

LEGISLATIVE COUNCIL BRIEF

2017-18 CIVIL SERVICE PAY ADJUSTMENT

INTRODUCTION

At the meeting of the Executive Council on 13 June 2017, the Council **ADVISED** and the Chief Executive (CE) **ORDERED** that civil service pay should be adjusted for 2017-18 in accordance with the pay offers made to the staff side of the four central consultative councils¹, viz. with retrospective effect from 1 April 2017 -

- (a) a pay increase of **1.88%** (equals 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 subject to the proviso that no pay point in the upper salary band should be less than \$67,270;
- (b) a pay increase of **2.94%** (equals 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 **2.94%** (equals to the pay increase for the middle salary band) for civil servants in the lower salary band.

2. Independent Commission Against Corruption staff are not civil servants. However, in accordance with the Government's established policy, the annual civil service pay adjustment will also be extended to them.

JUSTIFICATIONS

(A) Staff Side's Response to Pay Offers

3. In accordance with the CE-in-Council's decision made on 6 June 2017, the pay offers set out in paragraph 1 above were made to the staff side of the four central consultative councils. The staff side's response to the pay offers are at **Annexes A to D**. In gist -

A to D

¹ The four central consultative councils are the Senior Civil Service Council (SCSC), the Police Force Council (PFC), the Disciplined Services Consultative Council (DSCC) and the Model Scale 1 Staff Consultative Council (MOD 1 Council).

- (a) the Hong Kong Chinese Civil Servants' Association, one of the constituent associations of the SCSC² and MOD 1 Council, has expressed disappointment that the Government is not offering the 3% pay rise they requested for all salary bands. With regard to the pay offer for the upper salary band, they are disappointed that the Government is unwilling to maintain the purchasing power of civil servants in the upper salary band and share with them the fruits of economic prosperity by offering a pay adjustment (1.88%) lower than the underlying Consumer Price Index (CPI)(A) in 2016-17 (2.2%). They also consider the rectified pay difference of \$205 between the lowest pay point of the upper salary band and the highest pay point of the middle salary band on the Master Pay Scale (MPS) not reasonable;
- (b) the Hong Kong Senior Government Officers Association (HKSGOA), another constituent association of the SCSC, has expressed disappointment at the pay offer of 1.88% for the upper salary band³ and reiterated that it should be 4.19% as they requested. They consider that the pay offer has an adverse impact on the morale of senior civil servants. They also demand for a review of the annual civil service pay adjustment mechanism for civil servants in the upper salary band and the directorate;
- (c) the PFC staff side has expressed disappointment at the pay offers. They maintain their view that the Government should review the practice of deducting payroll cost of increments (PCIs) and that the 2017-18 civil service pay adjustment should be an increase of 4.72% across-the-board;
- (d) the DSCC staff side considers the pay offers which are below their pay claim (not less than 4.3% across-the-board) not up to their expectation and has reiterated that the Government should offer a reasonable pay rise to maintain the purchasing power and boost the morale of disciplined services staff. Despite that, they appreciate and welcome the Government not merely adopting the net PTIs as the pay offers. They accept the pay offers as the final pay adjustment, albeit reluctantly; and
- (e) the MOD 1 Council staff side has expressed appreciation towards the addition of 0.5% on top of the net PTIs. They accept the pay offer for the lower salary band⁴ with reluctance. They also hope

² The Association of Expatriate Civil Servants of Hong Kong, one of the three constituent associations of the SCSC, did not make any pay claim.

³ The HKSGOA did not make any pay claim for the middle and lower salary bands.

⁴ The MOD 1 Council staff side did not make any pay claim for the upper and middle salary bands.

that the Government will review the arrangement of deducting PCIs.

