

ITEM FOR FINANCE COMMITTEE

CIVIL SERVICE PAY ADJUSTMENT 2001

Members are invited to -

- (a) approve, with effect from 1 April 2001 -
 - (i) an increase in salary of 4.99% for the Chief Executive and civil servants in the directorate pay scale and the upper pay band;
 - (ii) an increase in salary of 2.38% for civil servants in the middle and lower pay bands; and
 - (iii) similar pay adjustments for the judicial service, and those subvented non-governmental organisations whose salary adjustments follow those in the civil service;
- (b) note that supplementary provision of about \$3,030 million will be required in 2001-02 for the Chief Executive, the civil service, the judicial service, the auxiliaries and non-governmental organisations subvented on a deficiency grant basis; and

/(c)

- (c) note that supplementary provision of about \$945 million may be made available, on application, for non-governmental organisations subvented on a discretionary grant basis, having regard to the merits of each case.

PROBLEM

The 2000-01 Pay Trend Survey of private sector companies has revealed movements in private sector pay over the 12-month period from 2 April 2000 to 1 April 2001. We need to consider how these changes should be reflected in the pay for the Chief Executive, the civil service, members of the judicial service, and staff in subvented non-governmental organisations (NGOs) whose salary adjustments follow those in the civil service.

PROPOSAL

2. We propose to adjust salaries with effect from 1 April 2001 by 4.99% for the Chief Executive, civil servants in the directorate pay scale and the upper pay band, and by 2.38% for those in the middle and lower pay bands. The revised civil service pay scales are at the Enclosure.

3. We also propose similar pay adjustments for the judicial service and staff in subvented NGOs. The revised Judicial Service Pay Scale is also at the Enclosure.

JUSTIFICATION

4. The Pay Trend Survey for the period 2 April 2000 to 1 April 2001 has produced the following results -

/Pay

Pay band	Gross pay trend indicator (A)	Payroll cost of civil service increments (B)	Net pay trend indicator (A)-(B)
Upper (\$46,486 to \$92,700 per month)	6.15%	1.16%	4.99%
Middle (\$15,160 to \$46,485 per month)	3.55%	1.17%	2.38%
Lower (Below \$15,160 per month)	2.95%	0.98%	1.97%

5. The proposed adjustments for the middle and upper pay bands are in line with the net pay trend indicators (NPTIs). For the lower pay band, we propose to bring the level of adjustment up to that of the middle pay band. This is in accordance with a recommendation of the 1988 Committee of Inquiry which was accepted by the Government. For the directorate, we propose that the salary adjustment should follow that of the upper pay band in accordance with prevailing practice.

6. The Staff Sides of the central consultative councils do not have a consensus view on the pay offer. But none of them have challenged the results of the Pay Trend Survey or asked for a review of the pay adjustment mechanism. While some members of the councils have accepted the pay offer, some others have counter-proposed a uniform pay adjustment of no less than 4.99% for all pay bands. We find the latter request hard to justify. The higher adjustment rates proposed for the upper pay band and the directorate vis-à-vis that for the middle and lower pay bands follow the corresponding private sector pay adjustments revealed by the 2001 Pay Trend Survey. Given that different levels of pay adjustment are awarded in the private sector to different pay bands, and given that our pay policy is to follow the pay adjustment in the private sector after taking into account other considerations such as the Government's budgetary position and the economy at large, it is an inherent feature of the existing mechanism that pay adjustment rates may not be uniform across the civil service pay bands. It is also relevant to note that in accordance with our usual practice following a recommendation of the 1988 Committee of Inquiry, we have already proposed to bring up the adjustment for the lower band from the NPTI of 1.97% to that of the middle band rate, i.e. 2.38%, at an additional cost of \$57 million.

7. There are diverse views from the community at large on the proposed pay adjustment rates. While the discrepancy in the adjustment rates between the upper and the middle/lower pay bands has been highlighted, there is little public support for the Staff Sides' claim for a uniform 4.99% pay adjustment across all pay bands. Some commentators have observed that the civil service practice of aligning the pay adjustment for the lower band with that for the middle band has led to a growing disparity in pay between the lower band civil servants and their counterparts in the private sector. In response to the suggestion that the existing pay adjustment mechanism should be reviewed, some commentators have said that the current practice should continue so as to ensure that civil service pay is in line with the overall pay trend in our economy.

