

立法會

Legislative Council

LC Paper No. CB(1)148/09-10

(These minutes have been
seen by the Administration)

Ref : CB1/PL/ PS/1

Panel on Public Service

Minutes of special meeting held on Tuesday, 7 July 2009, at 8:30 am in Conference Room A of the Legislative Council Building

Members present : Hon LEE Cheuk-yan (Chairman)
Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Deputy Chairman)
Dr Hon Margaret NG
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon LEUNG Kwok-hung
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou

Members attending : Hon James TO Kun-sun
Hon WONG Kwok-hing, MH
Dr Hon Priscilla LEUNG Mei-fun

Member absent : Hon CHEUNG Man-kwong

**Public officers
attending** : **Agenda item I**

Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Mr Andrew H Y WONG, JP
Permanent Secretary for the Civil Service

Mr Brian LO
Deputy Secretary for the Civil Service 2

Pay Trend Survey Committee (PTSC)

Ms Virginia CHOI
Chairman

Mr Barry CHEUNG
Alternate Chairman

Ms Michelle LI
Secretary General, Joint Secretariat for the Advisory
Bodies on Civil Service and Judicial Salaries and
Conditions of Service; Member of PTSC

Ms Vicky KWAN
Controller, Pay Survey and Research Unit

**Attendance by
invitation**

: Agenda item I

Government Disciplined Services General Union

Mr LAM Kwok-ho
Chairman

Mr POON Chi-ming
Committee Member

Disciplined Services Consultative Council
(Staff Side)

Mr PANG Chung-yin
Chairman

Mr NGAI Sik-shui
Member

Police Force Council Staff Side

Mr Peter CORNTHWAITE
Representative

Mr WONG Ching
Representative

Superintendents' Association of The HK Police
Force

Mr SHAM Wai-kin
Chairman

Mr LI Kin-fai
Executive Committee Member

HK Police Inspectors' Association

Ms LUI Wei-yee
Activity Secretary

Mr TSANG Chiu-fo
Deputy Secretary General

Overseas Inspectors' Association of The HK Police
Force

Mr David WILLIAMS
Chairman

Mr Paul EDMISTON
Vice-Chairman

The Junior Police Officers' Association of The HK
Police Force

Mr CHUNG Kam-wa
Chairman

Mr HO Yau-hon
Treasurer

Hong Kong Senior Government Officers
Association

Mr SO Ping-chi
Chairman

Hong Kong Chinese Civil Servants' Association

Mr WONG Hyo
President

Ms LI Kwai-yin
Vice-President

Hong Kong Institute of Human Resource
Management

Mr Wilfred WONG
President

Mr Eddie NG, JP
Executive Council Member

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

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Miss Winnie CHENG
Legislative Assistant (1)5

Action

- I 2009-2010 civil service pay adjustment and grade structure review**
- | | |
|-----------------------------------|---|
| (LC Paper No. CB(1)2162/08-09(01) | — Administration's paper on survey methodology of the pay trend survey |
| LC Paper No. CB(1)2166/08-09(01) | — Information provided by Pay Trend Survey Committee (Confidential) |
| File Ref.: CSBCR/PG/4-085-001/62 | — Legislative Council (LegCo) Brief on 2009-2010 civil service pay adjustment |
| File Ref.: CSB/CR/PG/4-085-001/62 | — LegCo Brief on 2009-2010 civil service pay adjustment |
| LC Paper No. CB(1)2056/08-09 | — Background brief prepared by the LegCo Secretariat) |

Presentation of views by deputations

Government Disciplined Services General Union

Mr LAM Kwok-ho, Chairman of the General Union, said that the General Union was concerned about how the Administration intended to take forward the Grade Structure Review (GSR) reports for the disciplined services grades, directorate grades and selected non-directorate civilian grades respectively submitted to the Chief Executive (CE) on 27 November 2008. The General Union was dissatisfied that while the Government had taken so long in conducting the consultation exercise on the GSR reports, it had acted so quickly in deciding to implement the proposed pay cut of 5.38% for civil servants in the upper salary band and above. The General Union opined that to ensure fairness to retiring civil servants, implementation of the GSR recommendations with retrospective effect should be considered. The Administration was also urged to act according to the established mechanism of the Pay Trend Survey (PTS). Mr POON Chi-ming, committee member of the General Union, questioned why the General Union was denied representation on the Pay Trend Survey Committee (PTSC). He considered that the disputes over the results of the 2009 PTS should be resolved through arbitration under the existing system.

