

立法會
Legislative Council

LC Paper No. CB(1)130/09-10
(These minutes have been
seen by the Administration)

Ref : CB1/BC/9/08

Bills Committee on Public Officers Pay Adjustment Bill

**Minutes of second meeting held on
Tuesday, 6 October 2009, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon IP Kwok-him, GBS, JP (Chairman)
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon LEUNG Kwok-hung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
- Member absent** : Hon LEE Cheuk-yan
- Member attending** : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
- Public officers attending** : Mr Brian LO
Deputy Secretary for the Civil Service 2
- Mr Chris SUN
Principal Assistant Secretary
for the Civil Service (Pay and Leave)
- Mr Eamonn MORAN, JP

Law Draftsman
Department of Justice

Ms Frances HUI
Senior Government Counsel
Department of Justice

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (1)2

Staff in attendance : Ms Connie FUNG
Senior Assistant Legal Adviser 1

Ms Sarah YUEN
Senior Council Secretary (1)6

Mr Ken WOO
Council Secretary (1) 2

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)2411/08-09 - Minutes of the meeting held on
16 July 2009)

The minutes of the meeting held on 16 July 2009 were confirmed.

II. Meeting with the Administration

(LC Paper No. CB(3) 748/08-09 - The Bill
File Ref: CSB/CR/PG/4-085-001/62 - The Legislative Council Brief
issued by the Civil Service Bureau
File Ref.: CSBCR/PG/4-085-001/62 - The Legislative Council Brief
issued by the Civil Service Bureau
LC Paper No. LS 99/08-09 - Legal Service Division Report on
the Bill
LC Paper No. CB(1)2708/08-09(01) - Senior Assistant Legal Adviser's
letter dated 15 September 2009 to
the Administration and the
Administration's reply letter dated
18 September 2009
LC Paper No. CB(1)2692/08-09 - Background brief prepared by the
Legislative Council Secretariat)

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

3. The Administration briefed members on the Public Officers Pay Adjustment Bill (the Bill), which sought to adjust the pay and amounts of certain allowances payable to public officers with a monthly pay exceeding \$48,400 by reducing them by 5.38% (the proposed pay cut).

The proposed pay cut

4. Members including Dr PAN Pey-chyou, Mr LEUNG Kwok-hung, Dr Margaret NG, Ir Dr Raymond HO, Ms LI Fung-ying, Prof Patrick LAU and Mrs Regina IP expressed opposition to the proposed pay cut. They opined that civil service pay for the upper salary band and above should also be frozen and that a pay freeze should be imposed across the board. Members in general expressed the following concerns –

- (a) The proposed pay cut might trigger off a spate of wage cut in the community, and impact on the morale of civil servants and the stability of society as a whole;
- (b) The economy was improving and might have recovered when the proposed pay cut was implemented. There might even be inflation very soon;
- (c) It was both unfair and divisive to treat civil servants in the lower, middle and upper salary bands differently;
- (d) Unlike those in the directorate ranks, many civil servants in the upper salary band, namely, those remunerated on Master Pay Scale (MPS) 34 to 44, were in fact not very highly paid;
- (e) The proposed pay cut of 5.38% was substantial and would impact significantly on the civil servants concerned, who might have to support their families and meet monthly fixed expenditures such as mortgage repayment;
- (f) It was undesirable that the Administration had adopted a high-handed approach in taking forward the proposed pay cut, namely, by exerting pressure on civil servants in the upper salary band through announcing the same rate of pay cut for politically appointed officials;
- (g) It was unfair that while the Administration was reluctant to implement the increment-related proposals for senior government officers as recommended in the relevant grade structure review (GSR) report, it had decided to implement the pay cut for civil servants in the upper salary band and above without delay; and
- (h) If it was considered necessary to reduce the pay for civil servants in the upper salary band and above, the pay reduction should be moderated

from 5.38% to 3.45% on the grounds that:

- (i) since the -1.34% gross pay trend indicator (PTI) for the middle salary band was effectively set aside in the pay freeze offer for civil servants in this salary band, this rate of reduction should also be set aside when determining the pay adjustment for civil servants in the upper band; and
- (ii) the 2008-2009 payroll cost of increments for civil servants in the upper salary band (i.e. 0.59%) should not be taken into account.

5. In consideration of the above, Mrs Regina IP called upon the Administration to withdraw the Bill. Mr CHEUNG Man-kwong said that Members belonging to the Democratic Party would formulate their stance regarding the proposed pay cut after listening to public views.

6. In response, the Administration made the following points –

- (a) It had never been the Government's pay policy to impose a uniform pay adjustment rate for the whole civil service;
- (b) The net PTIs were not the sole factor in determining civil service pay adjustments. They would not be adopted mechanically as the pay adjustment rates for the relevant salary bands. In accordance with the annual civil service pay adjustment mechanism, the Chief Executive--in-Council (CE-in-Council) would take into consideration six factors, namely the net PTIs, the state of the economy, changes in the cost of living, the Government's fiscal position, the pay claims of the staff sides, and the state of the civil service morale, in determining the pay offers;
- (c) The proposed pay cut and GSRs were two separate and unrelated issues. On the criticism that the Government was quick to cut pay but slow in implementing GSR recommendations, it should be noted that the 2009 -2010 civil service pay adjustment had been deliberated and determined in accordance with the established timetable and mechanism; and
- (d) A pay trend survey (PTS) was conducted every year, covering the 12-month period from 2 April in last year to 1 April of the prevailing year. A decision on pay adjustment was usually made in the middle of the prevailing year. Market situation resulted from economic changes in the current year would be reflected in the next PTS covering the 12-month period from 2 April of the prevailing year to the next 1 April.