8. Having considered all relevant factors, we are of the view that there are no overriding considerations which would justify a departure from our established policy and practice on civil service pay adjustment. We have therefore formulated our proposal in paragraph 2 above, which is in accordance with the established policy and practice.

9. The Chief Executive's salary is adjusted in relation to the Chief Secretary for the Administration's salary (at D10 level). Accordingly, we propose an adjustment of 4.99%.

10. It is the Government's policy to extend the annual civil service pay adjustment to the judicial service and to those subvented NGOs whose salary adjustments follow exactly those in the civil service, hence our proposal in paragraph 3 above.

FINANCIAL IMPLICATIONS

11. The cost of the proposed pay adjustment for the Chief Executive, the civil service, the judicial service and subvented NGOs in terms of salary and allowances¹ is estimated to be \$3,975 million in 2001-02, calculated as follows -

/(a)

¹ The pay adjustment will also lead to an increase in pension payments for those who retire during the year, estimated at \$209 million in 2001-02.

	\$ million
(a) Chief Executive, civil service and judicial service	1,860
(b) NGOs subvented -	
(i) on a deficiency grant basis ²	1,164
(ii) on a discretionary grant basis ³	945
(c) Auxiliaries	6
Total	3,975

12. On item (b) above, the \$2,109 million for subvented NGOs is made up as follows -

	\$ million
Education (excluding universities)	798
Universities	350
Health	682
Social welfare	192
Vocational Training Council	57
Others	30
Total	2,109

13. We have not made provisions in the relevant heads of expenditure for the proposed pay adjustment in the 2001-02 Estimates. Subject to Members' approval of the proposal, we shall approve under delegated authority the supplementary provision required by individual departments and NGOs.

14. It is not possible to quantify at this stage the exact amount of supplementary provision needed under each head of expenditure. We estimate the total supplementary provision required for the Chief Executive, the civil service, the judicial service, the auxiliaries and NGOs subvented on a deficiency grant basis at \$3,030 million. As regards NGOs subvented on a discretionary grant basis, Members have previously agreed that their requests for additional funds to

/implement

² A deficiency grant is designed to meet the difference in full between a subvented organisation's income and expenditure for a programme of activities approved by the Government.

³ A discretionary grant is designed to assist organisations to meet the cost, either in whole or in part, of a programme of activities approved by the Government. The degree of financial assistance is entirely at the Government's discretion.

implement salary increases similar to those for the civil service should be considered on their individual merits, having regard to the extent to which each NGO can afford to meet the cost from its own resources. We estimate the total supplementary provision required by these organisations at \$945 million.

BACKGROUND INFORMATION

15. Government policy is that annual adjustments in civil service pay should be broadly comparable to pay adjustments in the private sector. To this end, we conduct annually a survey of pay trends in the private sector over the previous year. The results of the survey, after discounting the payroll costs of civil service increments, provide the basis for considering the size of the annual pay adjustment. We also take into account other factors which include changes in the cost of living, the state of the economy, budgetary considerations, civil service morale and Staff Sides' pay claims. Each year's pay adjustment is a separate exercise, determined by the circumstances prevailing at the time.

16. This system of annual pay trend surveys has been in operation since 1974. The survey is conducted by the Pay Survey and Research Unit (PSRU) of the Standing Commission on Civil Service Salaries and Conditions of Service (hereafter referred to as the Standing Commission) and is monitored by the Pay Trend Survey Committee, which comprises members of the Standing Commission, the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Staff Sides of the central consultative councils and the Civil Service Bureau. This year the PSRU collected data from 76 Hong Kong companies in different major sectors of the economy, covering the period from 2 April 2000 to 1 April 2001. The survey covers all full-time employees with basic salaries equivalent to non-directorate staff in the civil service, divided into the following three pay bands - upper band (\$46,486 to \$92,700 per month), middle band (\$15,160 to \$46,485 per month) and lower band (below \$15,160 per month).

