

LEGISLATIVE COUNCIL BRIEF

2013-14 CIVIL SERVICE PAY ADJUSTMENT

INTRODUCTION

At the meeting of the Executive Council on 4 June 2013, the Council **ADVISED** and the Chief Executive (CE) **ORDERED** that the following pay offers, to be effected retrospectively from 1 April 2013, should be made to the staff sides of the four central consultative councils¹ (the staff sides) –

- (a) a pay increase of **2.55%** (i.e. the **net** pay trend indicator (PTI) for the upper salary band) for civil servants in the upper salary band and the directorate;
- (b) a pay increase of **3.92%** (i.e. the **net** PTI for the middle salary band) for civil servants in the middle salary band; and
- (c) a pay increase of **3.92%** (i.e. the **net** PTI for the lower salary band) for civil servants in the lower salary band.

JUSTIFICATIONS

Civil service pay policy

2. The Government's civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide the public with an effective and efficient service; and such remuneration is to be regarded as fair by both civil servants and the public they serve by maintaining broad comparability between civil service and private sector pay. Civil service pay is compared with market pay on a regular basis through three different types of surveys under the Improved Civil Service Pay Adjustment Mechanism endorsed by the Executive Council in 2007, namely (a) an annual pay trend survey (PTS) to ascertain the year-

¹ The four central consultative councils are the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council.

on-year pay adjustment movements in the private sector; (b) a triennial starting salaries survey to compare the starting salaries of civil service civilian grades with the entry pay of jobs in the private sector requiring similar qualifications; and (c) a six-yearly pay level survey to ascertain whether civil service pay is broadly comparable with private sector pay. The annual PTSs are conducted in accordance with the established mechanism as detailed in Annex A. The results of the PTS, viz. the **gross** PTIs for the three salary bands, from which the payroll cost of increments² is deducted, provide the **net** PTIs which are one of the factors to be considered in the annual civil service pay adjustment.

The annual pay adjustment process

3. Upon completion of the annual PTS, the CE-in-Council's advice is sought on the pay offers to be made to the staff sides with regard to six relevant factors, namely –

- (a) the net PTIs;
- (b) the state of Hong Kong's economy;
- (c) changes in the cost of living;
- (d) the Government's fiscal position;
- (e) the pay claims of the staff sides; and
- (f) civil service morale.

If the pay offers are different from the staff sides' pay claims, the staff sides are consulted again before the CE-in-Council's final decision is sought.

The 2013 PTS

4. The 2013 PTS covers the 12-month period from 2 April 2012 to 1 April 2013. As in previous years, before the conduct of the 2013 PTS, the tripartite PTS Committee³ reviewed and agreed on the survey methodology and the survey field. In accordance with the established mechanism, the PTS Committee submitted its advice on the 2013 PTS methodology to the Standing Commission on Civil Service Salaries and Conditions of Service

2 "Payroll cost of increments" is the increment payments made to civil servants who have not yet reached the maximum pay point of their rank, expressed as a percentage of total salary payment.

3 The PTS Committee comprises representatives of the staff sides of the four central consultative councils, the Administration as well as the advisory bodies on civil service salaries and conditions of service.

(Standing Commission) in January 2013. The recommended methodology was endorsed by the Standing Commission and supported by the Administration. On this basis, the PTS Committee commissioned the Pay Survey and Research Unit to conduct the 2013 PTS, which collected the basic pay and additional pay adjustment data of 180 253 employees in 109 companies, consisting of 178 332 employees in 82 larger companies and 1 921 employees in 27 smaller companies. The findings of the 2013 PTS are set out below –

Salary Band⁴	Basic Pay Indicator [A]	Additional Pay Indicator [B]	Gross PTI [A] + [B]
Upper	4.03%	-0.65%	3.38%
Middle	4.97%	-0.18%	4.79%
Lower	5.52%	-0.22%	5.30%

5. In accordance with the established practice, the PTS Committee met and considered the 2013 PTS findings on 22 May 2013. At the meeting, 11 representatives⁵ accepted the survey findings. In addition, one Staff Side representative of the Senior Civil Service Council (SCSC) accepted the survey findings with reservations and two Staff Side representatives of the Disciplined Services Consultative Council (DSCC) accepted the survey findings with great reservations. The two Staff Side representatives of the Police Force Council (PFC) did not agree to validate the survey findings. The PTS Committee submitted its report to the Administration on the same day. The resulting **net** PTIs are as follows –

4 The pay ranges of the three salary bands for the 2013 PTS are –

- (a) Upper: Above Master Pay Scale (MPS) 33 to General Disciplined Services (Officer) Pay Scale 39 or equivalent, viz. \$54,666 to \$109,365;
- (b) Middle: From MPS 10 to 33 or equivalent, viz. \$17,835 to \$54,665; and
- (c) Lower: Below MPS 10 or equivalent, viz. below \$17,835.

5 The 11 representatives who accepted the survey findings without reservations included the three Staff Side representatives of the Model Scale 1 Staff Consultative Council, two Staff Side representatives of the Senior Civil Service Council, the two representatives of the Standing Commission, the representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the two representatives of the Administration and the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service.

