

LEGISLATIVE COUNCIL BRIEF

2019-20 CIVIL SERVICE PAY ADJUSTMENT – DECISION

INTRODUCTION

On 19 June 2019, the Executive Council **ADVISED** and the Chief Executive (CE) **ORDERED** that civil service pay should be adjusted for 2019-20 in accordance with the pay offers made to the staff side of the four central consultative councils¹ with retrospective effect from 1 April 2019 –

- (a) a pay increase of **4.75%** for civil servants in the upper salary band and the directorate, subject to the pay points referred to in (i) and (ii) below the dollar values of which should be as specified –
 - (i) Master Pay Scale (MPS) 34 at \$74,515 and MPS 35 at \$75,265; and
 - (ii) General Disciplined Services (Officer) Pay Scale (GDS(O)) 20 and Police Pay Scale (PPS) 36 at \$74,390, and GDS(O) 21 and PPS 37 at \$75,135;
- (b) a pay increase of **5.26%** for civil servants in the middle salary band; and
- (c) a pay increase of **5.26%**² for civil servants in the lower salary band, by invoking the “bring-up” arrangement³.

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

² Same as the pay adjustment for the middle salary band

³ The “bring-up” arrangement refers to the arrangement to align the pay adjustment for civil servants in the lower salary band with the net pay trend indicator (PTI) for the middle salary band if the latter is higher than the net PTI for the lower salary band. This arrangement was introduced in 1989 upon the recommendation of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (1988 Committee of Inquiry).

2. Independent Commission Against Corruption (ICAC) 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 11 June 2019, the pay offers set out in paragraph 1 above have been 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**⁴. In gist -

A to D

- (a) while the staff side reiterate their original respective pay claims for an increase ranging from not less than 5% to 7%, some of them also consider the pay offers acceptable. They request that the Government should, when making a decision on the pay adjustment rates, thoroughly consider all relevant factors under the established annual civil service pay adjustment mechanism (the established mechanism);
- (b) the staff side generally welcome the Government's decision to put a cap on the payroll cost of increments (PCIs) by adopting, from this year's civil service pay adjustment onwards, the respective average PCIs for each salary band from 1989-90 to 2019-20, or the actual PCIs for the particular salary band for the year⁵, whichever is lower, for deriving the net PTI for that salary band. They, however, reiterate their wish for the eventual cancellation of the PCIs deduction arrangement and that the Government should consider a long-term solution to tackle the problem brought by the arrangement;
- (c) the staff side representing the lower salary band request that the "bring-up" arrangement be made a policy, and should be invoked automatically whenever the net PTI for the lower salary band is lower than that for the middle salary band to maintain the morale of civil servants in the lower salary band; and
- (d) the staff side appreciate the application of a minimum 1% pay lead between the relevant pay points at the bottom of the upper salary band and the top of the middle salary band on the relevant pay

⁴ The Association of Expatriate Civil Servants of Hong Kong, one of the three constituent associations of the SCSC, has not provided response to the pay offers.

⁵ For the purpose of the 2019-20 civil service pay adjustment, the PCIs for the year refer to the actual PCIs incurred for each of the three salary bands in 2018-19.

scales⁶ as an improvement to deal with the issue of narrow pay lead between the relevant pay points. Some staff side, however, are of the view that the minimum 1% pay lead, while being an improvement over last year's arrangement, is not sufficient.

(B) The Government's Views

4. Our views on the response of the staff side are set out below –

- (a) the CE-in-Council has 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;
- (b) the validated results of the 2019 Pay Trend Survey (PTS) have objectively measured the year-on-year pay adjustment of 108 surveyed companies from the major economic sectors, which can be regarded as a reflection of how private sector companies have taken into account all relevant factors including the state of economy, etc. in coming up with pay adjustment for their employees. The validated results of the 2019 PTS should thus continue to be adopted as the basis for considering the rates of civil service pay adjustment this year;
- (c) the PCIs deduction arrangement 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 considered that, if private sector in-scale increment and merit pay (including exceptional merit pay which should be excluded but cannot be distinguished therefrom) were to be included in the PTS, the PCIs should be deducted for fairness. The current situation under which 74% of the 108 surveyed companies in the 2019 PTS, not much different from the percentage in 1989-90 when the deduction arrangement was first implemented, still took merit pay into consideration in deciding pay adjustment for their employees shows that there are not sufficient justifications to cease the PCIs deduction arrangement;