(B) The Government's Views

4. Our views on the arguments put forward by the staff side are set out below –

- (a) the 2017 Pay Trend Survey (PTS) findings have objectively reflected the year-on-year pay adjustments of the 111 surveyed companies, and hence the net PTIs should continue to be taken into account as one of the factors under the established annual civil service pay adjustment mechanism (the established mechanism) in considering the 2017-18 civil service pay adjustment. Indeed, the 2017 PTS was conducted in full compliance with the established arrangement and the methodology agreed by the PTS Committee. If the staff side sees areas for improvement in the PTS methodology, they can raise them in the PTS Committee in the next round of PTS methodology review;
- (b) the CE-in-Council had already taken into account all the relevant factors under the established mechanism in deciding the pay offers, including the pay claims of the staff side and civil service morale;
- (c) regarding the request that the rates of pay adjustment should be no less than the underlying CPI(A) in 2016-17 (2.2%), it is neither our policy nor practice to pitch a pay adjustment at a particular CPI figure;
- (d) the practice of deducting PCIs has been implemented since 1989 on the recommendation of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (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 considered that, if private sector in-scale increment and merit pay were to be included in the PTS, the PCIs should be deducted for fairness; and
- (e) the calculation for the top-up pay rise for MPS 34 (and equivalent) is modelled on the approach that we adopted to rectify the same situation in the 2009-10 civil service pay adjustment. In fact, there is no standardised increment size among different pay scales or within the same pay scale.

5. Having considered the staff side's response to the pay offers and after taking into account all relevant factors under the established mechanism (including the net PTIs, the state of Hong Kong's economy, changes in the cost of living, the Government's fiscal position, the pay claims of the staff side and civil service morale), the CE-in-Council has decided that civil service pay for 2017-18 should be adjusted in accordance with the pay offers made.

IMPLICATIONS

6. The Basic Law, financial, economic and family implications of the decision on the 2017-18 civil service pay adjustment are the same as those set out in the Legislative Council Brief on this subject issued on 6 June 2017. The decision has no environmental, productivity or sustainability implications. There is no gender issue.

PUBLICITY

7. The Secretary for the Civil Service has informed the staff side of the decision on the 2017-18 civil service pay adjustment today (13 June 2017). A press release will be issued later today, and a spokesperson will be available to answer media enquiries.

ENQUIRIES

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

Civil Service Bureau
13 June 2017



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>

本函檔號：(90) in 2/7/CCSA(XXI)

致香港特別行政區政府
公務員事務局局長
張雲正先生

尊敬的張局長：

高中低層公務員應劃一新調 3%

謝謝您 2017 年 6 月 6 日的來信，告知行政長官會同行政會議向中央評議會職方提出 2017-18 年度公務員薪酬調整建議：高層薪金級別調整幅度為 1.88%，中、低層為 2.94%。

就此，本會認為：

(1) 不允高層薪金級別公務員維持購買力及分享經濟成果殊不合理

給予高層薪金級別公務員僅 1.88% 的增幅，顯示政府不但不允許他們分享經濟成果，更完全不顧慮他們薪酬的實際購買力，因受 2.2% 通脹的侵蝕，已不能維持的事實，有悖良好僱主所為。

政府此舉既有違現行公務員薪酬調整機制在 1970 年代初設立的初衷，亦背離了早在 1982 年 12 月，公務員薪俸及服務條件常務委員會在它的《第 9 號 報告書》(《公務員薪俸政策第 2 號報告書》) 確認的原則：

- “公務員要求根據生活費用指數來調整薪金以維持其實際價值是合理的”；
- “繁榮的果實公務員倘若未能分享，未免有欠公允”。

值此社會日趨泛政治化下，公務員士氣本已不高，又適值政府即將換屆，政府此舉恐將起“落井下石”之效。

(2) 高層薪點不低於 67,270 元的規定不合理

政府此次指令“高層薪金級別內的任何一個薪點均不應低於 67270 元”，但完全沒有交代限定此金額的理據何在。本會經初步研究後發現，此規定並不合理，將進一步扭曲薪點與薪點之間的內部對比關係。例如，若由現行第 33 薪點(65150 元)晉升至第 34 薪點(65740 元)，可獲 590 元的增薪額；由第 34 薪點(65740 元)晉升至第 35 薪點(67460 元)，更可獲 1720 元的增薪額。但在政府設定的 67270 元限制之下，調整後，由屬於中層薪金級別的總薪級表第 33 薪點(67065 元)晉升至屬於高層薪金級別的第 34 薪點(限定於 67270 元)，獲得的增薪額竟只有 205 元，遠遠低於同一薪金級別的其他薪點之間的薪金差距。