Salary Band	Gross PTI [C]	Payroll Cost of Increments in 2012-13 [D]	Net PTI [C] – [D]
Upper	3.38%	0.83%	2.55%
Middle	4.79%	0.87%	3.92%
Lower	5.30%	1.38%	3.92%

Hong Kong's economy

6. Following the sub-par economic growth of 1.5% for 2012 as a whole, Gross Domestic Product (GDP) grew moderately by 2.8% year-on-year in real terms in the first quarter of 2013. The economic outlook for the rest of 2013 remains clouded by considerable uncertainties on the external front. Nevertheless, the expected resilience of domestic consumption, the ongoing infrastructure works and the thriving inbound tourism should continue to render growth impetus to the local economy. Barring any abrupt deterioration in the external environment, the Hong Kong economy is on track to attain a 1.5% to 3.5% growth in real terms for 2013 as a whole.

7. On the back of resilient domestic business activities and vibrant inbound tourism, labour market conditions remained rather tight throughout the past year. The seasonally adjusted unemployment rate, though edging up somewhat since mid-2012, was still relatively low at 3.5% in the first quarter of 2013. Against this backdrop, nominal wages for workers up to the supervisory level rose solidly by 5.1% year-on-year in December 2012 and by 5.7% for 2012 as a whole. However, more recent statistics enumerated from households showed that in the 12-month period ended March 2013, average monthly employment earnings for full-time employees increased by a modest 2.3% over a year earlier, mainly attributable to the slow earnings growth in the higher income groups. With local hiring sentiment remaining rather cautious amid the considerable uncertainties in the external environment, the employment outlook will hinge crucially on the overall economic growth and the capacity of the corporate sector to create jobs down the road.

Cost of living

8. Inflation held stable in the first quarter of 2013. The Composite Consumer Price Index (CPI) rose by 3.7% year-on-year in the first quarter of 2013, down slightly from 3.8% in the fourth quarter of 2012. For the 12-

month period ended March 2013, headline inflation averaged at 3.7%⁶. Looking ahead, inflation is likely to rise back slightly in the coming months with the progressive feed-through of the surge in private housing rentals over the past year. Yet the tame imported inflation and recent softening in housing rentals should help contain the upward pressure on inflation in the latter part of this year. The forecast headline inflation for 2013 as a whole is 4.5%⁷.

The Government's fiscal position

9. The consolidated surplus for 2012-13 is \$64.8 billion, equivalent to 3.2% of GDP. Fiscal reserves at end-March 2013 stood at \$733.9 billion, equivalent to 23 months of government expenditure. For 2013-14, a small fiscal deficit of \$4.9 billion is projected, equivalent to 0.2% of GDP. Thereafter and until 2017-18, an annual consolidated surplus is projected for each year.

Staff sides' pay claims

10. The pay claims from the staff sides of the four central consultative councils (at Annexes B to E) are summarised in the table below –

B to E

Staff Sides	Upper Salary Band	Middle Salary Band	Lower Salary Band
(I) SCSC			
(a) Hong Kong Chinese Civil Servants' Association	No less than 4.42%	No less than 4.42%	No less than 4.42%
(b) Association of Expatriate Civil Servants of Hong Kong	4.42%	4.42%	4.42%
(c) Hong Kong Senior Government Officers Association	4.42%	4.42%	4.42%
(II) PFC	5.7% – 6.7% and no less than 5.01%		
(III) DSCC	No less than 4.42%	No less than 4.42%	No less than 4.42%
(IV) Model Scale 1 Staff Consultative Council (MOD 1 Council)	N.A.	N.A.	5.00%

6 The underlying inflation netting out all Government's one-off relief measures for the 12-month period ended March 2013 averaged at 4.1%.

7 The forecast underlying inflation for 2013 is 4.2%.

11. The majority ask for a pay rise equal to or not less than 4.42% across the board having regard to the year-on-year change in CPI(A) in the 12-month period ended March 2013⁸. For the two remaining pay claims, the MOD 1 Council staff side requests a pay rise of 5% for the lower salary band, having referred to the change in CPI(A) and certain CPI components in the 12-month period ended March 2013⁹, etc.; and the PFC staff side requests a pay rise in the range between 5.7% and 6.7%, and in any case no less than 5.01% (which is the composite **gross** PTIs across all three salary bands), after taking into account factors including the findings of the pay surveys conducted by other human resources organisations¹⁰, staff morale, inflation and the difference between the cumulative adjustments of civil service pay and periodic pension payment in accordance with the Pensions (Increase) Ordinance (Chapter 305) since 1998¹¹, etc.

Staff morale

12. The civil service is generally disappointed by the 2013 PTS findings. Prior to the release of the PTS findings, some civil servants have expected a pay rise on par with adjustments in the past two years. Staff sides of the four central consultative councils consider that the net PTIs fail to catch up with the genuine change in cost of living. The staff sides and some civil service associations have demanded that the Administration should attach greater importance to other relevant factors such as staff morale, the Government's fiscal position and change in cost of living, etc., when considering the pay offers.

8 The CPI(A) is the consumer price index relating to households in the relatively low expenditure ranges (i.e. roughly with monthly household expenditure in the range of \$5,000 - \$20,000 adjusted to the price level of 2012). According to the figures from the Census and Statistics Department, the average change in headline CPI(A) for the 12-month period ended March 2013 was 3.5%. The corresponding change in underlying CPI(A) (netting out all Government's one-off relief measures) was 4.4%.

