded unless otherwise specified. Non-guaranteed and guaranteed bonuses are also excluded.
- Each survey year covers the period from January to October of the same year unless otherwise specified.
- Annual Salary is calculated by adding guaranteed bonus to 12 times the monthly basic salary (excluding overtime, shift, and other cash allowances).
- Special increases are included in the adjustment calculation of this year.
- This survey covers the period from 2 April 1998 to 1 April 1999.
- This survey only covers the month of January and 40 companies were surveyed covering about 56 000 employees.

## Appendix 7 (cont'd)

**Hong Kong Institute of Human Resource Management**  
**Pay Trend Surveys from 1991 to 2002**  
**Total Pay Adjustment<sup>1</sup> by Size of Company**

Survey Year <sup>2</sup>	Overall Weighted Average	Weighted Average by Size of Company		
		Small ( < 500 Employees)	Medium (500 - 1 000 Employees)	Large ( > 1 000 Employees)
1991 <sup>3</sup>	12.5%	13.3%	13.1%	12.3%
1992 <sup>3</sup>	12.4%	12.7%	12.7%	12.4%
1993 <sup>3</sup>	11.6%	12.3%	12.1%	11.4%
1994	11.1%	11.8%	12.0%	10.9%
1995	10.1%	10.7%	11.2%	9.9%
1996	8.5%	9.1%	8.7%	8.4%
1997	7.4%	7.8%	7.7%	7.3%
1998	5.4%	6.0%	5.3%	5.4%
1999	0.3%	0.8%	0.0%	0.3%
2000	0.8%	1.5%	0.9%	0.7%
2001	2.6%	2.9%	2.6%	2.6%

## Remarks:

1. The Total Pay Adjustment is the adjustment in annual basic salaries includes general and merit adjustments. It contains only salary adjustments affecting most employees. Salary adjustments resulting from promotions, upgrades or other factors affecting individual employees are excluded. Special adjustments are excluded unless otherwise specified. Non-guaranteed and guaranteed bonuses are also excluded.
2. Each survey year covers the period from January to October of the same year.
3. Special increases are included in the adjustment calculation of this year.

## Appendix 8

**Hong Kong Institute of Human Resource Management**  
**Pay Trend Survey for the Survey Period from 2 April of the Previous Year to 1 April of the Survey Year**  
**Total Pay Adjustment <sup>1</sup>**

Survey Year	Weighted Average by Annual Salary (HK\$)							
	Top Level		Senior Level		Middle Level		General Level	
2000	>\$1,020,001	+1.54%	\$560,001 - \$1,020,000	-0.06%	\$270,001 - \$560,000	-0.35%	<\$270,001	-0.62%
2001	>\$1,030,001	4.43%	\$560,001 - \$1,030,000	2.69%	\$270,001 - \$560,000	2.63%	<\$270,001	2.76%

Remark:

1. This Total Pay Adjustment includes adjustment of salary, guaranteed and non-guaranteed bonuses.

## Appendix 9

**Major Findings of Surveys by PTSC<sup>1</sup>, EFHK<sup>2</sup> and IHRM<sup>3</sup>  
and Civil Service Pay Adjustments  
from 1991 to 2001**

Survey year	Salary band <sup>4</sup>	PTSC	Payroll cost of increments	Civil service pay adjustment (with effect from 1 April of the survey year)	IHRM	EFHK
		Gross Pay Trend Indicator			Overall weighted average	Overall weighted average
1991	D3 & above	-	-	10.43%	12.5%	not applicable
	D1-D2	-	-	10.43%		
	Upper	13.12%	1.24%	10.43%		
	Middle	13.71%	1.22%	10.43%		
	Lower	13.27%	1.18%	10.43%		
1992	D3 & above	-	-	11.17%	12.4%	not applicable
	D1-D2	-	-	11.17%		
	Upper	12.50%	1.33%	11.17%		
	Middle	12.06%	1.24%	11.60%		
	Lower	11.81%	1.13%	11.60%		
1993	D3 & above	-	-	9.76%	11.6%	not available
	D1-D2	-	-	9.76%		
	Upper	11.32%	1.56%	9.76%		
	Middle	11.90%	1.24%	10.66%		
	Lower	11.77%	1.23%	10.66%		
1994	D3 & above	-	-	9.47%	11.1%	10.44%
	D1-D2	-	-	9.47%		
	Upper	10.97%	1.50%	9.47%		
	Middle	11.18%	1.29%	9.89%		
	Lower	10.84%	1.15%	9.89%		
1995	D3 & above	-	-	9.98%	10.1%	9.73%
	D1-D2	-	-	9.98%		
	Upper	11.38%	1.40%	9.98%		
	Middle	11.36%	1.22%	10.14%		
	Lower	10.66%	1.05%	10.14%		
1996	D3 & above	-	-	7.68%	8.5%	8.63%
	D1-D2	-	-	7.68%		
	Upper	8.89%	1.21%	7.68%		
	Middle	8.85%	1.18%	7.67%		
	Lower	7.92%	1.09%	7.67%		

