

## **LEGISLATIVE COUNCIL BRIEF**

### **2015-16 CIVIL SERVICE PAY ADJUSTMENT**

#### **INTRODUCTION**

At the meeting of the Executive Council on 16 June 2015, the Council **ADVISED** and the Chief Executive (CE) **ORDERED** that civil service pay for 2015-16 should be adjusted in accordance with the pay offers made to the staff sides of the four central consultative councils, viz. with retrospective effect from 1 April 2015 –

- (a) a pay increase of **3.96%** (equal to the net pay trend indicator (PTI) for the upper salary band plus 0.5%) for civil servants in the upper salary band and the directorate;
- (b) a pay increase of **4.62%** (equal to the net PTI for the middle salary band plus 0.5%) for civil servants in the middle salary band; and
- (c) a pay increase of **4.62%** (equal to the recommended rate of pay adjustment for the middle salary band) for civil servants in the lower salary band.

#### **JUSTIFICATIONS**

##### **(A) Staff Sides' Responses to the Pay Offers**

2. Pursuant to the decision of the Acting CE-in-Council on 9 June 2015, the Government has put the pay offers in paragraph 1 above to the staff sides of the four central consultative councils.

A to D 3. The staff sides' responses to the pay offers are at Annexes A to D. In gist –

- (a) the Association of Expatriate Civil Servants of Hong Kong, one of the three constituent associations of the Senior Civil Service Council (SCSC), accepts the pay offer for the upper salary band;

- (b) the Hong Kong Senior Government Officers Association (HKSGOA), another constituent association of the SCSC, reiterates its pay claim of 6% for the upper salary band to “fairly remedy the shortcomings of the present annual pay adjustment mechanism” and to uphold the morale of (c)ivil (s)ervants;
- (c) the Hong Kong Chinese Civil Servants’ Association (HKCCSA), which is a constituent association of both the SCSC and the Model Scale 1 Staff Consultative Council (MOD 1 Council), welcomes the additional pay rise on top of the net PTIs. It considers the pay offers in conformity with the established mechanism and a very positive move. The offers above the net PTIs can help to demonstrate that the Government respects the established mechanism which provides for the consideration of all six relevant factors. All in all, it considers that the pay offers are conducive to the maintenance of the credibility of the civil service pay adjustment mechanism and the Pay Trend Survey (PTS). That said, the HKCCSA is still disappointed that the Government does not accede to its request for a 6.1% pay rise for all civil servants. It requests the Government to reconsider its request which was made having regard to, among other things, the need to maintain the purchasing power of civil servants by tracking the headline Consumer Price Index (CPI)(A) inflation in 2014-15 (6.1%) as well as the need to maintain staff morale and enhance the solidarity of the civil service which is facing increasing challenges and pressure;
- (d) the Police Force Council staff side considers the “additional 0.5% increase on top of the net PTIs” an “encouraging indication” that the Executive Council, in making the pay offers, has taken into account not only the net PTIs but also the other five relevant factors. That said, it reiterates its pay claim of 6.13% across-the-board which was made with reference to the headline CPI(A) inflation in 2014-15. It also demands the set-up of a standing committee with staff representatives to examine how the six relevant factors should be considered in each year’s pay adjustment exercise;
- (e) the Disciplined Services Consultative Council staff side “reluctantly” accepts the pay offers. It is pleased to see that the pay offers do not only follow the net PTIs. Nonetheless it is still disappointed by the rates of the proposed pay rise. It maintains its view that the rates of each year’s civil service pay adjustment should be no less than the CPI(A) inflation of the year; and

- (f) the MOD 1 Council staff side is pleased to see that the Executive Council has considered the five factors other than the net PTIs (in particular the staff views) in making its decision on the pay offers, although the pay offers still fall short of its pay claim and the headline CPI(A) inflation in 2014-15 (6.1%). It also expresses concerns about the rising trend of the payroll cost of increments (PCIs) and requests the Government to review the practice of deduction of the PCIs.