9 The inflation figures to which the MOD 1 Council staff side has made reference in formulating its pay claims include: the average change in underlying CPI(A) (netting out all Government's one-off relief measures) for the 12-month period ended March 2013 (4.4%); and the respective year-on-year price changes in March 2013 on housing (6.2%); electricity, gas and water (5.4%); and meals bought away from home (4.6%) in the CPI(A).

10 The pay surveys to which the PFC staff side has made reference include those conducted by the Hong Kong Institute of Human Resource Management, the Employers' Federation of Hong Kong and the Hong Kong People Management Association. These surveys generally found an increase in basic pay of around 3.7% to 4.5% in 2012 or January 2013.

11 Under the Pensions (Increase) Ordinance, the annual increase rate of pension is pegged to the increase in the annual average monthly CPI(A) of the last financial year over that of the immediately preceding financial year. Unlike the civil service pay adjustment mechanism, change in CPI(A) is the sole factor for determining the rate of pension increase. The rationale behind is to offer adequate protection to pensioners who are generally elderly and less able to fend for themselves.

Pay offers for 2013-14

13. Taking into account the considerations set out in paragraphs 4 to 12 above, the CE-in-Council decided that the following pay offers for 2013-14 should be put to the staff sides –

Salary Band	No. of Civil Servants¹²	Net PTI	Pay Offer
Directorate	1 281	N.A. ¹³	2.55%
Upper	18 198	2.55%	2.55%
Middle	116 201	3.92%	3.92%
Lower	24 914	3.92%	3.92%

14. The pay offers are pegged to the net PTIs for the respective salary bands, upholding the integrity and credibility of the PTS and pay adjustment mechanism. For directorate civil servants who are not covered by the annual PTS, the same pay offer as for the upper salary band is made in accordance with the practice adopted since 1989-90. In formulating the pay offers, the following major considerations have been taken into account –

- (a) the 2013 PTS was conducted in full compliance with the established mechanism and methodology agreed by the PTS Committee before the survey was conducted. Its findings have objectively reflected the year-on-year pay adjustments of the 109 surveyed organisations. In the absence of special circumstances (e.g. negligible negative net PTIs, particularly high inflation or uncertain Government's fiscal position, etc.), pegging the pay offers to the net PTIs is in line with the civil service pay policy to maintain broad comparability with private sector pay; and
- (b) since neither the PTS nor the annual civil service pay adjustment aims at tracking inflation, the net PTIs or the pay adjustment may not be the same as or higher than inflation every year. In fact, the annual civil service pay adjustments were higher than the Composite CPI in some years and lower in other years. In any case, the Composite CPI, standing at 3.7% in 2012-13, is comparable to (slightly lower than) the net PTIs for the middle and lower salary bands (3.92%). It is also noted that the inflation has remained stable in the first quarter in 2013 and the upward pressure is expected to be contained in the latter part of this year.

12 The figures reflect the position as at 31 March 2013 and include some 19 000 civil servants seconded to/working in trading funds, subvented and other public bodies.

13 The PTS does not cover private sector employees whose salary overlaps with directorate civil servants. The pay claims from the staff sides also do not cover directorate civil servants.

15. In response to the arguments of the staff sides and other civil service associations, the following is noted –

- (a) there is suggestion that the Administration should make reference to the “**gross** composite PTI” (for all salary bands) of 5.01% instead of the **net** PTIs for the respective salary bands for making civil service pay adjustment. This is not justified because first of all, instead of gross PTIs, it should be the net PTIs that should be relevant (as explained in paragraph 2 and Annex A) as it takes into account the additional pay (e.g. the “13th month” salary and year-end bonuses, etc.) in the private sector companies covered by the PTS and the payroll cost of increments in the civil service to be deducted. Second, under the established PTS methodology, pay data are collected and aggregated in three salary bands to ascertain the specific year-on-year change of salaries of different segments in the market. Making reference to one aggregated PTI will result in deviations from the PTS methodology and market trend;
- (b) some staff sides consider that the net PTIs derived from the PTS are lower than the rates of pay adjustments identified in some pay surveys conducted by other human resources organisations. They suggest that the findings of these pay surveys should also be taken into account in the consideration of the pay offers. We do not consider it appropriate to compare the PTS findings with those of other pay surveys because of their different methodologies and coverage;
- (c) some staff sides have compared the cumulative civil service pay adjustment with the cumulative inflation rate for a particular period (e.g. since 2009 when the upper salary band got a pay reduction of 5.38%). However, this is inappropriate since the pay adjustment decision is an independent exercise taking into account the circumstances of each year; and
- (d) some staff sides have compared the cumulative adjustment of pension with the cumulative civil service pay adjustment. However, such comparison is inappropriate as the mechanisms and policy objectives behind the two systems are different and incomparable.

Effective date for the pay adjustment

16. In line with the established practice, the CE-in-Council decided that the pay adjustment should take effect retrospectively from 1 April 2013.

OTHER RELATED ISSUES

(a) Judges and judicial officers

17. Judges and judicial officers (JJOs) are subject to a different and separate mechanism for pay adjustment as endorsed by the CE-in-Council on 20 May 2008. The Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) will discuss how the pay of JJOs should be adjusted in late June 2013 having regard to a basket of factors, including the final pay adjustment decision to be made for the civil service. Upon receipt of the recommendations of the Judicial Committee, a separate decision from the CE-in-Council will be sought.