⁶ The minimum 1% pay lead is applicable between MPS 34 and 33; MPS 35 and 34; GDS(O) 20 and 19, GDS(O) 21 and 20; PPS 36 and 35; and PPS 37 and 36. As it is the Government's policy to extend the annual civil service pay adjustment to ICAC staff, the minimum 1% pay lead will also be applied between the equivalent pay points on ICAC Pay Scale (between points 28 and 27).

- (d) the above being the case, the PCIs have been on a clear rising trend due to a sharper increase in the number of civil service posts in recent years⁷ and the fact that the civil service retirement wave is moving towards its peak between 2018-19 and 2022-23⁸. The PCIs are expected to rise further. The adoption of the average PCIs from 1989-90 to 2019-20 as a cap for calculating the net PTIs from this civil service pay adjustment exercise onwards will ensure no further erosion of the net PTIs by the rising PCIs. It will also serve as a positive response of the Administration towards a longstanding staff side concern impacting on civil service morale;
- (e) while noting the staff side's request that the "bring-up" arrangement should be invoked automatically whenever the lower salary band's net PTI is lower than the middle salary band's, the determination of the annual civil service pay adjustment remains a prerogative of the CE-in-Council upon consideration of all the relevant factors under the established mechanism. As for the current pay adjustment, the CE- in-Council decided to invoke the "bring-up" arrangement having regard to the specific circumstances of the year; and
- (f) the adoption of a minimum 1% pay lead between the relevant pay points at the bottom of the upper salary band and the top of the middle salary band is to rectify the situation in which the pay lead between the relevant pay points is narrowed as a result of the application of a lower (4.75%) pay adjustment rate to the upper salary band than the middle salary band (5.26%). The arrangement has been made after balancing all relevant factors.

5. Having considered the staff side's response to the pay offers and after taking into account all relevant factors under the established mechanism, the CE-in-Council has decided that civil service pay for 2019-20 should be adjusted in accordance with the pay offers made (including the specification of the dollar values of the pay points mentioned in paragraph 1(a)(i) and (ii) above, and the "bring-up" arrangement for the lower salary band).

⁷ The annual civil service establishment increase has been at the upper end of the average of 1-2% in recent years and reached its record high of 3.7% in 2018-19 since 1997.

⁸ It is projected that, during the five-year period between 2018-19 and 2022-23, on average around 6 400 civil servants will reach their normal retirement age each year, compared with about 2 300 civil servants retiring each year in the early 2000s.

IMPLICATIONS

6. The Basic Law, financial, economic and family implications of the decision on the 2019-20 civil service pay adjustment are the same as those set out in the Legislative Council (LegCo) Brief on the pay offers in respect of the 2019-20 civil service pay adjustment issued on 11 June 2019. The decision has no competition, environmental, productivity, sustainability or gender implications.

PUBLICITY

7. The Secretary for the Civil Service informed the staff side of the decision on the 2019-20 civil service pay adjustment today (19 June 2019). A press release has been issued and a spokesman is available to handle media enquiries. We plan to seek the approval of the Finance Committee of LegCo before LegCo's summer recess.