**(B) The Government's Views**

4. Our views on the arguments put forward by the staff sides who reiterate their pay claims are set out as follows –

- (a) we do not agree to the request that the rates of pay adjustment should be no less than the headline CPI(A) inflation in 2014-15 (i.e. 6.1%) because –
  - (i) as a matter of policy, the purpose of the annual civil service pay adjustment is not to track inflation. There is thus no reason to link the pay adjustment rates to any specific inflation index;
  - (ii) linking the civil service pay adjustment rates to inflation cannot serve our policy objective of maintaining a broad comparability between civil service and private sector pay. Historically, private sector pay adjustment as reflected by the PTS was rarely exactly the same as inflation. If we had linked the pay adjustment rates to inflation in the past, the civil service pay level might have deviated from the private sector pay level; and
  - (iii) we do not think the CPI(A) inflation is the best and the only relevant reference for the factor of changes in the cost of living for all civil servants. As a matter of fact, the CPI(A) covers only some 50% of Hong Kong households in the relatively low expenditure range (monthly household expenditure in the range of \$5,400 to \$22,200 adjusted to the price level of 2014). The Composite CPI, on the other hand, reflects the impact of consumer price change on some 90% of households with a larger expenditure range (monthly household expenditure in the range of \$5,400 to \$77,800 adjusted to the price level of 2014). In any case, when considering the factor of changes in the cost of living, the Government has taken into account all relevant CPI figures for the 12-month period ended March 2015, including the headline and underlying Composite CPI, CPI(A), CPI(B) and CPI(C) inflation rates as well as the

forecast headline and underlying Composite CPI inflation for 2015 as a whole. The pay offers we made for the middle and lower salary bands (which account for more than 87% of all civil servants) are higher than the headline Composite CPI inflation in 2014-15 (4.5%);

- (b) we do not consider it necessary to give a “weighting” to the six relevant factors under the established mechanism as some have suggested. The annual pay adjustment decision is made by the Executive Council after comprehensive consideration of all six relevant factors. It is a decision based on the judgment of the Executive Council rather than a calculation based on mathematical formula. There is thus no need to give any specific “weighting” to the six relevant factors. In fact, it is also impossible to do so as some of the factors, such as the factor of staff morale, are not quantifiable;
- (c) there are views that the 2015 PTS findings were “inaccurate” or “flawed”. We consider such opinion unfounded because –
  - (i) every year before the conduct of the PTS, the PTS Committee reviews and agrees on the survey methodology and the survey field. The 2015 PTS is of no exception. Staff side members did have the opportunity to raise their concern about the PTS methodology for the Committee’s deliberation during the review of the 2015 PTS methodology. The 2015 PTS was conducted in full compliance with the established mechanism and methodology agreed by the PTS Committee;
  - (ii) under the current pay trend survey mechanism, there are effective measures in place for verifying the pay data received. First of all, there are guidance notes to assist participating companies in completing the questionnaire in accordance with the agreed survey methodology, as well as field visits or telephone calls by staff of the Pay Survey and Research Unit (PSRU) to explain the details. Upon receiving the pay data from the participating companies, the PSRU will perform multiple stages of detailed and meticulous scrutinisation and examination, including rounds of review and cross-checking, followed by verification by a statistical officer from the Census and Statistics Department. Before including the data in the calculation of the PTIs, written confirmation of their accuracy by the companies concerned will be sought. With over 40 years’ practical experience (first conducted in 1974), the PTS has all along enjoyed a high degree of credibility within the community. For details about the measures for verifying the pay data, please refer to the press statement issued by the Joint Secretariat for the

Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service at Annex E; and

- (iii) there is opinion that the exclusion of pay adjustment data due to promotion may have resulted in underestimation of the private sector pay adjustment. We do not agree to this viewpoint. In 1988, the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (the 1988 Committee of Inquiry) (comprising independent members) had given thorough consideration to the handling of pay increases arising from promotions in the course of reviewing the annual civil service pay adjustment mechanism. The 1988 Committee of Inquiry clearly pointed out in its report that “pay increases arising from promotions and transfers should continue to be excluded from the pay trend indicators. Promotions and transfers produce one-off payments which have nothing to do with the general pay awards. To include such increases in the pay trend indicators would distort the results which are designed to show the general movement in pay”.