(b) Political appointees

18. The pay policy and pay adjustment mechanism for politically appointed officials (including Principal Officials (POs), Deputy Directors of Bureau and Political Assistants to POs) are distinct and separate from those for the civil service. The pay adjustment decision to be made for the civil service for 2013-14 will not apply to them.

(c) Non-civil service contract staff

19. Non-civil service contract (NCSC) staff are recruited by individual bureaux and departments mainly for work that is seasonal, time-limited or part-time in nature, or work where the mode of delivery is under review or likely to be changed, etc. As the pay of NCSC staff is managed differently from that of the civil service, the pay adjustment decision to be made for the civil service for 2013-14 will not apply to them.

(d) Subvented sector staff

20. With the exception of teaching and related staff in the aided school sector who are paid according to the civil service pay scales, the Government, as a general rule, is not involved in the determination of pay or pay adjustment of staff working in subvented bodies (e.g. the Hospital Authority, social welfare non-governmental organisations, institutions funded by the University Grants Committee, etc.). These are matters between the concerned bodies as employers and their employees. Hence, the Government will not directly impose any pay adjustment applicable to the civil service in the subvented sector.

21. It has been the established practice that following a civil service pay adjustment, the Government will adjust the provisions for subventions which are price-adjusted on the basis of formulae including a factor of civil service pay adjustment. The additional provisions for subventions will in general be calculated in accordance with the weighted average of the pay rise

decided for the civil service¹⁴, as was done in previous years. It would be up to individual subvented bodies, as employers, to decide whether to increase the salaries of their own employees and, if so, the rate of increase. Subject to the pay adjustment decision to be made for the civil service for 2013-14 and the approval of the Finance Committee of Legislative Council, we will, through the relevant Controlling Officers, remind the subvented bodies concerned that the additional subventions from the Government are meant to allow room for pay adjustment for their staff.

IMPLICATIONS

22. The pay offers are in conformity with the Basic Law, including the provisions concerning human rights. They have no sustainability, family, productivity and environmental implications.

23. The annual financial implications for the civil service and the subvented sector arising from the pay offers (if implemented) are estimated as follows –

	\$ million
(a) Civil service	2,689 ¹⁵
(b) Independent Commission Against Corruption (ICAC) staff ¹⁶	21
(c) Subvented organisations	3,012 ¹⁷
(d) Auxiliaries	7
Total	5,729

24. The civil service accounts for about 4% of the total workforce and civil service emoluments account for about 7% of the overall employment remuneration in the economy. The civil service and employees in subvented organisations together account for around 15% of the overall employment remuneration in the economy. As the pay offers are based on the pay

14 The weighted average of civil service pay adjustment rates would be 3.52% if civil service pay for 2013-14 is indeed adjusted according to the pay offers stated in paragraph 1 above.

15 The figure includes about \$271 million additional cost arising from pay adjustment for around 19 000 civil servants seconded to/working in trading funds, subvented and other public bodies. It also includes an estimated increase of \$334 million in pension payments for those retiring in 2013-14.

16 ICAC staff are not civil servants. However, it has been the Government's policy to extend the civil service pay adjustment to ICAC staff.

17 This figure has excluded the financial implications arising from pay adjustment for civil servants seconded to/working in subvented bodies, which have been incorporated under item (a) above.

adjustments in the private sector over the past year as obtained from the Pay Trend Survey, the impact on the overall labour market should be small. The impact on inflation of the pay adjustment should be negligible.

PUBLICITY

25. Secretary for the Civil Service has made the pay offers to the staff sides earlier today (4 June 2013). A press release will be issued later today, and a spokesperson will be available to answer media enquiries.

ENQUIRIES

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

Civil Service Bureau
4 June 2013

Introduction to the Pay Trend Survey (PTS) mechanism

The annual PTS is commissioned by the PTS Committee, which is a tripartite committee comprising members from –

- (a) the staff sides of the four central consultative councils;
- (b) the Standing Commission on Civil Service Salaries and Conditions of Service and the Standing Committee on Disciplined Services Salaries and Conditions of Service; and
- (c) the Administration.

2. The PTS collects the year-on-year adjustments in both basic pay and additional pay (e.g. “the 13th month” salary, year-end bonuses/commissions and other non-guaranteed/discretionary/one-off bonuses, etc.) of employees in the surveyed companies from major economic sectors. Salaries adjustments awarded to employees on account of the following factors are included –

- (a) cost of living;
- (b) general prosperity and company performance;
- (c) general changes in market rates; and
- (d) in-scale increment and merit.

Salaries adjustments attributed to external relativities¹, internal relativities and/or implementation of the statutory minimum wage are excluded from the calculation of the pay trend indicators (PTIs).

3. Pay adjustment data from both larger (i.e. with 100 or more employees) and smaller (i.e. with 50-99 employees) companies are collected and assigned a 75% and 25% weighting respectively. The data are collated according to three salary bands: upper, middle and lower², and aggregated in accordance with the assigned weighting into a basic pay indicator and an additional pay indicator for each salary band.

¹ Salaries adjustments attributed to external relativities refer to adjustments given to a specific group of employees in a company as a result of salaries paid by other companies for a similar job.