Disciplined Services Consultative Council (Staff Side)

2. Mr PANG Chung-yin, Chairman of the Consultative Council (Staff Side), briefed members on the Consultative Council (Staff Side)'s views. The Consultative Council (Staff Side) shared the General Union's views, and it hoped that the Administration would finalize its stance regarding the GSR reports in September or October 2009. Mr PANG highlighted three demands of the Consultative Council (Staff Side) as follows –

- (a) to standardize the pay scales in respect of all disciplined services, particularly the relevant entry points and maximum points;
- (b) to extend through scale arrangement to the Correctional Services, the Customs and Excise, the Immigration, the Government Flying Service and the Fire Services' Ambulance Stream; and
- (c) to shorten the conditioned hours of work.

3. Mr NGAI Sik-shui, member of the Consultative Council (Staff Side), added that the stance of the Consultative Council (Staff Side) over the results of the 2009 PTS could represent the staff of the five disciplined services it represented.

*Superintendents' Association of The Hong Kong Police Force
(LC Paper No. CB(1)2162/08-09(02))*

4. Mr SHAM Wai-kin, Chairman of the Association, briefed members on the Association's views as highlighted below –

- (a) The Government had not made a secret deal with the Police staff side regarding recommendations made in the GSR report on the disciplined services. The Commissioner of Police (the Commissioner) had as early as February 2009 already indicated support for police officers' aspirations for ensuring reasonable remuneration in the context of the relevant GSR recommendations;
- (b) The Association was sceptical about the results of the 2009 PTS because of the inclusion of two companies code named L080 and L057 in the survey field, and their inclusion had not been properly endorsed by PTSC. If the two companies were excluded from the survey field, the Association would be willing to accept the results of the 2009 PTS even if there would still be pay cut for civil servants in the upper salary band and above. The Police staff side had all along closely monitored the conduct of the 2009 PTS and they had as early as May 2009 raised questions about it. In particular, they had sought explanation from the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (JSSCS) on the rationale for excluding the two companies from the 2008 PTS for the purpose of calculating the gross pay trend indicators (PTIs), but including them in the 2009 PTS. However, JSSCS had provided limited background information on only 18 companies included in the survey field; and
- (c) Despite the above concerns and queries raised, the Administration was only intent on tabling the Public Officers Pay Adjustment Bill within the 2008-2009 legislative session. The Association would like the Administration to comprehensively review the results of the 2009 PTS, particularly the reasons for inclusion of the two companies, and to disclose their details without mentioning their names.

*Hong Kong Police Inspectors' Association
(LC Paper No. CB(1)2162/08-09(02))*

5. Ms LUI Wei-yee, Activity Secretary of the Association, briefed members on the Association's views. The Association supported the Police

Force Council Staff Side (PFC SS)'s refusal to validate and accept the results of the 2009 PTS due to the following problems –

- (a) PTSC had not been informed of the fact that company L080 had actually been excluded from the 2008 PTS and reasons of the exclusion;
- (b) The inclusion of companies L080 and L057 in the 2009 survey field had not ever been endorsed by PTSC and it was inappropriate for the Controller/Pay Survey and Research Unit (PSRU) to make any assumptions in this regard;
- (c) If the exclusion of company L080 from the 2008 PTS was justified, its re-inclusion in the 2009 PTS was questionable unless it could be proved that its data could fit the agreed criteria under the survey methodology; and
- (d) Unless concerns about the 2009 PTS findings were satisfactorily addressed, the Chairman of PTSC should not have claimed that such findings had been endorsed by PTSC.