ENQUIRIES

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

Civil Service Bureau
19 June 2019



香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

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本會檔號：(83) in 2/7/CCSA(XXII)

香港特別行政區政府
公務員事務局局長
羅智光先生

尊敬的羅局長：

2019/20 公務員薪酬調整方案可接受 扣減“遞增薪額”應從速研究採用“平均比例基準法” 以免除不斷爭議，收長治久安之效

謝謝您 2019 年 6 月 11 來信，告知行政長官會同行政會議向中央評議會職方提出 2019-20 年度公務員薪酬調整方案：高層 4.75%；中及低層 5.26%。本會了解上述薪調方案已考慮“遞增薪額”的平均數，某程度剔除了與薪酬無關的因素，減少“遞增薪額”偏高的情況；因而，本會認為上述 2019/20 公務員薪酬上調方案可接受。

惟本會必須指出：今年採用以“遞增薪額”的平均數作為上限考慮，酌量減少公務員遞增薪額的扣除數值，只可視為臨時的措施，實未能完全解決“扣減遞增薪額”機制存在的根本問題/缺陷，亦未能使“扣減遞增薪額”能持續得一個合理的平衡，供長期使用，免除公務員團體不斷的爭議。

公務員的“遞增薪額”開支作為與私營機構的“特殊勞績獎賞”（私營公司給予個別僱員有超卓表現的額外加薪）對沖的扣減工具，應佔薪酬趨勢總指標(GPTI)多少？一直以來，這是一個完全未知及難以確定之數；在沒有數據可參考的情況下，公務員的“遞增薪額”佔 GPTI 的比例卻不斷升高，已偏離了“扣減機制”的原意及邏輯。

由 1989 至 2019 年間(剔除凍/減薪的 8 年)，公務員的“遞增薪額”(PCI)佔 GPTI 的百份比平均為 12-15%，但近年已上升至 19-51%偏高的比例，將來隨著經濟情況變動，GPTI 處於低水平的時候，偏高的比例亦會再繼續升高。

鑑此，本會在 2019 年 5 月 26 日提交的 2019/20 薪調訴求已提出，為使“扣減遞增薪額”機制可長久使用，消除不斷的爭議，“扣減遞增薪額”應認真考慮採用“平均比例基準法”^(註 1)作調整，從而得出“經修訂”的薪酬趨勢淨指標(NPTI)，以改善“扣減遞增薪額”機制長期存在的缺陷。

註 1：

“平均比例基準法”

以 1989-2019 年的“遞增薪額”(PCI)平均數佔 1989-2019 年(剔除凍/減薪的 8 年)的薪酬趨勢總指標(GPTI)平均數的比例為基準(過去平均的 PCI/平均的 GPTI x%-----高層:(1.04/8.04) x% = 12.94%；中層:(1.03/8.01) x% = 12.86%；低層:(1.16/7.45) x%= 15.57%)。

“平均比例基準法”以 1989-2019 PCI 的平均數與 1989-2019 年(剔除凍/減薪的 8 年)的 GPTI 的平均數，計算過去多年 PCI 佔 GPTI 的平均比例，以此作基準。若當年公務員的 PCI 佔 GPTI 的百分比，高於“平均比例基準”，則按平均比例基準(即高、中、低層的“遞增薪額”佔 GPTI 為 12.94%；12.86%；15.57%) 調整，並以此扣減 PCI，從而得出“經修訂”的 NPTI。

“平均比例基準法”的好處是當年被扣減的 PCI 會按“平均比例基準”浮動，當 GPTI 高時，“遞增薪額”會相應提高去對沖私營公司的“特殊勞績獎賞”，反之亦然；這符合私營機構的常態。按此，當年被扣減的 PCI 亦同時可避免受到一些非薪酬因素的影響，及避免佔 GPTI 的比例偏高或甚至超過 GPTI。採用“平均比例基準法”可彌補“扣減遞增薪額”機制過去一直存在的缺陷，令其可長遠使用。

本會期望政府：不要“見步行步”、“頭痛醫頭，腳痛醫腳”，應慎重考慮本會提出的“平均比例基準法”，長遠而言，完善“扣減遞增薪額”機制長期存在的問題/缺陷。這將可免除公務員團體不斷的爭議，收長治久安之效，有利於提升公務員的士氣及執行力、有利於本屆政府面對種種挑戰下順利施政。