² The pay ranges of the three salary bands for the 2013 PTS are –

- (a) Upper: Above Master Pay Scale (MPS) 33 to General Disciplined Services (Officer) Pay Scale 39 or equivalent, viz. \$54,666 to \$109,365;
- (b) Middle: From MPS 10 to 33 or equivalent, viz. \$17,835 to \$54,665; and
- (c) Lower: Below MPS 10 or equivalent, viz. below \$17,835.

4. The two indicators for a particular salary band are added up and presented as the **gross** PTI for that band. The payroll cost of increments incurred for civil servants in each salary band (i.e. the increment payment made to civil servants who have not yet reached the maximum pay point of their rank, expressed as a percentage of total salary payment) is then deducted from the relevant gross PTI to arrive at the **net** PTI³. The net PTIs are one of the six factors to be considered in the annual civil service pay adjustment.

³ The deduction of payroll cost of increments from the gross PTIs to arrive at the net PTIs was recommended by the 1988 Committee of Inquiry in view of its recommendation to include private sector merit pay and increments in the annual PTS. The Committee considered that for fairness, if all take-home pay in the private sector was taken into account in the PTS, the increment payment made to civil servants who had not yet reached the maximum pay point of their rank should also be taken into account.

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

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

Dear Mr. TANG,

23 May 2013

2013/14 Civil Service Pay Adjustment

On behalf of the Hong Kong Senior Government Officers Association and the Association of Expatriate Civil Servants of Hong Kong of the Senior Civil Service Council Staff Side,, we wish to inform you of our pay claim. Having regard to the Pay Trend Indicators (PTIs) for the three salary bands, the state of the economy, the government's healthy financial position, the cost of living as well as the need to sustain the stability and morale of the civil service, it is our view that the civil service pay adjustment for the upper, middle and lower salary bands for 2013/14 should be 4.42% across the board. The reasons are given in the ensuing paragraphs.

The Cost of Living

2. Due weight should be given to the inflation rate for the past 12 months. According to the Census and Statistics Department, the year-on-year rate of change in average CPI(A) for the 2012-2013 financial year was 4.42%. As such, we consider that a pay increase of 4.42% across all salary bands is necessary to ensure civil servants to maintain the purchasing power to catch up with the inflation.

Effects of Majority of Serving Civil Servants Having Reached Maximum Pay Point of the Master Pay Scale (MPS) and the Imminent Retirement Peak

3. As the majority of the serving civil servants have reached the maximum pay points of the MPS for their respective ranks and no longer

receive annual pay increments, the Government should consider applying the gross PTIs (i.e. without deducting the payroll cost of increments from the gross PTIs) rather than the net PTIs in deciding the civil service pay adjustment as in the past practice. Furthermore, with the onset of the retirement peak, there is increasing number of intakes of new recruits. This will inevitably inflate the payroll cost of increments. It is observed that the 2012-13 payroll cost of increments for the Lower Salary Band, which is 1.38%, represents the highest figure in the past 15 years. We consider that the practice of mechanically deducting the payroll cost of increments from the civil service pay adjustment should be reviewed against this background.

Importance of Maintaining Staff Morale

4. Since the transfer of sovereignty in 1997, the workload of and pressure on civil servants have increased significantly while the provision of manpower resources has not been correspondingly increased. This has an adverse impact on the morale of civil servants. With Government's healthy financial position, the Government should attach due weight to the factor of civil service morale, particularly as the Government is one of the leading employers in Hong Kong.

Changes in the Salary Structure in the Commercial Sector

5. It is noted that some companies have restructured the salary packages, i.e. varying the components among basic salaries, additional payments and other forms of payment. There are human resource practice and accounting system changes that might have been carried out to maximize the commercial profits. But all these have not been captured in the Pay Trend Survey. The apparent decreases in basic salaries and additional payments, especially the latter, do not reflect the actual take-home pay.

Views of Human Resources Experts

6. A number of human resources experts have expressed to the media that this year's PTIs, particularly that of the Upper Salary Band is far lower than expected and it would be only reasonable for the Government to make some upward adjustment to the net PTIs.

Yours sincerely,



(Philip KWOK)
for Hong Kong Senior
Government Officers Association



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

Chinese version only

只附中文版



香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

中國香港九龍京士柏衛理道 8 號 8 Wylie Road, King's Park, Kowloon, Hong Kong, China

電話 Tel: (852) 23001066 圖文傳真 Fax: (852) 2771 1139 網址 Website: <http://www.hkccsa.org.hk>

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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：

2013-14 年度公務員薪酬事

經全面考慮多項因素，香港政府華員會謹向政府提出：2013-2014 年度高、中、低層公務員的薪酬調整幅度均不低於通脹率(即 4.42%)。理由如下：

(1) 應容許各級公務員維持購買力及分享經濟成果

正如所知，即使參考薪酬趨勢調查結果，公務員的薪酬調整實際上是滯後一年的行動。去年，高層薪金級別的調整已落後於通脹，中、低層則僅可追上。按消費物價指數按年變動，截止 2013 年 3 月止的 12 個月內，綜合甲類消費物價指數較一年前增加了 4.42%。最新數據更顯示，通脹率已持續上升至 4.7% 並預料將繼續上升，致作為打工仔的公務員，與其他市民一樣，同樣受到不斷飆升的通脹的衝擊。故此，協助公務員紓緩通脹、維持他們的購買力，為良好僱主應有之義。