6. Ms LUI Wei-yee further pointed out that despite repeated requests for clarifications from PFC SS representatives, PSRU, which adopted a policy of "selective transparency", had only responded to certain queries and it had provided limited information for examination by PFC SS representatives. This handling approach had led to even greater queries about the inclusion of the two companies in the survey field for the 2009 PTS.

*Overseas Inspectors' Association of The Hong Kong Police Force
(LC Paper No. CB(1)2162/08-09(02))*

7. Mr David WILLIAMS, Chairman of the Overseas Inspectors' Association, made the following points –

- (a) There was no provision for PTSC to validate survey results by a majority decision. PTSC always validated results by unanimous decisions;
- (b) It was right to exclude company L080 in 2008 because of its change in pay structure in 2008. The inclusion of pay adjustment data provided by the company that was calculated by way of reference to internal and external relativities in the 2009 PTS had contravened the agreed methodology;

- (c) PSRU had adopted a policy of "selective transparency" and its failure to explain to PTSC members reasons of excluding company L080 from 2008 survey field was unacceptable;
- (d) The survey field was always endorsed by unanimous agreement of all PTSC members at a formal meeting or, in the absence of which by all members signing reply slips. The inclusion of the two companies L080 and L057 in the survey field for the 2009 PTS without going through any such procedure was not in line with the proper procedures; and
- (e) Company L080 should not have been included in the 2009 survey field because its new pay structure had not changed in 2009 and the company had continued to be unable to segregate between those non-pay trend factors (including internal and external relativities) and pay trend factors.

*Police Force Council Staff Side
(LC Paper No. CB(1)2162/08-09(02))*

8. Mr Peter CORNTHWAITE, Representative of PFC SS, briefed members on the salient points of PFC SS's views as detailed in its submission –

- (a) Police officers would like to know why CE-in-Council had strictly applied the net PTI only for mid career officers in the upper salary band, which would impact on inspectors and chief inspectors;
- (b) PFC SS was keen to ensure compliance with the principles and methodology of PTS and it considered that the inclusion of the two companies L080 and L057 was open to doubt; and
- (c) Since it was a split decision amongst members of the PTSC over the 2009 PTS findings, PFC SS proposed that CE should appoint an independent committee of inquiry to look into certain issues arising from and/or related to the 2008 and 2009 PTS results. However, CE had decided to reject the request on 23 June 2009.

*The Junior Police Officers' Association of The Hong Kong Police Force
(LC Paper No. CB(1)2162/08-09(02))*

9. Mr CHUNG Kam-wa, Chairman of the Association, briefed members on the Association's views as follows –

- (a) The Association would accept the inclusion of only 119 companies (i.e. after excluding companies L080 and L057) in the 2009 PTS and stood ready to accept pay adjustments based on an agreed survey field. The effects of including or excluding L080 in the 2008 and 2009 PTSs were shown in Appendix 5 of the submission from PFC SS (LC Paper No. CB(1)2162/08-09(02));
- (b) It remained unclear why CE-in-Council decided that civil servants in the lower and middle salary bands should have a pay freeze, while a pay cut of 5.38% would be imposed on civil servants in the upper salary band and above, after applying the same basket of factors in considering pay adjustments for the three bands of civil servants;
- (c) By questioning the inclusion of the two companies in the survey field, PFC SS was only performing its duty of ensuring the integrity and hence fairness of the PTS mechanism; and
- (d) It was not sure whether the difference in views over the findings of the 2009 PTS amongst PTSC members had been properly conveyed to CE-in-Council when it decided on the proposed pay adjustment.