17. The Legislative Council Panel on Public Service discussed the proposal on 18 June 2001.

Enclosure to FCR(2001-02)33

Master Pay Scale (MPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
49	88,115	92,510
48	85,055	89,300
47	82,105	86,200
46 (44B)	79,230	83,185
45 (44A)	76,485	80,300
44	73,815	77,500
43	71,240	74,795
42	68,310	71,720
41	65,490	68,760
40	62,780	65,915
39	60,190	63,195
38	57,525	60,395
37	55,000	57,745
36 (33C)	52,520	55,140
35 (33B)	50,190	52,695
34 (33A)	47,970	50,365
33	46,485	47,590
32	44,395	45,450
31	42,405	43,415
30	40,500	41,465
29	38,695	39,615
28	36,940	37,820
27	35,285	36,125
26	33,705	34,505
25	32,190	32,955
24	30,785	31,520
23	29,400	30,100
22	28,075	28,745
21	26,805	27,445
20	25,530	26,140
19	24,320	24,900

Master Pay Scale (MPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
18	23,170	23,720
17	22,075	22,600
16	21,010	21,510
15	20,010	20,485
14	19,055	19,510
13	18,140	18,570
12	17,100	17,505
11	16,095	16,480
10	15,160	15,520
9	14,300	14,645
8	13,425	13,745
7	12,595	12,895
6	11,820	12,105
5	11,115	11,380
4	10,420	10,670
3	9,785	10,020
2	9,180	9,400
1	8,625	8,835
0	8,125	8,320

Model Scale 1 Pay Scale

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
13	11,230	11,500
12	11,010	11,275
11	10,785	11,045
10	10,575	10,830
9	10,370	10,620
8	10,175	10,420
7	9,980	10,220
6	9,785	10,020
5	9,590	9,820
4	9,395	9,620
3	9,200	9,420
2	9,005	9,220
1	8,810	9,020
0	8,615	8,825

Police Pay Scale (PPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
59	181,050	190,100
	(154,150)	(161,850)
58	149,600	157,050
	(135,550)	(142,300)
	(131,700)	(138,250)
57	127,900	134,300
	(123,850)	(130,050)
	(120,250)	(126,250)
56	116,650	122,450
	(107,500)	(112,850)
	(104,250)	(109,450)
55	101,100	106,150
54	92,700	97,325
53	89,110	93,555
52	85,525	89,795
51	82,325	86,435
50	79,275	83,230
49	76,435	80,250
48	73,770	77,450
47	71,130	74,680
46	68,555	71,975
45	66,090	69,390
44	63,655	66,830
43	61,375	64,440
42	59,135	62,085
41	56,910	59,750
40	54,895	57,635

Police Pay Scale (PPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
39	52,910	55,550
38	50,980	53,525
37	49,270	51,730
36	47,675	50,055
35	46,405	47,510
34	44,740	45,805
33	42,895	43,915
32	41,090	42,070
31	39,280	40,215
30	37,520	38,415
29	35,790	36,640
28	34,085	34,895
27	32,380	33,150
26	30,975	31,710
25	30,050	30,765
24	29,165	29,860
23	28,295	28,970
22	27,650	28,310
21	26,955	27,595
20	26,245	26,870
19	25,580	26,190
18	24,870	25,460
17	24,175	24,750
16	23,505	24,065
15	22,860	23,405
14	22,210	22,740
13	21,580	22,095
12	20,975	21,475
11	20,460	20,945
10	19,770	20,240
9	19,180	19,635
8	18,595	19,040
7	18,060	18,490
6	17,510	17,925

Police Pay Scale (PPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
5	16,995	17,400
4	16,500	16,895
3	15,995	16,375
2	15,520	15,890
1	15,065	15,425
1a	14,625	14,975

Note : Figures in brackets represent increments.

General Disciplined Services (Commander) Pay Scale

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
4	162,650	170,750
	(135,550)	(142,300)
	(131,700)	(138,250)
3	127,900	134,300
	(123,850)	(130,050)
	(120,250)	(126,250)
2	116,650	122,450
	(107,500)	(112,850)
	(104,250)	(109,450)
1	101,100	106,150

Note : Figures in brackets represent increments.