事實上，自 1974 年確立現行公務員薪酬調整機制以來，政府的政策是容許公務員分享/分擔經濟的起伏。多年前，本會即已據此指出，在經濟衰退、嚴重財赤下需要公務員凍薪/減薪，與社會共渡時艱，為應有之義。反之亦然。回歸以來，公務員便曾經歷了多次凍薪或減薪。近至 2009 年，高層薪金級別公務員便曾減薪 5.38%，以協助政府紓困。同理，在這機制之下，容許公務員分享經濟成果及維持其購買力，亦為應有之義。

實際上，根據統計處資料，本地首季生產總值按年溫和增長了 1.4%，上年度政府又有巨額盈餘，因而，給予公務員不低於通脹率的薪酬調整，可起到容許公務員一定程度上分享經濟成果之效。

(2) 高層薪金級別公務員 2009 年曾被不合理地多減薪 3.2%，引起不滿

2009 年因有問題公司被不合理地納入薪酬趨勢調查結果之中，致公務員薪酬調整重要參照因素之一的薪酬趨勢指標被嚴重扭曲，導致高層公務員被不合理地多減薪 3.2%，招致了不必要的損失，引起了不滿。對此，政府應予適當彌補。

(3) 有利增加士氣、有利團隊的建立

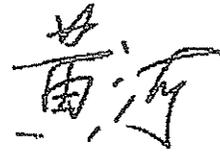
公務員的工作量及要求與日俱增，近年更甚；未來政府又將面臨公務員退休高峰期，致許多公務員更要兼任退休公務員的職責，又要培訓、帶領新

入職的公務員以維持服務的質素。因而，政府施政在在需要一支穩定、士氣高昂的公務員團隊。

此外，若這次只僵硬跟隨“薪酬趨勢淨指標”調整，銜接中、高層級別的總薪級表第 33 及第 34 薪點，將會從相距\$1185 劇降至\$467(相應紀律部隊薪級表的亦有同類情形)，正常差距將因此被扭曲，勢將影響相關公務員同事的士氣。對此，政府應盡量避免之。

據上述，懇請政府認真考慮並接納本會的要求和理據。

會長



謹啓

(黃河)

2013年5月24日

English version only

只附英文版

Annex C
附件 C

警察評議會職方協會

香港軍器廠街一號警察總部

警政大樓三十九樓

電話 Telephone: 2860 2645

傳真 Fax: 2200 4355



POLICE FORCE COUNCIL
STAFF ASSOCIATIONS

39/F, ARSENAL HOUSE,
POLICE HEADQUARTERS,
1 ARSENAL STREET,

HONG KONG.

協會編號 OUR REF: CP PER SS C/4-85/2

來件編號 YOUR REF: CSBCR/PG/4-085-001/72

23rd May 2013

Mr. 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,

Pay Claim
2013-14 Civil Service Pay Adjustment

Further to our letter dated 19th April 2013 and in response to your letter under reference CSBCR/PG/4-085-001/72 dated 10th May 2013, the Police Force Council Staff Side representing some 28,000 men and women of the Hong Kong Police Force submits the following Pay Claim.

In the meeting with the Pay Survey Research Unit (PSRU) on Monday 20th May 2013 and then the PTSC on Wednesday 22nd May 2013, we presented our observations on the 109 companies which submitted data to the Pay Trend Survey (PTS) 2013. Frankly we were disappointed that in the case of some companies L009, L015, L028, L034, L042, L050, L061 and L076, the data presented at the time of the meetings was still incomplete, confusing in its terminology or lacked sufficient further reasonable explanation. We have also noted that some 41 companies, representing over 28% of the surveyed population, provided clearly averaged data with no detailed breakdown by employee band and this effect provides only composite data. It is for these reasons that the Staff Side did not validate the survey, as it does not provide representative data in each of the individual salary bands in 2013. The reliability of the provided data is limited to the composite figures in the survey, as provided by the PSRU, Annex 'A' refers.

On full examination of the PTS data, we feel that an acceptable benchmark is to rely on the composite data as a reference point to the pay adjustment for 2013-14. The survey has indicated a composite PTI of +5.24 % in basic pay and -0.23% in additional pay, providing across all three pay bands a composite PTI of +5.01%.

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

CONFIDENTIAL

機密

The PSRU has provided comparative data from some other surveys in Hong Kong. We note these have collectively surveyed less than half the survey population of the PTS and are obviously not as representative as the composite data of the PTS which surveyed 109 companies. The more representative latest survey of over 50 companies by the HKPMA as at March 2013, suggests a pay adjustment in the order of 4.3 to 4.5 %, Annex 'B' refers.

In determining the pay adjustment, the mechanism needs to include a number of factors and amongst these the change in the cost of living and improved economic activity of Hong Kong are considered important benchmarks. We note other civil service staff councils who point to the combined effects of CPI(A) and Gross Domestic Product (GDP) data to determine their minimum benchmark adjustment request of some 4.42%.

Another important factor to us is staff morale and in this regard we note that any pay adjustment should not fall below the composite PTI of this year's survey of 5.01%. In addition, serving staff morale is affected by the fact that retirees have had their retirement payments adjusted by a different system that tracks CPI and this has introduced inequity. CPI since 1998 has provided retirees an accumulated +2% more of adjustments, when compared to in-service employees, Annex 'C' refers. Those working in frontline Police operations find this unacceptable. To make up this pay differential requires a benchmark pay adjustment of at least 2% above the CPI adjustments to be provided to retirees in 2013 'i.e.' a pay adjustment in the range of 5.7-6.7%.