誠望政府認真考慮接納！

會長



謹啟

(利葵燕)

2019年6月12日

English version only
只附英文版



香港高級公務員協會

Hong Kong Senior Government Officers Association

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13 June 2019

Mr. LAW Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service
9/E, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear Mr LAW,

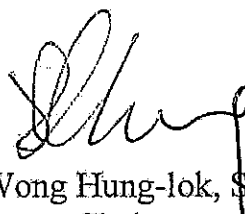
2019/20 Civil Service Pay Adjustment

Thank you for your letter of 11 June 2019 informing us 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 wish to inform you that we accept the pay offer that, with effect retrospectively from 1 April 2019, a pay increase of 4.75% for civil servants in the upper salary band and the directorate.

We note a capping mechanism to cap the Payroll Cost of Increments (PCIs) for deriving the net Pay Trend Indicators (PTIs) will be adopted from this year onwards. This mechanism can be regarded as an interim stop-gap measure to alleviate the inflation of PCIs which has eroded the magnitude of the annual pay adjustment for many years. Nevertheless, there remains a long overdue re-vamping of the existing inadequacies/ shortcomings in the present mechanism of annual pay adjustment; namely the Pay Trend Survey (PTS) findings cannot fully reflect the actual take-home pay and are always on the low side, the deduction of PCI to derive the net PTI has no relation to the pay policy in private sector, the deduction of PCI on the pay adjustment to the serving civil servants that have reached the maximum pay points has eroded their annual pay adjustment, etc., just to name a few.

The present mechanism has not been thoroughly reviewed since 1988 whilst the private market has indeed changed over the past 30 years. We urge the government to initiate a full review of the present mechanism in the coming year to address all the inadequacies/shortcomings of the present mechanism so as to move with time and to uphold the morale of Civil Servants.

Yours sincerely,



(Wong Hung-lok, Steven)
Chairman

Hong Kong Senior Government Officers Association

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來件編號 YOUR REF: CSBCR/PG/4-085-001/82

13 June 2019

The Hon. LAW Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service,
9/F., West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar,
Hong Kong

Dear Mr. LAW,

2019-20 Civil Service Pay Adjustment

This letter sets out the Police Force Council Staff Side' (PFC SS) response to the pay offers made to us in your letter dated 11 June 2019.

The PFC SS note that the Government has offered to modify the practice of deduction of the Payroll Cost of Increments (PCIs), by introducing a cap on PCIs deduction at a 30-year average level. The PFC SS has long been urging for the abolishment of the thirty-year old PCI deduction practice, as the practice has unfairly encroached on the pay rise our hardworking officers have rightfully earned. Increments are awards granted for officers' good performance and it is disheartening for them to have their increments used as an 'offsetting factor' in an obscure equation resulting in a deduction of their pay rise. The PCI deduction practice is especially unfair to officers on maximum increment, who no longer receive increments themselves but have to share the increment costs of others, the amount of which fluctuates from year to year and may well exceed the increment benefits they obtained in the past. The PFC SS are of the view that the Government, in offering a cap on PCI deduction at a 30-year average level, has taken one step forward in the right direction. Nevertheless, the PFC SS must also point out the limited effect of this step, as the current cap may still result in a reduction of a significant proportion of our officers' pay rise, and may even overturn an otherwise positive pay adjustment to a

HONG KONG
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

警察隊員佐級協會

negative one. The PFC SS stress that the cap in its current form should only be the first but not the final step in resolving the problem of unfair encroachment on our officers' pay rise brought by the PCI deduction practice, and the Government should continue to seek better solutions to be introduced in future, including the capping of PCI deduction to a certain percentage of pay rise, and ultimately to completely abolish the PCI deduction practice.