Hong Kong Senior Government Officers Association

10. Mr SO Ping-chi, Chairman of the Association, briefed members on the Association's views as follows –

- (a) It was doubtful whether CE-in-Council had really decided on the proposed pay adjustment having regard to all the relevant factors under the existing pay adjustment mechanism, including the Composite Consumer Price Index, which was some +2%;
- (b) It was discriminatory that only civil servants in the upper salary band would be imposed a pay cut while civil servants in the lower and middle salary bands were given a pay freeze even though their net PTIs were also negative figures; and
- (c) It was unfair that while the Administration was reluctant to implement the pay increase proposals for senior government officers as recommended in the relevant GSR report, it was planning to implement the pay cut for civil servants in the upper salary band without delay. The above GSR recommendations should be implemented early with retrospective effect for the benefit of retired civil servants.

Hong Kong Chinese Civil Servants' Association
(LC Paper No. CB(1)2188/08-09(01))

11. Mr WONG Hyo, President of the Association, briefed members on the salient points of the Association's views as detailed in its submission –

- (a) Given the complexity of civil service pay adjustment, great care should be exercised to ensure all proposed pay adjustments, particularly downward adjustments, were decided upon fairly, reasonably and sensibly. The Administration should tactfully maintain good communication with staff over issues of concern and avoid pressurizing the staff side over matters of pay cut. However, the Civil Service Bureau (CSB) had not taken the initiative to communicate with the staff sides to achieve a consensus and identify solutions to the controversies surrounding the 2009 PTS and the proposed pay adjustment. CSB began to play a more active role in liaising with relevant staff associations only at a later stage after the Police staff side planned to stage a protest march;
- (b) To ensure stability and minimize impacts, a pay freeze for all civil servants should be recommended; and
- (c) In handling queries about the inclusion of company L080 in the survey field, PTSC had resorted to politicizing matters and resorting to the majority rule in seeking to endorse the 2009 PTS findings.

Hong Kong Institute of Human Resource Management
(LC Paper No. CB(1)2162/08-09(03))

12. Mr Wilfred WONG, President of the Institute, briefed members on the salient points of the Institute's views as detailed in its submission. The Institute urged the Government to respect the civil service pay adjustment mechanism by observing the 2009 PTS results and following the established mechanism in making pay adjustment decisions. The Government should also avoid making pay offers for civil servant better than the net PTIs as this would widen the gap in the pay levels of lower band civil servants and their counterparts in the private sector. While noting that civil service pay for the lower and middle salary bands was proposed to be frozen this year, the Institute suggested that the 2009 negative net PTIs recorded from the 2009 PTS for these salary bands should be carried forward into a subsequent year when positive net PTIs were recorded for these salary bands.

Administration's initial response to deputations' views

13. The Chairman thanked the deputations for their views. In response to the concerns expressed by the deputations over the 2009 PTS and implementation of the GSR recommendations, the Secretary for the Civil Service (SCS) made the following points –

- (a) The proposed pay adjustment 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 was processed and decided in accordance with the established mechanism and timeframe;
- (b) The annual civil service pay adjustment, including the relevant percentages of adjustment, was decided by CE-in-Council, not CSB;
- (c) Politically appointed officials were not civil servants and their remuneration packages were not linked to those for the civil service. For example, while there had been an upward pay adjustments for the civil service in 2007- 2008 and 2008- 2009, the remuneration for politically appointed officials had remained unchanged;
- (d) It was untrue that the Administration had failed to reflect staff sides' concerns about the proposed pay adjustment. In fact, submissions provided by them in this regard were attached to the relevant Legislative Council (LegCo) briefs;
- (e) Regarding the criticism that CSB had not taken any action to address concerns raised by the staff sides on the civil service pay adjustment exercise this year, CSB did not consider it proper for it to discuss such concerns with the staff sides before completion of the relevant PTS, lest such action might be construed as CSB interfering with the PTS results;
- (f) The net PTIs were not the sole deciding factor in determining civil service pay adjustments. They would not be mechanically translated into pay adjustment rates. In accordance with the established mechanism, 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 to be made to the staff sides of the four central consultative councils each year;

- (g) There was no "carry forward" arrangement under the existing mechanism because each year's pay adjustment was a separate exercise and decided upon having regard to all the relevant factors; and
- (h) The Administration would draw up its recommendations on the GSR reports for CE-in-Council's consideration in September or October 2009, and would reflect the views expressed by the staff and management sides on the GSR recommendations to the Executive Council.

