

**立法會**  
**Legislative Council**

LC Paper No. CB(1)470/09-10  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/9/09

**Bills Committee on Public Officers Pay Adjustment Bill**

**Minutes of third meeting held on  
Saturday, 17 October 2009, at 10:45 am  
in the Chamber of the Legislative Council Building**

- Members present** : Hon IP Kwok-him, GBS, JP (Chairman)  
Hon LEE Cheuk-yan  
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  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Member attending** : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
- Members absent** : Hon LEUNG Kwok-hung  
Dr Hon PAN Pey-chyou
- Public officers attending** : Mr Andrew H Y WONG, JP  
Permanent Secretary for the Civil Service
- Mr Brian LO  
Deputy Secretary for the Civil Service 2
- Mr Chris SUN  
Principal Assistant Secretary  
for the Civil Service (Pay and Leave)

**Attendance by invitation** : Disciplined Services Consultative Council  
(Staff side)

Mr NGAI Sik-shui  
Staff Side Member

Mr LAU Kwok-tai  
Staff Side Member

Hong Kong Senior Government Officers Association

Mr SO Ping-chi  
Chairman

Mr HUNG Chuen-ka  
Hon Secretary

HKSAR Government Employees General Union

Mr SIU Leung-hing  
Chairman

Mr FUNG Siu-ming  
Adviser

Hong Kong Public Doctors' Association

Dr HO Pak-leung  
President

Association of Building Services Engineers of Housing Department

Mr Paul CHUNG Po-lam  
Vice Chairman

Hong Kong Housing Department Maintenance Surveyors Association

Mr KWONG Siu-bun  
Chairman

Mr KWOK Sek-tung  
Council Member

Hong Kong Housing Department Structural Engineers Association)

Mr K K LAM  
Chairman

Mr Hammus CHUI  
Deputy Chairman

Hong Kong Housing Department Civil Engineers Association

Mr WONG Pak-shing  
Secretary

Hong Kong Institute of Environmental Protection Officers

Mr Alan YIM Ho-leung  
Chairman

Mr Steven WONG Hung-lok  
Vice Chairman

Government Doctors' Association

Dr CHAN Sai-kwing  
Vice Chairman

Planners Association of Housing Department

Ms LO Wing-yee  
Executive Committee Member

Buildings Department Structural Engineers' Association

Mr KAN Tak-cheong  
Secretary

Mr HO Hoo-yin  
Treasurer

Hong Kong Housing Department Architects Association

Ms Georgina LEE Shun-yuk  
Chairman

Mr Kevin YEUNG Chun-kit  
Executive Committee Member

Housing Department Quantity Surveyors' Association

Mr YIP Kin-wa  
Treasurer

Hong Kong Housing Department Landscape Architects  
Association

Mr IU Po-lung  
Member

Mr LO Shun-cheong  
Committee Member

Government Disciplined Services General Union

Mr LAM Kwok-ho  
Chairman

Mr MA Chiu-mo  
Vice Chairman

Police Force Council Staff Side

Mr Peter CORNTHWAITE  
Staff Side Representative

Mr WONG Ching  
Staff Side Representative

Superintendents' Association of The HK Police Force

Mr SHAM Wai-kin  
Chairman

HK Police Inspectors' Association

Mr TSANG Chiu-fo  
Deputy Secretary General

Mr LAI Chi-wan  
Executive Council Member (Co-opted)