We consider that the 2015 PTS findings have objectively reflected the year-on-year pay adjustments of the 105 surveyed organisations; and hence the net PTIs should continue to be taken into account in considering this year’s civil service pay adjustment. If the staff sides see areas of improvement in the PTS methodology, they may raise them in the PTS Committee in the next round of methodology review;

- (d) we do not think it is necessary to set up a committee with staff representatives to examine the six factors relevant to the annual civil service pay adjustment because –
  - (i) under the current mechanism, the staff sides of the four central consultative councils can already submit their views on how the six relevant factors should be taken into account in their pay claims to the Government, which is one of the six relevant factors which the Executive Council would take into account in considering the annual pay adjustment; and
  - (ii) the staff sides of the four central consultative councils are members of the PTS Committee. They can participate in and monitor the conduct of the annual PTS, the findings of which, upon the deduction of the PCIs, are one of the six relevant factors which the Executive Council should take into account when considering the annual pay adjustment; and

- (e) the practice of deduction of the PCIs has been implemented since 1989 on the recommendation of the 1988 Committee of Inquiry together with the inclusion of private sector in-scale increment and merit pay in the computation of the gross PTIs. The 1988 Committee of Inquiry took the view that, if private sector in-scale increment and merit pay were to be included in the PTS, the PCIs should be deducted for fairness sake.

5. Having considered the six relevant factors discussed in detail when the Acting CE-in-Council deliberated on the pay offers as well as the staff sides' responses to the pay offers, the CE-in-Council decided that civil service pay for 2015-16 should be adjusted in accordance with the pay offers made. The decision is in line with the civil service pay policy objective of maintaining broad comparability between civil service and private sector pay.

### **IMPLICATIONS OF THE RECOMMENDATION**

6. The decision on the 2015-16 Civil Service Pay Adjustment has no environmental, family, productivity and sustainability implications. The Basic Law, financial and economic implications of the decision are the same as those set out in the Legislative Council Brief on this subject issued on 9 June 2015.

### **PUBLICITY**

7. The Secretary for the Civil Service has informed the staff sides of the decision on the 2015-16 Civil Service Pay Adjustment earlier today (16 June 2015). A press release will be issued later today and a spokesman will be available to answer media enquiries.

### **ENQUIRIES**

8. Enquiries on this brief should be addressed to Miss Winnie Chui, Principal Assistant Secretary for the Civil Service (Tel: 2810 3112).

**Civil Service Bureau**  
**16 June 2015**



香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

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本會檔號：(19) in 2/7/CCSA(XXI)

致香港特別行政區政府  
公務員事務局局長  
鄧國威先生

鄧局長：

### 應允許高、中、低層公務員劃一薪調 6.1%

謝謝您 2015 年 6 月 9 日的來信，告知署理行政長官會同行政會議向中央評議會職方提出 2015-16 年度公務員薪酬調整方案：公務員高層薪金級別薪調幅度為 3.96%，中、低層為 4.62%。

本會歡迎政府在薪酬趨勢淨指標上，予各公務員薪金級別作出上調，這符合既定的公務員薪酬調整機制，為相當正面的舉措。就今年的情況而言，這上調一方面可對因問題公司引致薪酬趨勢指標有誤而作出修正及彌補，另一方面則顯示政府尊重原有一籃子因素的機制。這對維持公務員薪酬調整機制、薪酬趨勢調查的公信力及認受性有立竿見影之效，屬明智之舉。