14. Responding to the deputations' concerns on the 2009 PTS, the Chairman of PTSC emphasized that the 2009 PTS had, as in the past, been conducted based on the approved survey methodology and in a professional and objective manner. She highlighted that for each PTS, the participation of companies was entirely voluntary. Each survey field stood on its own and should be viewed individually and independent from that of any previous surveys. The data from companies in the survey field (whether old, new or rejoined) would be included in the calculation of PTI provided that they met the calculation criteria under the established methodology as set out in the paper on survey methodology of PTS (LC Paper No. CB(1)2162/08-09(01)). The Alternate Chairman of PTSC further supplemented the following points –

- (a) It was not true that PTSC had sought to endorse the 2009 PTS results by resorting to majority rule. At the PTSC meeting on 8 June 2009, 12 (including six out of ten representatives of the staff sides of the central consultative councils) of the 16 members accepted and validated the PTS findings whereas the remaining four members had different views. PTSC had faithfully reflected the above results to the Administration;
- (b) As to concerns about the perceived improper inclusion of the two companies L080 and L057 in the 2009 PTS survey field, it was actually the staff side representatives who had requested at the PTSC meeting on 7 January 2009 that further efforts should be made with a view to retaining four companies (including the two companies L080 and L057) in the 2009 PTS survey field, on condition that they accepted the invitation to participate in the survey and that they could comply with the established survey methodology. There was then no mention of the need to schedule a meeting to endorse the survey field for the 2009 PTS. In accordance with PTSC's decision at the above meeting, PSRU stepped up efforts in soliciting the support of the two companies L080 and L057. Since the two companies subsequently confirmed that they would be able to meet the

selection criteria under the PTS methodology and confirmed their ability and readiness to provide all the required pay data, they were incorporated in the 2009 PTS survey field. This had been reported to PTSC members in a paper issued to them on 4 May 2009, which also set out the survey field (141 companies) for the 2009 PTS. No queries on the inclusion of the two companies had been raised by PTSC members then. At the PTSC meeting on 18 May 2009, before the release of the 2009 PTS results, the incorporation of the two companies in the survey field was again reported but still no queries were raised. At the PTSC meeting on 8 June 2009 held to consider the findings, of the four PTSC members who refused to accept the 2009 PTS results, only the two members from PFC SS objected to the inclusion of the two companies;

- (c) L080 was excluded from the calculation of PTI for the 2008 PTS because it was unable to segregate salary adjustment due to internal/external relativities from other adjustments due to pay-trend-related factors for 2008, thus rendering it inappropriate to incorporate the data provided into the calculation of the survey findings in accordance with the PTS methodology. For the 2009 PTS, as far as company L080 was concerned, since there were no adjustments attributable to external and internal relativities in 2009, its data fully met the calculation criteria under the approved methodology and were therefore included in the calculation of PTI in the 2009 PTS. Claims that there had been great changes in its pay adjustment mechanism were invalid because the changes only involved salary administration and not the structure per se; and
- (d) The claim that company L080 should not be included in the calculation of the findings for the 2009 PTS simply because the data it provided in the 2008 PTS were not included in the 2008 findings did not stand, since the objective of PTS was to ascertain the pay movements of surveyed companies during a specified survey period, and not whether the data of a surveyed company were included or not in the immediately past PTS.

Discussion

Proposed civil service pay adjustment

15. Mr WONG Kwok-hing said that LegCo Members belonging to the Hong Kong Federation of Trade Unions (HKFTU) were opposed to the proposed pay cut for civil servants in the upper salary band and above. He said that the proposed pay cut might trigger off a spate of wage cut, which

might dampen consumption desire and adversely affect the economy. Considering the above impacts and the need to maintain civil servants' morale, Mr WONG said that HKFTU was of the view that a pay freeze should be introduced for civil servants in the upper salary band as well, or the proposed pay cut be carried forward to future years and be offset against future pay increases.