## Appendix 9 (cont'd)

**Major Findings of Surveys by PTSC<sup>1</sup>, EFHK<sup>2</sup> and IHRM<sup>3</sup>  
and Civil Service Pay Adjustments  
from 1991 to 2001**

Survey year	Salary band <sup>4</sup>	PTSC	Payroll cost of increments	Civil service pay adjustment (with effect from 1 April of the survey year)	IHRM	EFHK
		Gross Pay Trend Indicator			Overall weighted average	Overall weighted average
1997	D3 & above	-	-	6.90%	7.4%	6.94%
	D1-D2	-	-	6.90%		
	Upper	8.14%	1.24%	6.90%		
	Middle	8.02%	1.21%	6.81%		
	Lower	7.53%	1.15%	6.81%		
1998	D3 & above	-	-	0%	5.4%	6.04%
	D1-D2	-	-	6.03%		
	Upper	7.30%	1.27%	6.03%		
	Middle	7.04%	1.25%	5.79%		
	Lower	6.25%	1.24%	5.79%		
1999	D3 & above	-	-	0%	0.3%	0.27%
	D1-D2	-	-	0%		
	Upper	1.21%	1.34%	0%		
	Middle	2.12%	1.28%	0%		
	Lower	0.59%	1.13%	0%		
2000	D3 & above	-	-	0%	0.8%	0.55%
	D1-D2	-	-	0%		
	Upper	0.87%	1.28%	0%		
	Middle	-0.70%	1.27%	0%		
	Lower	-0.62%	1.16%	0%		
2001	D3 & above	-	-	4.99%	2.6%	2.50%
	D1-D2	-	-	4.99%		
	Upper	6.15%	1.16%	4.99%		
	Middle	3.55%	1.17%	2.38%		
	Lower	2.95%	0.98%	2.38%		

## Remarks:

1. PTSC stands for the Pay Trend Survey Committee.
2. EFHK stands for the Employers' Federation of Hong Kong.
3. IHRM stands for the Hong Kong Institute of Human Resource Management.
4. The three non-directorate salary bands are:  
Lower Band: below Master Pay Scale (MPS) Point 10 or equivalent (including Model Scale One);  
Middle Band: MPS 10-33 or equivalent; and  
Upper Band: above MPS 33 to General Disciplined Services (Officer) Pay Scale (GDS(O)) 38 or equivalent.

## Appendix 10

**Statistics on Gross Domestic Product (GDP) and  
Changes in Per Capita GDP in Hong Kong**

<b>Year</b>	<b>GDP (HK\$Billion)<sup>1</sup></b>	<b>Per capita GDP year-on-year change<sup>1</sup></b>
1990	582	10.8%
1991	668	13.8%
1992	779	15.6%
1993	897	13.2%
1994	1,010	10.1%
1995	1,077	4.5%
1996	1,191	5.8%
1997	1,323	10.2%
1998	1,259	-5.7%
1999	1,227	-3.5%
2000	1,267	2.3%
2001	1,263	-1.2%

Remark:

1. GDP on expenditure based, at current market prices.

Sources:

1. Civil Service Bureau, *Supplementary Note on Containing the Size of the Civil Service Annex D*.
2. Web site of the Census and Statistics Department at <http://www.info.gov.hk/censtatd/home.html>.

## Appendix 11

**Statistics on Government Expenditure and  
Civil Service Emoluments in Hong Kong**

<b>Year</b>	<b>Civil Service Emoluments<sup>1</sup> (HK\$ Billion)</b>	<b>As Percentages of Government Expenditure<sup>2</sup></b>
1990	23.44	29.6%
1991	25.27	28.0%
1992	25.82	24.1%
1993	28.70	21.4%
1994	32.08	22.4%
1995	34.83	21.6%
1996	37.40	21.5%
1997	40.11	20.7%
1998	44.09	20.2%
1999	46.49	21.7%
2000	50.50	22.5%
2001	52.18	21.8%

## Remarks:

1. Figures on civil service emoluments are at current market prices. Civil service emoluments cover salaries and allowances of civil servants working in government departments, bureaux and offices which are funded under the General Revenue Account on a financial year basis. They exclude salaries and allowances on civil servants seconded to subvented organizations, Trading Funds and the Housing Authority.
2. Government expenditure includes all expenditures under the General Revenue Account (i.e. personal emoluments, personnel related expenses, departmental expenses, other charges, subventions, capital account), Capital Works Reserve Fund, Loan Fund, and Innovation and Technology Fund. Revenues and expenditures for Trading Funds and Housing Authority are not included because they are financially autonomous and they meet their costs, including staff costs, through their own resources.

Source: Civil Service Bureau, *Supplementary Note on Containing the Size of the Civil Service Annex D*.



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16. Web site of the Employers' Federation of Hong Kong at <http://www.efhk.org.hk>.
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18. Web site of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at <http://www.info.gov.hk/jsscs/en/over/overview.htm>.