惟政府未有給予高、中、低層公務員劃一薪調 6.1%，本會表示失望，並期望當局重新考慮下列因素/意見，予行政長官會同行政會議作出決定：

- 正如所知，參考薪酬趨勢調查指標結果，實質上是早已過去一年度的滯後數字，作為“打工仔”的公務員在高樓價、高租金、高物價下，都期望薪調能追上 6.1% 的甲類消費物價指數，從而紓緩通脹的壓力，某程度能維持其購買力，此亦為機制內須考慮的重要因素。政府作為全港最大的良好僱主，在這機制之下，容許公務員薪調能追上 6.1% 的通脹，亦為應有之義。
- 不容忽視的是此際在泛政治化、民粹化下，市民的要求更趨高漲，長達兩個多月的“佔領”行動及有關政改的激烈爭拗，令香港經歷歷史上罕見的嚴峻挑戰，各級公務員承受了前所未有的工作壓力。預料未來，這種挑戰和壓力有增無減，政府施政更需要一支穩定、士氣高昂、堅守崗位的公務員隊伍的支持。容許公務員薪酬劃一上調 6.1%，有助公務員團隊士氣提高，有助凝聚公務員對政府的向心力。

本會希望政府重新考慮，予公務員劃一薪調 6.1%。

此外，非公務員合約制員工在各局/部門與公務員團隊並肩努力，為市民提供優質服務。儘管他們的聘用條件“獨立”於公務員，本會尚祈當局採取措施，一併上調非公務員合約制員工的薪酬，以提升他們的士氣及挽留有經驗人員，亦有利於促進他們與公務員的團隊協作精神。

署理會長



謹啓

(利葵燕)

2015 年 6 月 11 日

English version only

只附英文版

**Hong Kong Senior Government  
Officers Association**

Room 328, Central Government Offices  
East Wing, 2 Tim Mei Avenue, Tamar,  
Hong Kong

Mr. Paul TANG, JP  
Secretary for the Civil Service  
9/F, West Wing, Central Government Offices,  
2 Tim Mei Avenue, Tamar, Hong Kong

Dear Mr. TANG,

10 June 2015

**2015/16 Civil Service Pay Adjustment**

We note the pay offers of 2015-16 civil service pay adjustment made by the Chief Executive-in-Council (CE-in-Council) to the Staff Side are 0.5% higher than the net Pay Trend Indices (PTIs).

By not following the net PTIs intuitively this year, it would be hard to say that the CE-in-Council has disregarded the other five factors namely: the prosperity of Hong Kong's economy; changes in the cost of living; the Government's healthy fiscal position; pay claims of the Staff Sides; and civil service morale.

Notwithstanding that, there remains a long overdue re-vamping of the existing deficiencies in the mechanism of annual pay adjustment for civil servants: namely the haphazard weighting in the consideration of the above factors, the inaccuracy of the PTIs, the indiscriminate deduction of payroll costs for all civil servants, etc., just to name a few.

We take the opportunity again to reiterate our pay adjustment proposal as outlined in our earlier pay claim letter and earnestly hope the CE-in-Council would re-consider its pay offer decision to fairly remedy the shortcomings of the present annual pay adjustment mechanism and to uphold the morale of Civil Servants.

Yours sincerely,



(CHAN Sai-kwing)  
for Hong Kong Senior  
Government Officers Association



English version only

只附英文版

**Association of Expatriate Civil  
Servants of Hong Kong**  
Room 327, Central Government Offices  
East Wing, 2 Tim Mei Avenue, Tamar,  
Hong Kong

Mr Paul TANG, JP  
Secretary for the Civil Service  
9/F, West Wing,  
Central Government Offices,  
2 Tim Mei Avenue,  
Tamar, Hong Kong

10 June 2015

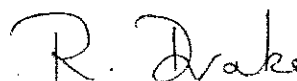
Dear Mr TANG,

**2015/16 Civil Service Pay Adjustment**

The AECS wishes to inform you that we accept the pay offer made by the Acting Chief Executive-in-Council, with effect from 1 April 2015, of a pay increase of 3.96 % for civil servants in the upper salary band.

We understand that the existing Pay Trend Survey methodology and the overall pay adjustment mechanism would still need to be continuously refined to move with the times.