(3) 斤斤計較區區 0.06%

政府這次建議中、低層薪金級別的增幅為 2.94%，相當接近本會建議的 3%，只相差 0.06%。惟政府卻似斤斤計較此微不足道之數，不允完全接受，未能使十數萬中、低層薪金級別公務員充分感受到政府的誠意，令人遺憾。

(4) 說法偏離現行公務員薪調機制

本會注意到，張局長在來信中用了這樣的表述：調整的幅度“相等於”某一層“薪金級別的薪酬趨勢淨指標加 0.5%”。這是自 2015 年後的第 2 次，但沒有交代為何有此說法，也沒有解釋為什麼不可以是 0.6% 或 0.7%？為什麼兩次均僅僅是不多不少“加 0.5%”？

當局作如此的表述，實際上偏離了現行公務員薪酬調整機制過往一直強調的，政府是綜合考慮多個因素後才訂定某個薪酬調整的幅度的。當局此舉是否意圖強化薪酬趨勢淨指標為決定公務員薪酬調整幅度的“凌駕性”，甚至唯一的參照因素這個觀念？

(5) “低跟中”的安排向為薪調機制內不可或缺的組成部分

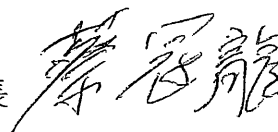
無視本會的一再指正，局長在來信時又“拾人牙慧”，聲稱“向低層薪金級別公務員提出與中層薪金級別公務員一致的薪酬調整方案”，“是一次性安排，不會成為先例”。

本會必須再次強調：自前港英政府接受了 1988 年仲裁委員會的建議，由 1989 年起，若薪酬趨勢調查結果顯示，低層薪金級別的薪酬趨勢淨指標低於中層，則會調高至與中層同一水平，除非另有強而有力的理由（即所謂“低跟中”的安排）。這做法一定程度上起到了避免高、中、低層公務員的薪酬差距過於擴大的作用。這早已成為公務員薪酬調整機制的不可或缺的部分，並不會因政府例必考慮當年的情況後，才就公務員薪酬調整作出決定而改變。貴局所言實際上偏離了現行公務員薪酬調整機制。

鑑此，本會衷心希望，政府得認真考慮茲向政府提出反建議：2017-18 年度高、中、低層公務員的薪酬調整幅度應劃一為 3%。

此外，全職非公務員合約制員工在各局/部門與公務員團隊並肩努力，本會尚祈政府採取措施，一併上調他們的薪酬，以提升他們的士氣及挽留有經驗人員，亦可有利於促進他們與公務員的團隊協作精神。

副秘書長



謹啟

(蔡冠龍)

2017 年 6 月 8 日

English version only

只附英文版



香港高級公務員協會

Hong Kong Senior Government Officers Association

香港添馬添美道 2 號政府總部東翼 3 樓 328 室 Rm.328, 3/F., East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, H.K.,
Tel : 2522 4267 Fax : 2523 3319 E-mail: hksgoa@biznetvigator.com Website: www.hksgoa.org

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

8 June 2017

Dear Mr CHEUNG,

2017-18 Civil Service Pay Adjustment

We refer to your letter of 6 June 2017 on the pay offers made by the Chief Executive-in-Council (CE-in-Council) to the Staff Side.