The PFC SS also note that the pay offers introduced a one-percent pay lead between the neighbouring pay points of upper and middle salary bands. The PFC SS consider this an improvement over last year's arrangement, which was in the form of a fixed sum of \$500. Nonetheless, with the one-percent pay lead, the pay leads of these pay points are still tangibly narrower than other pay points in the Police Pay Scale (PPS). As expressed in our pay claim letter, the Police Pay Scale is an integral and complete system, and the PFC SS maintain that adjustment to the PPS should be made across-the-board.

The PFC SS observe that apart from the above PCI deduction and pay lead arrangements, the pay offers made by the Government this year is the same as the Pay Trend Indicator (PTI) figures. The PFC SS reiterate that PTI figures are but just one of the pay factors, and should not be dictating the outcome of our officers' pay rise. It is essential that the Government in determining the annual pay adjustment of the civil service shall take all relevant pay factors into full account, which in addition to PTI also includes 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.

The PFC SS, after carefully considering all relevant pay factors, maintain that an across-the-board increase of not less than 6.5% shall be appropriate for this year's civil service pay adjustment. We sincerely hope that the CE-in-Council will consider our above response when coming to a final decision.

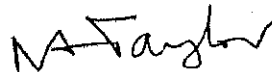
Yours sincerely,



Ronny CHAN
Chairman
SPA



Wilkie NG
Chairman
HKPIA



Neil TAYLOR
Chairman
OIA



Ray LAM
Chairman
JPOA

c.c. Commissioner of Police



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本函檔號：(27) in SS/DSCC/P-3 (Pt. XXV)
來函檔號：CSBCR/PG/4-085-001/82

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公務員事務局局長
羅智光先生, GBS, JP

羅局長：

二零一九年至二零年度公務員薪酬調整-薪酬調整方案

謝謝你於 6 月 11 日的來函。

紀律部隊評議會(職方)樂見經近年來管、職雙方不斷磋商而共同努力後，政府在扣減遞增薪額開支安排，以及在備受爭議的一般紀律人員(主任級)薪級點上作出調整，邁出第一步。來函中本年度的薪酬調整方案仍未符合紀評(職方)於 5 月 22 日提出的公務員薪酬增幅要求，然而紀評(職方)認為在現階段來說，該方案是一個正面和可取的方案，期望政府朝著這方向繼續研究優化公務員薪酬調整的機制。

紀評(職方)的目標是爭取政府盡快全面取消不公平的扣減遞增薪額開支安排，以及劃一高層、中層和低層公務員的年度薪酬調整。另外，紀評(職方)亦希望政府能明確顯示在作出公務員薪酬調整方案時已充分考慮全盤的相關因素，尤其是公務員士氣。

紀律部隊評議會(職方)主席

黎偉生



2019 年 6 月 13 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
Air Crewman 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

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

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

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

Chinese version only
只附中文版

Annex D
附件 D

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第一標準薪級公務員評議會(職方)
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來函檔號：CSBCR/PG/4-085-001/82

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公務員事務局局長
羅智光先生

羅局長：

二零一九至二零年度公務員薪酬調整

局方在2019年6月11日的來信收悉。

行政長官會同行政會議建議，於2019-20年度低層薪金級別公務員加薪5.26%，比我們建議不少於6%為低。

不過，經職方多年爭取，我們很高興政府就近年屢創新高的遞增薪額開支落實了應對方案，表示政府有聆聽職方的意見。有關方案在扣減的遞增薪額開支加設上限，有助紓緩薪酬趨勢總指標被過高的遞增薪額開支蠶食的問題。因此，我們支持有關方案，並感謝公務員事務局向行政長官會同行政會議反映我們的意見，我們希望局方會繼續積極研究長遠解決有關問題的方法。

此外，正如我們在2019年5月24日的信中強調，「調高」安排是現行機制內不可缺少的一部分，而且它是公務員薪酬調整及有關事宜調查委員會在1988年的報告中作出的建議。政府作為良好僱主，應將這安排納入現行機制內，避免低層和中層薪金級別公務員薪酬的差距加劇，以維持低層薪金級別公務員的士氣。

第一標準薪級公務員評議會

職方主席林榮松



2019年6月13日