Yours sincerely,



(Rebecca DRAKE)  
for Association of Expatriate  
Civil Servants of Hong Kong

警察評議會職方協會

香港軍器廠街一號警察總部

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**POLICE FORCE COUNCIL  
STAFF ASSOCIATIONS**

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協會檔號 OUR REF: CP PER SS C/4-85/2

來件編號 YOUR REF: CSBCR/PG/4-085-001/75

11<sup>th</sup> June 2015

The Hon. TANG Kwok-wai, Paul, JP  
Secretary for the Civil Service,  
9/F., West Wing, Central Government Offices,  
2 Tim Mei Avenue, Tamar,  
Hong Kong

Dear Mr. TANG,

### **2015-16 Civil Service Pay Adjustment**

This letter sets out the Police Force Council Staff Side (PFC SS) response to the pay adjustment offers made to us in your letter dated 9<sup>th</sup> June 2015.

As we have stated in our earlier pay claim letter dated 28<sup>th</sup> May 2015, we take note that the year-on-year rate of change in average Consumer Price Index (CPI) (A) for 2014-2015 financial year was +6.13%, and we would like to reiterate that to meet the rising costs of living, the net pay adjustment this year for the Police Force should not be less than an increase of 6.13% across-the-board.

We note that the CE-in-Council decided in this year's pay offer to make an additional 0.5% increase on top of the net Pay Trend Indicators (PTIs), which is unprecedented since the establishment of the HKSAR. We acknowledge this as an encouraging indication that the CE-in-Council, in making its pay offer, has taken into account not only the PTIs, but also the other five pay factors. We also see this as a positive step towards the right direction in rectifying the flaws in the existing obsolete methodology of the Pay Trend Survey, and a due recognition of the PFC SS's stance on an urgent need to have a new survey mechanism.

**SUPERINTENDENTS'  
ASSOCIATION**  
警司協會

**HONG KONG  
POLICE INSPECTORS'  
ASSOCIATION**  
香港警務督察協會

**OVERSEAS INSPECTORS'  
ASSOCIATION**  
海外督察協會

**JUNIOR POLICE OFFICERS'  
ASSOCIATION**  
警察員佐級協會

We sincerely recommend that a standing committee be set up, to examine all of the six pay factors, with broad and appropriate representations from the staff side of the civil service.

Yours sincerely,



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Patrick KWOK  
Chairman  
SPA



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Henry NGO  
Chairman  
HKPIA



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Ron ABBOTT  
Chairman  
OIA



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Joe CHAN  
Chairman  
JPOA

c.c. Commissioner of Police

紀律部隊評議會(職方)  
Disciplined Services Consultative Council  
(Staff Side)

本函檔號：SS/DSCC/P-3  
來函檔號：CSBCR/PG/4-085-001/75

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政府總部西翼 9 樓  
公務員事務局局長  
鄧國威先生, JP

鄧局長：

二零一五至一六年度公務員薪酬調整

謝謝你於二零一五年六月九日的來信。現將紀評(職方)對薪酬調整方案的意見臚列如下：

- (i) 紀評(職方)認為政府在決定二零一五至一六年度公務員薪酬調整幅度時，應充分考慮公務員士氣、年內生活費用的變動、香港的經濟狀況、政府的財政狀況及經濟增長成果；
- (ii) 紀評(職方)認為每年的公務員薪酬調整幅度應該不低於年內甲類消費物價指數的升幅，以追上通脹和維持同事的基本購買力。香港社會的安定繁榮、政策措施的有效推行、高質素服務的提供及競爭力等等，實有賴專業、團結及高效能的紀律部隊；

政府飛行服務隊機師工會  
Government Flying Service  
Pilots' Union

政府飛行服務隊空勤主任協會  
Government Flying Service  
Aircrewman Officers Association

政府飛行服務隊飛機工程師會  
Government Flying Service  
Aircraft Engineers Association

政府飛行服務隊飛機技術員工會  
Government Flying Service  
Aircraft Technicians Union

懲教事務職員協會(高級組)  
Correctional Services  
Officers' Association  
(Senior Section)