General Disciplined Services (Officer) Pay Scale
[GDS(O) Pay Scale]

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
38	92,700	97,325
37	89,110	93,555
36	85,525	89,795
35	82,325	86,435
34	79,275	83,230
33	76,435	80,250
32	73,770	77,450
31	71,130	74,680
30	68,555	71,975
29	66,090	69,390
28	63,655	66,830
27	61,375	64,440
26	59,135	62,085
25	56,910	59,750
24	54,895	57,635
23	52,910	55,550
22	50,980	53,525
21	49,270	51,730
20	47,675	50,055
19	46,405	47,510
18	44,740	45,805
17	42,895	43,915
16	41,050	42,025
15	39,195	40,130
14	37,355	38,245
13	35,560	36,405
12	33,775	34,580
11	32,130	32,895
10	30,585	31,315
9	29,080	29,770

General Disciplined Services (Officer) Pay Scale
[GDS(O) Pay Scale]

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
8	27,570	28,225
7	26,075	26,695
6	24,605	25,190
5	23,095	23,645
4	21,795	22,315
3	20,765	21,260
2	19,730	20,200
1	18,885	19,335
1a	18,075	18,505
1b	17,300	17,710
1c	16,560	16,955
1d	15,850	16,225

General Disciplined Services (Rank and File) Pay Scale

[GDS(R) Pay Scale]

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
27	28,205	28,875
26	27,395	28,045
25	26,570	27,200
24	25,805	26,420
23	25,145	25,745
22	24,450	25,030
21	23,775	24,340
20	23,150	23,700
19	22,535	23,070
18	21,915	22,435
17	21,270	21,775
16	20,685	21,175
15	20,110	20,590
14	19,535	20,000
13	18,965	19,415
12	18,390	18,830
11	17,825	18,250
10	17,265	17,675
9	16,725	17,125
8	16,165	16,550
7	15,610	15,980
6	15,115	15,475
5	14,500	14,850
4	14,100	14,440
3	13,710	14,040
2	13,305	13,625
1	12,940	13,250
1a	12,585	12,885

Judicial Service Pay Scale (JSPS)

Rank	Point	As at 31.3.2001 \$	W.e.f. 1.4.2001 \$
Chief Justice, Court of Final Appeal	19	216,650	227,450
Judge, Court of Final Appeal Chief Judge of the High Court	18	210,750	221,250
Justice of Appeal of the Court of Appeal of the High Court	17	189,900	199,400
Judge of the Court of First Instance of the High Court	16	181,050	190,100
Registrar, High Court Chief Judge of the District Court	15	149,600	157,050
		(144,750)	(151,950)
		(140,550)	(147,550)
Senior Deputy Registrar, High Court	14	136,400	143,200
Judge of the District Court		(135,550)	(142,300)
Deputy Registrar, High Court		(131,700)	(138,250)
Chief Magistrate	13	127,900	134,300
		(123,850)	(130,050)
Assistant Registrar, High Court		(120,250)	(126,250)
Member, Lands Tribunal	12	116,650	122,450

Judicial Service Pay Scale (JSPS)

Rank	Point	As at 31.3.2001 \$	W.e.f. 1.4.2001 \$
Registrar, District Court			
Principal Presiding Officer, Labour Tribunal		(113,950)	(119,650)
Principal Adjudicator, Small Claims Tribunal		(110,750)	(116,300)
Principal Magistrate	11	107,500	112,850
Deputy Registrar, District Court			
Coroner		(104,250)	(109,450)
Presiding Officer, Labour Tribunal		(101,100)	(106,150)
Adjudicator, Small Claims Tribunal	10	98,250	103,150
		(104,250)	(109,450)
		(101,100)	(106,150)
	10	(98,250)	(103,150)
	9	(91,240)	(95,795)
	8	(89,110)	(93,555)
Magistrate	7	86,980	91,320
	6	(66,800)	(70,135)
	5	(63,700)	(66,880)
	4	(60,750)	(63,780)
	3	(59,325)	(62,285)
	2	(57,925)	(60,815)
Special Magistrate	1	56,540	59,360

Note : Figures in brackets represent increments.