On behalf of the Hong Kong Senior Government Officers Association, we write to express our great disappointment over the proposed pay increase of 1.88% for Senior Civil Servants in the upper salary band and the directorate. The pay offer for the upper salary band is far below our pay claim made in our letter of 26 May 2017 and is not accepted.

We are deeply frustrated with the lack of sufficient consideration for the Senior Civil Servants. Apparently, the factors mentioned in our pay claim letter of 26 May 2017 have not been thoroughly considered, in particular the CPI(A) inflation rate of 2.3% in 2016-17, the Government's healthy fiscal position, the indiscriminate deduction of the twisted payroll cost and most importantly the maintenance of the staff morale of the Senior Civil Servants.

The Senior Civil Servants have always been the dedicated and loyal members of the Government providing unfailing support to the Government in implementation of government policies. They have to work under mounting public demands, severe staff resources constraints, extremely politically sensitive environment, increasing challenges and criticisms from the public and escalating job-related stresses while the provision of manpower resources have not been correspondingly increased. This already has an adverse impact on the morale of the Senior Civil Servants. With Government's healthy financial position this year, we anticipate that the Government would consider upholding of the morale of civil

servants as a vital factor in making the pay offer this year. It is therefore disappointing and disheartening when the Senior Civil Servants are made to feel that the government does not attach due weight to their morale. We are worried that the government will have difficulties in retaining expertise, experience and talent as more Senior Civil Servants may decide to resign or retire earlier. This will not only affect the quality of service provided by the government but also has adverse implications to the succession planning as joining civil service will no longer be attractive for talents, not to mention to retaining them for higher responsibilities.

There remains a long overdue of reviewing the existing deficiencies in the mechanism of the annual pay adjustment for civil servants. The mechanism has not been reviewed since 1988 whilst the private market has indeed changed over the last some 30 years. For instances, some companies might replace basic salary and/or additional payment by allowance, profit related award scheme or other forms of rewards in the remuneration package. The implications to the upper salary band are most significant. Furthermore, the calculation of the net PTI has been significantly twisted by the retirement boom in the civil service in recent years. In light of the above, we urge the Administration to set up a Task Force to carry out a specific study to look into the civil service annual pay adjustment mechanism for the Senior Civil Servants (including the directorate). This is to ensure that the annual pay adjustment is regarded as fair by the Senior Civil Servants.

We would like to reiterate our earlier pay claim that the civil service pay adjustment for the upper salary band for 2017/18 should be 4.19%. We earnestly hope that the CE-in-Council can, in consideration of our response, re-consider its pay offer decision and make an improved offer to uphold the morale of the Senior Civil Servants and the stability of the Civil Services

Yours sincerely,



(Wong Hung-lok)

for Hong Kong Senior
Government Officers Association

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.

協會檔號 OUR REF: CP PER SS C/4-85/1

來件編號 YOUR REF: CSBCR/PG/4-085-001/78

8th June 2017

The Hon. CHEUNG Wan-ching, Clement, JP
Secretary for the Civil Service,
9/F., West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar,
Hong Kong

Dear Mr. CHEUNG,

2017-18 Civil Service Pay Adjustment

This letter sets out the Police Force Council Staff Side' (PFC SS) response to the pay offer made to us in your letter dated 6th June 2017.

It is very disappointing to learn that the Government has once again failed to address the PFC SS' pay claim. The purchasing power of police officers' salaries will again be eroded if the Government insists on moving forward with its unfair pay offer. Our stance remains the same, that is; for an across-the-board increase of 4.72%. The PFC SS has nothing further to add except to inform you that our members remain extremely disappointed.

We are of the view that pay factors other than the Pay Trend Indicators (PTIs) (including the state of Hong Kong's economy, changes in the cost of living, the Government's fiscal position, the pay claims of the staff sides, and civil service morale) are essential considerations that the Government must take into account when deliberating on the annual civil service pay adjustment. Furthermore, we reiterate that we believe there should be a comprehensive review of the pay mechanism with all pay factors included in a discussion between the Government and the Staff Side.