懲教事務職員協會(初級組)  
Correctional Services  
Officers' Association  
(Junior Section)

香港海關官員協會  
Association of Customs &  
Excise Service Officers

香港海關關員工會  
Hong Kong Customs  
Officers Union

香港消防控制組職員會  
Hong Kong Fire Services  
Control Staff's Union

香港消防處救護員會  
Hong Kong Fire  
Services Department  
Ambulancemen's Union

香港消防處救護主任協會  
Hong Kong Fire Services  
Department Ambulance  
Officers Association

香港消防主任協會  
Hong Kong Fire Services  
Officers Association

香港消防處職工總會  
Hong Kong Fire Services  
Department  
Staffs General Association

香港入境事務助理員工會  
Hong Kong Immigration  
Assistants Union

入境事務主任協會  
Immigration Service  
Officers Association

(iii) 雖然紀評(職方)樂見來信中提出今年的公務員薪酬調整方案已非純粹依從薪酬趨勢淨指標，而是比二零一五年薪酬趨勢淨指標稍高，紀評(職方)對這薪酬加幅未完全滿意，並表示失望。另外，紀評(職方)認為政府不適宜過於著重市民對公務員薪酬調整的接受程度而忽視職方的合理要求。現時的社會和政治氣氛為紀律部隊人員帶來日增月益的沉重工作壓力是毋庸置疑的，一個合理的薪酬調整幅度可在一定程度上挽回同事的士氣。

2. 你的來信中提出的薪酬調整方案仍與紀評(職方)的要求有一段差距。儘管如此，倘若政府維持這薪酬調整方案，紀評(職方)會無奈地接受。



紀律部隊評議會(職方)主席 盧凱詩

二零一五六月十一日

Chinese version only

只附中文版

Annex D  
附件 D

Rm. 326, 3/F,  
East Wing,  
Central Government Offices,  
2 Tim Mei Avenue,  
Tamar, Hong Kong.

第一標準薪級公務員評議會(職方)  
MODEL SCALE 1 STAFF CONSULTATIVE COUNCIL  
(STAFF SIDE)

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本函檔號：SSMOD/SAL/PAY/5/7/1 Pt.27  
來函檔號：CSBCR/PG/4-085-001/75

香港添馬添美道2號  
政府總部西翼  
公務員事務局局長  
鄧國威先生

尊敬的鄧局長：

二零一五至一六年度公務員薪酬調整

局方在2015年6月9日的來信(檔號：CSBCR/PG/4-085-001/75)收悉，現作出以下回覆。

本會職方曾於2015年5月28日去信局方，要求低層薪金級別加薪6.1%。對於署理行政長官會同行政會議所提出的薪酬調整方案，本會職方認為雖然政府今次建議的加幅4.62%已高於薪酬趨勢調查淨指標，但建議加幅仍然未能追上甲類消費物價指數，基層公務員的購買力無疑受損。

然而，職方亦看到政府本年度不只按薪酬趨勢調查淨指標調薪，而建議為各個薪金級別在淨指標上再調高 0.5%，顯示政府有考慮到職方的強烈意見。儘管建議加幅未能達到職方要求，本會職方仍樂見政府有考慮薪酬趨勢調查淨指標以外的五大調薪因素，算是薪酬調整事宜上的一個突破。

一評職方一直尊重現行的薪酬調整機制，但正如職方於 5 月 28 日的來信提到，由於遞增薪額開支的數字有著持續攀升的趨勢，這對已達頂薪的公務員非常不公平，政府必須正視此問題。職方促請政府檢討現行扣除遞增薪額開支的安排，讓同事得到應有的薪酬調整。

第一標準薪級公務員評議會

職方主席李惠儀



2015 年 6 月 11 日

## Response to media enquiries on the 2015 Pay Trend Survey

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In response to media enquiries on the 2015 Pay Trend Survey (PTS), a spokesman for the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service today (June 9) replied as follows –

First, on the upward adjustment of the net Pay Trend Indicator (PTI) for the Upper Salary Band by 0.04%, i.e. from 3.42% to 3.46%, the spokesman explained that the Pay Trend Survey Committee (PTSC) came across a special situation at its meeting for verifying the PTS Report of 2015 (i.e. the current year). The PTSC noted that a company had provided supplementary information regarding its data submitted for the PTS of 2014 (i.e. the previous year). Since the supplementary information was related to the data submitted by the company last year, it therefore had no impact on the calculation of the PTIs for the current year.