Taking our morale and other benchmarks into consideration, a pay adjustment in a range 5.7 to 6.7% is entirely reasonable and in any case one that is not less than the composite PTI of 5.01% as the net adjustment for the Police Force.

We seek that the CE-in-Council be fully apprised of the situation and views of our members on the issue of pay and look forward to a reasonable and fair pay offer in the coming weeks, one that shows proper and genuine support to the men and women of the Hong Kong Police Force.

Yours sincerely,

Peter CORNTHWAITE
Chairman
SPA

Ben TSANG
Chairman
HKPIA

Ron ABBOTT
Chairman
OIA

Joe CHAN
Chairman
JPOA

c.c.
Commissioner of Police

按薪金級別劃分的基本薪金指標、額外酬金指標及整合薪酬趨勢總指標
Consolidated Gross Pay Trend Indicators by Component and Salary Band

<u>薪金級別</u> <u>Salary Band</u>	<u>基本薪金指標</u> <u>Basic Pay Indicators</u>	+	<u>額外酬金指標</u> <u>Additional Pay Indicators</u>	=	<u>薪酬趨勢總指標</u> <u>Gross Pay Trend Indicators</u>
低層薪金級別 Lower Salary Band	5.52%	+	-0.22%	=	5.30%
中層薪金級別 Middle Salary Band	4.97%	+	-0.18%	=	4.79%
高層薪金級別 Upper Salary Band	4.03%	+	-0.65%	=	3.38%
所有薪金級別 Across All Salary Bands	5.24%	+	-0.23%	=	5.01%

各調查的比較

Comparison of Survey Findings

	調查期 Survey Period	基本薪金調整 Basic Pay Adjustment (%)	額外薪金調整 Additional Pay Adjustment (%)	總計 Overall
PSRU	2012年4月2日至 2013年4月1日 2.4.2012 to 1.4.2013	5.24 (109 間公司, 180,253 名僱員) (109 companies, 180,253 employees)	-0.23	5.01
IHRM	2013年1月 (實際) Jan 2013 (actual)	3.7 (27 間公司, 29,841 名僱員) (27 companies, 29,841 employees)	"... 平均花紅為 1.39 個月的薪金，較去年的記錄為低（去年由 31 間公司提供的資料為 1.50 個月的薪金） "...the average bonus size was 1.39 months of pay. This is lower than that recorded in last year (1.50 months of pay provided by 31 companies)."	
EFHK	2013年1月 (實際) Jan 2013 (actual)	4.1 (27 間公司, 36,691 名僱員) (27 companies, 36,691 employees)	各行業在二零一二年的加權平均浮動花紅與年度基本薪金的百分比：16.2% 各行業在二零一三年的加權平均浮動花紅與年度基本薪金的百分比：13.5% Weighted average of 2012 actual variable bonus as % of annual basic salary of all industries : 16.2% Weighted average of 2013 actual variable bonus as % of annual basic salary of all industries : 13.5%	
HKPMA	二零一三年三月中旬 (實際及預測) Mid March 2013 (actual and forecast)	4.3 - 4.5 (56 間公司) (56 companies)		

Pay Claim - Civil Service Pay Adjustment 2013

This benchmark analysis compares increases in Pay (since April 1998) for serving staff against the inflation linked increases given to those no longer working 'ie' retired staff. We believe that 'fair and reasonable pay' needs to assure that serving staff are no worse off than their retired colleagues. The table below shows that it is neither reasonable nor fair that the pay of serving officers, as at April 2012, has fallen behind the adjustments provided to pensioners. Therefore in 2013 an additional 2.3 to 3.0 % is outstanding on top of the expected impact of changes in CPIs of between 4.2 to 4.7 %, 'ie' A pay claim of 7% nett.

Civil Service Pay Band	Pay Range 1 st April 1998	Pay Range 1 st April 2012	% increase 14 years	Pay level If benchmarked to Pension increases (Apr 1998 to Apr 2012)	% increase needed to match pension increase up to Apr 2012	\$ increase needed to match pension increase up to Apr 2012
Lower (PPS 1)	\$15,065	\$17,730	17.7%	\$18,181	2.5 %	\$451
Middle (PPS 2-35 and equivalent GDS(O), MPS)	\$15,520 to \$46,405	\$18,250 to \$54,575	17.6%	\$18,730 to \$56,004	2.6%	\$480 to \$1,429
Upper (PPS 36-54a and equivalent GDS(O), MPS)	\$47,675 to \$92,700	\$55,850 to \$109,365	17.1% to 18%	\$57,537 to \$111,875	3.0% 2.3%	\$1,687 to \$2,510

Chief Executive declares Civil Service Pensions will be increased according to price inflation measured by increase in the Consumer Price Index (A) (the "CPI(A)"), if the average monthly CPI(A) of the period of 12 months beginning on 1 April of the previous year and ending on 31 March of the succeeding year, exceeds 0.1%. The effective date of pension increase would be on 1 April of the concerned year. On deflation, pensions would be maintained at the same level but not reduced.