16. The Deputy Chairman and Dr Margaret NG also considered that there should be an across-the-board pay freeze for the entire civil service, as this could obviate the need for enacting legislation to implement the proposed pay cut. The Deputy Chairman also pointed out that as the findings of the 2009 PTS had not been endorsed, it might risk affecting staff morale if the Administration tried to push through the proposed pay adjustment. Dr Margaret NG considered that there was a need to maintain the stability of civil service pay, which had a bearing on the stability of the community as a whole.

17. Ms LI Fung-ying pointed out that the proposed pay cut for civil servants in the upper salary band and above at 5.38% was the same as the resulting net PTI for the civil servants concerned. She questioned whether CE-in-Council had really given regard to the relevant factors under the established mechanism when deciding on the pay cut. She said that it was problematic that while the PTIs derived from the findings of the 2009 PTS for the three non-directorate salary bands were all negative, pay reduction was only proposed for the upper salary band and above, and not for the other two salary bands. Mr LEUNG Kwok-hung also criticized that the decision over the pay cut made by CE-in-Council was not fair to the affected civil servants and this might have to do with the fact that the staff sides had no representation at relevant meetings of CE-in-Council.

18. SCS responded that when a proposed pay adjustment was the same as the relevant net PTI, it did not mean that CE-in-Council had not taken into consideration all relevant factors in making the decision. SCS pointed out that at both meetings of ExCo on 16 and 23 June 2009, CE-in-Council decided on civil service pay in 2009-2010 in accordance with the established mechanism and having regard to the relevant factors under the established mechanism. In response to Mr WONG Kwok-hing's enquiry, SCS said that no pre-determined weights had been allocated to any of the six relevant factors.

19. Mr LEUNG Kwok-hung enquired about the measures in place to ensure that companies would co-operate in providing pay adjustment data to PTSC and that they would provide such data in accordance with the criteria of the survey methodology. SCS responded that the companies to be included in each year's survey field were in fact decided by the staff side representatives, management representatives and the non-official members of the tripartite PTSC together.

2009 Pay Trend Survey

20. At Ms LI Fung-ying's invitation to respond to the points made by the Alternate Chairman of PTSC in paragraph 14(b) above, Mr WONG Hyo emphasized that since the introduction of the PTS system in 1974, all differences in views regarding the PTS findings had been clearly and truthfully reported and never had them been handled in the manner adopted this year which had the following anomalies –

- (a) Despite the split decision on the 2009 PTS findings, it was claimed in the headline of the relevant press release issued by PTSC on 8 June 2009 that the findings had been “endorsed”;
- (b) Never had the numbers of PTSC members for and against PTS findings been mentioned in the past as in this year's case;
- (c) The strong queries raised by four PTSC members of the 2009 PTS findings had been toned down by describing them as "four members had different views". Moreover, there was also no elaboration of such different views; and
- (d) He had been told by a PTSC member that, at an informal meeting of PTSC, a PTSC member had once asked the representatives of the staff sides of the central consultative councils whether the 2009 PTS findings could be endorsed by a majority decision.

21. In response, the Alternate Chairman of PTSC explained that the press release had been seen and its release agreed upon by all the 16 members of PTSC. The Chairman requested a copy of it to be provided for Panel members' reference.

(Post-meeting note: The press release was issued vide LC Paper No. CB(1) 2352/08-09 on 22 July 2009.)