This notwithstanding, after thorough deliberation of the special situation, the PTSC agreed to make an exceptional arrangement to include the adjustment resulting from the supplementary information (which should have been taken into account last year) into the PTIs of the current year. As a result of the above-mentioned exceptional adjustment to cater for the special situation, the gross PTI for the Upper Salary Band was adjusted upwards by 0.04%, from 4.42% to 4.46% (and the net PTI after deducting the civil service payroll cost of increments was adjusted upwards by 0.04%, from 3.42% to 3.46% ).

There is no question of the accuracy of the 2015 PTS findings. The above-mentioned adjustment was unrelated to the calculation of the 2015 PTIs. The adjustment put forth by the PTSC was to include, on an exceptional basis, the adjustment arising from the supplementary information provided by the above company into the 2015 PTIs (even though such supplementary information was related to the company's pay data submitted for the 2014 PTS and hence should have been taken into account last year) .

Second, with regard to the measures in place to verify the pay adjustment data provided by the participating companies, the spokesman explained that companies' participation in the survey is entirely voluntary, with information provided under an "Honour System". With over 40 years' practical experience,



this mechanism has demonstrated in full that it is pragmatic and practicable. Indeed, the entire PTS system has all along enjoyed a high degree of credibility within the community.

In addition, there are a number of measures to assist the companies in providing complete and accurate information. First of all, to help the companies in providing complete and accurate pay data during the conduct of the survey, the Pay Survey and Research Unit (PSRU) will send a set of guidance notes to the companies to assist their completion of the questionnaire in accordance with the agreed survey methodology, followed by field visits or telephone discussions to explain the details of the survey to the companies and to answer their questions in detail.

Moreover, after collection of pay data from the companies, the PSRU will perform multiple stages of detailed and meticulous scrutinisation and examination, including rounds of review and cross-checking by the different teams of the PSRU. Next, a statistical officer from the Census and Statistics Department will conduct a verification process. Afterwards, the data will only be included in the calculation of the PTIs after they have been confirmed in writing by the companies concerned.

Third, on whether the exclusion of salary adjustments due to promotions would result in the PTS underestimating the actual annual salary adjustment of employees in the private sector, the spokesman explained that back in 1988, the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (comprising independent members) had given thorough consideration to the handling of pay increases arising from promotions in the course of reviewing the civil service annual pay adjustment mechanism. The Committee clearly pointed out in its report that "pay increases arising from promotions and transfers should continue to be excluded from the pay trend indicators. Promotions and transfers produce one-off payments which have nothing to do with general pay awards. To include such increases in the pay trend indicators would distort the results which are designed to show the general movement in pay".

In accordance with the Committee's recommendation, "promotion" has been clearly defined in the existing questionnaire of the PTS. According to the guidance notes to the questionnaire, "promotion" refers to an individual taking on a new job with increased responsibility and the consequential vacancy is filled by another person. Under such circumstances, the salary adjustment resulting from promotion should not be included in the PTS. The guidance notes help ensure that

the participating companies have a clear understanding of the definition of “promotion” and are effective in preventing them from excluding those pay increases which should not be excluded.

In fact, the same treatment has been adopted in pay trend surveys conducted by human resources organisations in the market (including the annual survey conducted by the Hong Kong Institute of Human Resource Management). That is, salary adjustment due to “promotion”, which is based solely on factors relating to an individual, is excluded.

Ends /Tuesday, 9 June 2015