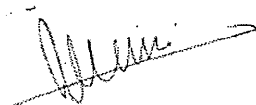
What we find very disappointing again this year, is that the payroll cost of increments has been deducted. Increments are awards earned through the hard work of our officers, and the cost of such; should not then be taken away from them through this unfair practice. We have complained about this for many, many years and yet our call for the cessation of this deduction, just appears to fall on deaf ears.

In this, the 20th Anniversary of the Hong Kong Special Administration Region, we sincerely hope that the CE-in-Council will consider our above response when coming to a final decision on the 2017-18 Civil Service Pay Adjustment.

Yours sincerely,



Patrick KWOK
Chairman
SPA



James LEE
Chairman
HKPIA



Ronald ABBOTT
Chairman
OIA



Joe CHAN
Chairman
JPOA

c.c. Commissioner of Police



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

Room 326, East Wing,
Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong
Tel. No. 2810 2703
Fax No. 2537 6937

本函檔號：(32) in SS/DSCC/P-3 (Pt.XXIV)
來函檔號：CSBCR/PG/4-085-001/78

香港添馬添美道2號
政府總部西翼
公務員事務局
公務員事務局局長
張雲正先生, JP

張局長：

二零一七至一八年度公務員薪酬調整

謝謝你於2017年6月6日的來信，提出了2017至2018年度公務員薪酬調整方案。

對於政府嘗試善用薪酬機制內的各項因素作為薪酬調整的考慮，對加幅作出相關上調，而非只純粹依從薪酬趨勢淨指標，我們表示欣賞及歡迎；惟相關方案仍與紀評(職方)期望有落差。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2017至2018年度公務員薪酬調整幅度時，應進一步對香港經濟狀況、政府的財政狀況、生活費用的變動、公務員士氣和職方的薪酬調整要求等因素作出更充分考慮；

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
Aircraftman 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
Government Fire Services
Control Staff's Union

香港消防處救護員會
Hong Kong Fire
Services Department
Ambulance-men'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

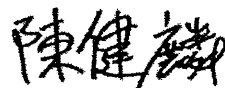
(ii) 紀評(職方)認為香港社會的安定繁榮、政策措施的有效推行、高質素服務的提供及競爭力等等，實有賴專業、團結及高效能的紀律部隊；故此，每年的公務員薪酬調整幅度應最底限度追上通脹以維持同事的基本購買力，更應能與社會分享經濟成果；

(iii) 盡忠職守、表現卓越的公務員面對實質購買力的下降，形同減薪，無疑是對士氣的打擊。紀評(職方)認為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，以及可以吸引、挽留和激勵有合適才幹的人員為市民提供有效率和高質素的服務。

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

陳健麟



2017年6月8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.

Tel No.: 2810 2209
Fax No.: 2537 8630
E-mail: sharon_wk_chung@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.27
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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
張雲正先生

張局長：

二零一七至一八年度公務員薪酬調整

局方在2017年6月6日的來信收悉。

對於行政長官會同行政會議提出低層薪金級別公務員加薪2.94%的薪酬調整方案，我們無奈接受。雖然調整方案較我們要求的4%為低，但我們樂見政府不是只按薪酬趨勢調查淨指標調薪，而是建議在各個薪金級別的淨指標上調高0.5%，顯示政府有考慮職方的意見及公務員薪酬調整機制下的相關因素。

此外，按照以往慣例，當低層薪金級別公務員的薪酬加幅低於中層薪金級別，會上調至與中層看齊，我們認為這做法應被視為公務員薪酬調整機制的一部分，以確保低層薪金級別公務員能獲得合理的調薪。

最後，正如我們在2017年5月26日的來信中提到，我們希望局方能盡快檢討現行扣除遞增薪額開支的安排，讓公務員得到合理的薪酬調整。

第一標準薪級公務員評議會

職方主席林榮松



2017年6月8日