22. Mr David WILLIAMS also supplemented the following points –

- (a) There was no provision for PTSC to validate PTS results by a majority decision. Since its inception, PTSC had always validated PTS results by unanimous decisions;
- (b) The 2009 PTS findings issued on 18 May 2009 were only tentative and still needed to be properly validated. There was no validation of the findings because, as the Alternate Chairman of PTSC had said, only 12 out of 16 PTSC members validated them. However, CE-in-Council had decided on this year's civil service pay on the basis of survey results which had not been validated;

- (c) Inclusion of the two companies in the survey field had not been formally endorsed at any PTSC meeting; and
- (d) Contrary to the points made by the Alternate Chairman of PTSC in paragraph 14(c) above, as shown in paragraph 11(a)(iii) of the agreed methodology in Appendix 1 to PFC SS's submission (LC Paper No. CB(1)2162/08-09(02)), it should be noted that a company had to be excluded if its data provided in the previous year were inappropriate for comparison.

23. The Deputy Chairman considered that the fact that the 2009 PTS findings had not been endorsed was a cause for alarm, which might undermine the mutual trust between the management and staff sides of the civil service and the latter's morale. It was regretful that CE-in-Council seemed to have failed to take this into full consideration in deciding on the pay reduction, which had led to the present disputes. SCS responded that the split decision had in fact been clearly reported to CE-in-Council for consideration. She added that CE-in-Council had carefully considered the impact on staff morale as well as staff representatives' views on the 2009 PTS when deciding on this year's civil service pay.

24. Mr James TO expressed concern about the allegations made by PFC SS in its submission (LC Paper No. CB(1)2162/08-09(02)) that the 2009 PTS had not been conducted in full compliance with the established procedures and methodology under the PTS system. He considered that the Administration should fully address those allegations. He reckoned that the future bills committee formed to study the Public Officers Pay Adjustment Bill would also have to establish whether the 2009 PTS was conducted based on the approved survey methodology. In order to facilitate the scrutiny work, Mr TO suggested that CSB should provide a detailed response to the concerns raised in the PFC SS's submission under reference. The Chairman said that PTSC had provided information in this regard, including their letters issued to the staff side representatives of the central consultative councils to address their concerns about the 2009 PTS results, which had already been provided to the Panel on a confidential basis (LC Paper No. CB(1)2166/08-09 dated 6 July 2009). Mr TO, however, considered that CSB should provide an open document to address those allegations in order to ease public concern over the 2009 PTS results.

25. The Chairman said that he would discuss with SCS how relevant details could be made public to explain the procedures involved in arriving at the results. Mr LEUNG Kwok-hung stressed the need to address the above queries made by the staff sides and he considered that it would be disrespectful to civil servants and LegCo, if the Administration would only provide the requisite information when challenged at court. He considered that

transparency in the PSTC's provision of information to address staff's concerns was important.

26. Referring to PFC SS's letter dated 17 June 2009 to SCS (Annex C to the relevant LegCo Brief issued on 23 June 2009), Dr Margaret NG asked whether it was true that 75% of staff members of the Police Force were not receiving any annual salary increment. SCS confirmed that at present, a large majority of civil servants in the lower salary band were not receiving any annual salary increment; 70-75% of civil servants in the middle salary band (many disciplined services officers belonging to this band) were not receiving any annual salary increment; and 80% or above of civil servants in the upper salary band were not receiving any annual salary increment. The above scenario had been caused partly by the general open recruitment freeze from 2000 to 2007 and partly by the relevant calculation method which aimed at working out the mean figure.

(To allow sufficient time for discussion, the Chairman extended the meeting by 15 minutes.)

The Grade Structure Review

27. In response to Mr WONG Kwok-hing's enquiry about the progress of work in taking forward the three GSR reports, SCS said that CSB had been actively taking follow-up actions. She further said that the staff consultation exercise was only completed in late June 2009. She added that when putting up a package of recommendations to ExCo, CSB would also report the views received during the consultation period to CE-in-Council for consideration.