Directorate Pay Scale

Point	As at 31.3.2001 \$	W.e.f. 1.4.2001 \$
D10	216,650	227,450
D9	204,800	215,000
D8	181,050	190,100
D7	175,600	184,350
D6	162,650	170,750
D5	154,150	161,850
D4	(149,600) 145,150	(157,050) 152,400
D3	(135,550) (131,700) 127,900	(142,300) (138,250) 134,300
D2	(123,850) (120,250) 116,650	(130,050) (126,250) 122,450
D1	(104,250) (101,100) 98,250	(109,450) (106,150) 103,150

Note 1 : Figures in brackets represent increments.

Note 2 : The Chief Executive's salary is adjusted in relation to the Chief Secretary for Administration's salary (at D10 level), i.e. \$284,300 with effect from 1.4.2001.

Directorate (Legal) Pay Scale

Point	As at 31.3.2001 \$	W.e.f. 1.4.2001 \$
DL7	193,050	202,700
DL6	162,650	170,750
DL5	154,150	161,850
DL4	(149,600) 145,150	(157,050) 152,400
DL3	(135,550) (131,700) 127,900	(142,300) (138,250) 134,300
DL2	(123,850) (120,250) 116,650	(130,050) (126,250) 122,450
DL1	(104,250) (101,100) 98,250	(109,450) (106,150) 103,150

Note : Figures in brackets represent increments.

Training Pay Scale

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
16	19,965	20,440
15	19,005	19,455
14	18,095	18,525
13	17,300	17,710
12	16,240	16,625
11	14,885	15,240
10	13,670	14,000
9	12,870	13,180
8	12,085	12,375
7	11,345	11,620
6	10,655	10,910
5	9,995	10,235
4	9,385	9,610
3	8,820	9,030
2	8,265	8,465
1	7,765	7,950

Technician Apprentices' Pay Scale (TAPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
4	9,675	9,910
3	8,820	9,030
2	7,975	8,165
1	7,335	7,510
0	6,880	7,045

Craft Apprentices' Pay Scale (CAPS)

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
4	7,650	7,835
3	7,005	7,175
2	6,335	6,490
1	5,700	5,840
0	5,370	5,500

Independent Commission Against Corruption Pay Scale

Point	As at 31.3.2001	W.e.f. 1.4.2001
	\$	\$
	(154,150)	(161,850)
48	149,600	157,050
	(135,550)	(142,300)
	(131,700)	(138,250)
47	127,900	134,300
	(123,850)	(130,050)
	(120,250)	(126,250)
46	116,650	122,450
	(107,500)	(112,850)
	(104,250)	(109,450)
45	101,100	106,150
44	92,700	97,325
43	89,110	93,555
42	85,525	89,795
41	82,325	86,435
40	79,275	83,230
39	76,375	80,185
38	73,725	77,405
37	71,060	74,605
36	68,480	71,895
35	65,795	69,080
34	63,350	66,510
33	60,870	63,905
32	58,430	61,345
31	55,950	58,740
30	53,495	56,165
29	51,070	53,620
28	48,620	51,045

Independent Commission Against Corruption Pay Scale

Point	As at 31.3.2001 \$	W.e.f. 1.4.2001 \$
27	46,235	47,335
26	44,835	45,900
25	42,775	43,795
24	40,660	41,630
23	38,575	39,495
22	36,485	37,355
21	34,390	35,210
20	32,790	33,570
19	31,195	31,935
18	29,870	30,580
17	28,555	29,235
16	27,225	27,875
15	26,230	26,855
14	25,895	26,510
13	25,220	25,820
12	24,540	25,125
11	23,220	23,775
10	21,915	22,435
9	20,695	21,190
8	19,500	19,965
7	18,295	18,730
6	17,025	17,430
5	15,755	16,130
4	14,500	14,850
3	13,970	14,305
2	13,440	13,760
1	12,950	13,260

Note : Figures in brackets represent increments.