7. Dr Margaret NG expressed grave concern about the need and propriety of implementing civil service pay reduction by a one-off legislation. She expressed regret that a general enabling legislation on civil service pay adjustment mechanism to provide the legal framework for implementing upward or downward pay

adjustments had not been introduced despite repeated requests from members since 2002, when legislation was first enacted for the purpose.

III. Any other business

Invitation of public views

8. Members endorsed the list of proposed deputations for invitation tabled at the meeting, and agreed to schedule the next meeting for 17 October 2009 from 10:45 am to 12:45 pm to receive public views on the Bill. In this connection, Ir Dr Raymond HO suggested that deputations from Government engineers be invited to give views on the Bill as well, and undertook to provide a list of such deputations after the meeting. Members also agreed that a notice to invite public views would be posted on the LegCo website to facilitate enrollment by any parties interested in attending the meeting to present views.

9. Members further agreed that additional meetings would be held on the following dates –

- (a) Tuesday, 27 October 2009, at 8:30 am; and
- (b) Friday, 6 November 2009, at 8:30 am.

10. There being no other business, the meeting ended at 5:45 pm.

Council Business Division 1
Legislative Council Secretariat
22 October 2009

Clerk

**Proceedings of the second meeting of
the Bills Committee on Public Officers Pay Adjustment Bill
on Tuesday, 6 October 2009, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
Agenda Item I –Confirmation of minutes of meeting			
000000 - 000043	Chairman	- Confirmation of minutes of meeting	
Agenda Item II –Meeting with the Administration			
000044 - 000653	Chairman Dr Margaret NG Mr TAM Yiu-chung Dr PAN Pey-chyou Ir Dr Raymond HO	- Discussion on invitation of public views on the Bill - Date of next meeting	The Clerk to take follow-up action (paragraph 8 of minutes)
000654 - 001222	Administration	- Administration's briefing on the Bill	
001223 - 001945	Mr LEUNG Kwok-hung	- Mr LEUNG's expression of opposition to the proposed pay cut in consideration of its impacts on private sector pay, the impending inflation, and the increase in civil servants' workload in general	
001946 - 002623	Chairman Dr PAN Pey-chyou	- Dr PAN's statement of the opposition of The Hong Kong Federation of Trade Unions to the proposed pay cut considering its impacts on private sector pay, and his concern about deferred implementation of GSR recommendations. He demanded imposing a pay freeze across the board instead of treating civil servants in the lower, middle and upper salary bands differently	
002624 - 003734	Dr Margaret NG Chairman Administration	- Dr NG's statement of the Civic Party's grave concern about the need and propriety of implementing civil service pay reduction by legislation, and about the unfairness of treating civil	

Time marker	Speaker	Subject(s)	Action required
		<p>servants in the lower, middle and upper salary bands differently</p> <ul style="list-style-type: none"> - Dr NG's expression of opposition to the proposed pay cut which in her view should be replaced by a pay freeze for the sake of maintaining stability of our society as a whole - The Administration's response to a suggestion that the proposed pay cut should be revised as -3.45% 	
003735 - 004221	Ir Dr Raymond HO Chairman Administration	<ul style="list-style-type: none"> - Dr HO's expression of support for a pay freeze for all salary bands and concerns about the implementation of pay reduction by legislation, the unfairness of treating civil servants in the lower, middle and upper salary bands differently, and severe impact of the proposed pay cut on those remunerated on MPS 34 to 44 - Expression of the concern that the inclusion of overly large corporations in the survey field of PTS might distort PTS results 	
004222 - 005117	Ms LI Fung-ying Administration Chairman	<ul style="list-style-type: none"> - Ms LI's expression of opposition to the proposed pay cut considering the deferred implementation of GSR recommendations, and the unfairness of treating civil servants in the lower, middle and upper salary bands, and judicial officers differently - Administration's response to Ms LI's concerns 	
005118 -	Chairman	- Prof LAU's request for the	

Time marker	Speaker	Subject(s)	Action required
005827	Prof Patrick LAU Administration	Administration to reconsider the proposed pay cut considering its impact on staff morale and the improvements of the economy	
005828 - 010019	Mr CHEUNG Man-kwong	- Mr CHEUNG's view that the Democratic Party would formulate its stance after listening to public views on the need to give special consideration to the impact of the proposed pay cut on civil servants in the upper salary band	
010020 - 010158	Chairman Mrs Regina IP	- Mrs IP's expression of concerns about the plan to implement the proposed pay cut in one go instead of by stages as was the case in 2003, and about the resultant impact on the civil servants concerned - Mrs IP's view that the Administration should withdraw the Bill in recognition of the recovering economy	
010159 - 010944	Chairman Dr Margaret NG Administration	- Dr NG's emphasis on the need for the Administration to explain in detail why CE-in-Council decided to offer a pay freeze to civil servants in the lower and middle salary bands but a pay cut to civil servants in the upper salary band, if the same relevant factors had been taken into account	
010945 - 011417	Chairman Dr Margaret NG	- The Chairman's view that the Administration should address concern that, under the existing civil service pay adjustment mechanism, there was often lapse of time between the implementation of a pay cut or pay increase decision for	

Time marker	Speaker	Subject(s)	Action required
		the civil service and the time of making that decision. During the lapse of time, economic changes might occur resulting in difficulties in implementing a pay cut (or a pay rise) decision for the civil service - Meeting schedule of the Bills Committee	

Council Business Division 1

Legislative Council Secretariat

22 October 2009