28. Dr Priscilla LEUNG considered that the Administration's handling of the GSR recommendations and the controversy over the 2009 PTS was far from satisfactory. She said that the disciplined services officers were most dissatisfied that the Administration had failed to let them know the way forward on the implementation of the GSR recommendations after deciding to defer the implementation of those GSR recommendations involving additional financial implications. She also considered that the present conflicts between the management and staff sides were caused by their mutual verbal attacks, and the Administration had done so by making use of the media or a third party to reproach the staff sides.

29. SCS said that while she accepted that the management and staff sides could have different views over pay adjustments and the implementation of GSR recommendations, she never wished to see any dispute so arising developing to such a state that might tarnish civil servants' image. She also stressed that no CSB officers had ever made any verbal attack on the staff side in the way as described by Dr Priscilla LEUNG.

30. The Deputy Chairman enquired about the Administration's preliminary stance regarding requests to implement the GSR recommendations with retrospective effect. SCS responded that she did not consider it appropriate to disclose the Administration's views at the present stage, but she noted that there were different requests from the staff sides in this regard –

- (a) Request for implementation of the recommendations made in the GSR report on the disciplined services with retrospective effect from 27 November 2008;
- (b) Request for implementation of the recommendations made in the above report with retrospective effect from 1 April 2009; and
- (c) Request for implementation of the recommendations made in the GSR report on the directorate grades with retrospective effect, preferably from 28 November 2008.

31. The Deputy Chairman pointed out that there should be no relationship between implementation of the GSR recommendations and the state of economy because GSRs were essentially conducted to address changes in the job natures of various civil service grades concerned over time. SCS explained that to ensure prudent use of resources, the Government was obliged to have regard to the economic environment when making decisions that involved public money.

32. Dr Margaret NG considered it undesirable that a one-off legislation should be enacted to effect a pay cut for the civil service, and pointed out that as early as 2002 when legislation was first enacted for the purpose, LegCo Members had already urged the Administration to consider introducing a general enabling legislation on civil service pay adjustment mechanism to provide the legal framework for implementing upward and downward pay adjustments. Noting that there was no "carry forward" arrangement under the existing pay adjustment mechanism, she suggested that this general enabling legislation should also provide for a mechanism whereby "carry forward" arrangement was allowed. The general enabling legislation should also provide an arbitration mechanism for resolving queries about PTS results.

33. SCS responded that the above proposed legal framework had been thoroughly discussed by a staff consultative committee established under CSB for over two years. However, all the staff representatives on the committee were opposed to the introduction of the suggested general enabling legislation. They preferred, instead, the enactment of one-off legislation to implement each pay reduction as and when it occurred.

34. At the Chairman' invitation, the following representatives of

deputations supplemented views as follows –

- (a) Ms LI Kwai-yin, Vice-President of the Hong Kong Chinese Civil Servants' Association, referred members to the Association's submission. She said that when staff representatives on PTSC suggested including company L080 in the survey field at the PTSC meeting on 7 January 2009, it was only intended for expanding the survey field and the inclusion should be made on condition that the company's data could meet the agreed criteria. JSSCS, however, had failed to call any meeting to discuss whether L080 should be included notwithstanding problems with its data. Many civil servants were aggrieved by the arbitrary endorsement of the 2009 PTS results and the Administration should not propose pay adjustments on the basis of such controversial results; and
- (b) Mr LAM Kwok-ho considered it necessary for SCS to account for her failure to meet her pledge previously made to formulate a package of recommendations on the GSR reports to CE-in-Council by mid-2009.

35. At the Chairman's invitation to respond to (a) above, the Secretary General of JSSCS explained that inclusion of the two companies L080 and L057 had been clearly reported to PTSC members by circulation of paper and also at the PTSC meeting on 18 May 2009. No member raised objection then.

36. At the Chairman's invitation to respond to (b) above, SCS explained that it had taken the Administration more time than originally expected because the GSR reports were more complex than foreseen, and that the time required for conducting the relevant staff consultation exercise was also longer than expected.

II Any other business

37. There being no other business, the meeting ended at 10:45 am.

Council Business Division 1

Legislative Council Secretariat

28 October 2009