Year	Pension Increase (%)
1998	5.4
1999	1.0
2000	0
2001	0
2002	0
2003	0
2004	0
2005	0.5
2006	1.4
2007	1.5
2008	2.5
2009	2.5
2010	0.8
2011	3.2
2012	5.7

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只附中文版

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

本函檔號：SSDSCC/P-3

Room 326, East Wing,
Central Government Offices,
2 Timi Mei Avenue,
Tamar, Hong Kong
Tel. No. 2310 2703
Fax No. 2537 6937

香港添馬添美道 2 號
政府總部西翼 9 樓
公務員事務局局長
鄧國威先生, J.P.

鄧局長：

二零一三至一四年度公務員薪酬調整

紀評(職方)對二零一三至一四年度公務員薪酬調整的意見如下：

- (i) 紀評(職方)認為現行的調查準則及方法有些地方需要檢討，並且未能完全反映實際私人市場薪酬趨勢；
1. 紀評(職方)認為調查之準確性在乎其資料採樣，而薪酬趨勢調查報告，因數據問題，未能反映現實狀況。
 2. 就金融、保險及地產業而言，受調查之僱員應大概佔 19.2%，與實際受查之 25.2%有明顯差異；
 3. 就專業及商用服務業而言，受調查之僱員應大概佔 18.4%，實際受查之 10.9%只及其一半；而且公司數目由 20 間公司願意參與，最終有五間公司未能提供全部所需資料，流失率相當高；
 4. 我們並不同意將兩行業合併則與統計處數據相約之說法，基於兩行業已於 2011 年起分開計算；
 5. 我們不同意我們曾受惠於金融、保險及地產業之說法，調查非投機，無需估算該行業前景好與壞，只需要反映現實數據；
 6. 我們明白受查公司乃出於自願性質，但我們認為不應因某行業有較多願提供資料之公司而讓該行業主導結果或因某行業願意提供資料之公司不足而使該行業在調查中遭忽略，此非調查原意

- (ii) 職方雖然對公務及司法人員薪俸及服務條件諮詢委員會聯合秘書處轄下的薪酬研究調查組進行的二零一三年薪酬趨勢調查報告結果有相當大程度的保留，基於對現行調查機制的尊重，只可無奈地接受；
- (iii) 政府在決定二零一三至一四年度的公務員薪酬調整幅度時，除了考慮薪酬趨勢指標外，亦應考慮公務員士氣及年內生活費用的變動。紀評(職方)得悉和去年四月份相比，今年的甲類消費物價指數上升了4.42%。故此，紀評(職方)建議今年的公務員薪酬調整幅度應該劃一不少於4.42%。此外，政府亦應考慮現時香港的經濟狀況及政府財政狀況，使公務員能分享經濟增長的成果。

蘇秋明

紀律部隊評議會(職方)主席蘇秋明

二零一三年五月二十三日

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)
香港消防處救護員會
Hong Kong Fire
Services Department
Ambulance Officers' Union

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

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

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

香港消防總職工總會
Hong Kong Fire Services
Department
Staffs General Association

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

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

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

入境事務主任協會
Immigration Service
Officers Association

Chinese version only

只附中文版

Annex E
附件 E

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

Tel No.: 2810 2209
Fax No.: 2537 8630
E-mail: heather_hc_chan@csb.gov.hk

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

香港添馬添美道2號
政府總部東翼3樓326室
電話：2810 2209
傳真：2537 8630

本函檔號：SSMOD/SAL/PAY/5/7/1 Pt.26
來函檔號：CSBCR/PG/4-085-001/70 Pt.2

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：

二零一三至一四年度公務員薪酬調整

局方在2013年5月10日的來信(檔號：CSBCR/PG/4-085-001/72)收悉，現作出以下回覆。

第一標準薪級公務員評議會(職方)建議本年度低層公務員加薪5%。

根據政府統計處公布的資料，截至二零一三年三月止的十二個月內，剔除所有政府一次性紓困措施的影響後，綜合消費物價指數、甲類、乙類及丙類消費物價指數較一年前同期平均上升4.1%、4.4%、4.2%及3.8%。而大部分第一標準薪級人員均屬甲類家庭，即住戶的每月平均開支大約在5,000元至20,500元之間，因此下列提供的數據均為甲類消費物價指數。

在各類消費項目中，價格在二零一三年三月份錄得按年升幅最高的類別為住屋（上升 6.2%），電力、燃氣及水（上升 5.4%），外出用膳（上升 4.6%）。這些消費項目都是基層市民的必需支出，如本年度只根據薪酬趨勢調查淨指標加薪 3.92%，低層公務員的購買力將大受影響。

職方一直尊重現行的薪酬調整機制，希望局方慎重考慮一籃子的因素，包括薪酬趨勢淨指標、經濟狀況、政府的財政狀況、生活費用的變動、職方的薪酬調整要求及公務員士氣，以釐定加薪幅度。上述提到，截至二零一三年三月止的十二個月內，剔除所有政府一次性紓困措施的影響後的甲類消費物價指數較一年前同期平均上升 4.4%。職方參考此數據及主要消費項目的升幅後，加上其他一籃子因素，建議本年度低層公務員加薪 5%。

公務員向來盡忠職守，努力為市民服務，希望局方能作全盤考慮，接受職方建議，讓低層公務員保持原有的購買力，維持現時的生活水平。

第一標準薪級公務員評議會

職方主席李惠儀



2013 年 5 月 23 日