Overseas Inspectors' Association of The HK Police Force

Mr David WILLIAMS  
Chairman

The Junior Police Officers' Association of The HK Police Force

Mr CHUNG Kam-wa  
Chairman

Mr SEE To-sang  
Executive Council Member

Housing Department Estate Surveyors Association

Mr CHAN Kin-on  
Chairman

Mr CHIU Ling-chung  
Treasurer

HKSAR Government Civil Engineers Association

Mr CHOI Chun-ming  
Chairman

Ms Helen SZETO Suet-man  
Council Member

Association of Expatriate Civil Servants of Hong Kong

Mr Steve BARCLAY  
President

Ms Michelle AINSWORTH  
Committee Member

Civil Engineering & Development Department  
Geotechnical Engineers' Association

Mr CHANG Chung-hung  
Chairman

Mr Thomas LAM Shiu-keung  
Senior Vice Chairman

Hong Kong Chinese Civil Servants' Association

Mr Peter WONG Hyo  
President

Ms LI Kwai-yin  
Vice President

Hong Kong Housing Department Geotechnical Engineers Association

Mr Philip LAM Fung-lai  
Chairman

Government Social Work Officers Association

Mr James LAM Chi-Ming  
Secretary

Architectural Services Department Architect's Association

Miss AU YEUNG Lai-sze  
Vice Chairman (Internal)

**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

Miss Winnie CHENG  
Legislative Assistant (1)5

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Action

**I Meeting with deputations/the Administration**

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|----------------------------------|--|
| (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                                    |

- LC Paper No. LS 99/08-09 - issued by the Civil Service Bureau  
- 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)24/09-10(03) - Submission from HKSAR Govt. Employees General Union
- LC Paper No. CB(1)57/09-10(01) - Submission from Hong Kong Public Doctors' Association
- LC Paper No. CB(1)57/09-10(02) - Submission from Government Doctors' Association
- LC Paper No. CB(1)35/09-10(01) - Submission from Police Force Council Staff Side
- LC Paper No. CB(1)35/09-10(02) - Submission from Association of Expatriate Civil Servants of Hong Kong
- LC Paper No. CB(1)24/09-10(01) - Submission from Civil Engineering and Development Department Geotechnical Engineers' Association
- LC Paper No. CB(1)57/09-10(03) - Submission from Hong Kong Chinese Civil Servants' Association
- LC Paper No. CB(1)2784/08-09(01) - Submission from Hong Kong Civil Servants General Union
- LC Paper No. CB(1)24/09-10(02) - Submission from Government Waterworks Professionals Association
- LC Paper No. CB(1)35/09-10(03) - Submission from Resident Site Staff Association)

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

2. The Bills Committee received views from 29 deputations attending the meeting. All deputations attending the meeting expressed opposition to the Bill. They in general supported that there should be an across-the-board pay freeze for the entire civil service. The deputations expressed the following major concerns –

- (a) The Bill was unfair, discriminatory and divisive because of the differences in the treatment for civil servants in the middle and lower salary bands and those in the upper salary band and above. This would impact on the staff morale of the civil servants in the upper salary band and above;

- (b) Compared with those in the directorate ranks or the politically appointed officials, the salary levels of civil servants remunerated on Master Pay Scale (MPS) 34 to 44 were not high and these officers were mostly in the age of 30-40 who had heavy family and financial burdens. They belonged to the so-called sandwich class of the civil service and played a middle management role. They strived to cope with increases in workload over the years as a result of rising public expectations, the general open recruitment freeze for the civil service from 2000 to 2007, and expansion of government services. This group of civil servants was the mainstay of the civil service but, unlike the directorate officers who would probably later benefit from the increment-related recommendations made in the relevant Grade Structure Review report, they would be affected the most by the proposed pay cut. The current proposal was not conducive to staff retention in the civil service;
  - (c) The proposed pay cut of 5.38% was substantial and the highest in record, and would impact significantly on civil servants who had already reached the maximum point of their rank and received their maximum aggregate 10-year entitlement under the Home Financing Scheme;
  - (d) The proposed pay cut was a political decision rather than a decision made after thoroughly taking into consideration the six relevant factors (the six factors), namely the net pay trend indicators (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. The Administration also failed to explain why the Chief Executive-in-Council (CE-in-Council) had 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; and
  - (e) The proposed pay cut might trigger off a spate of wage cuts in the community, which might dampen consumption and hinder economic recovery. As the economy had revived, the Administration should re-consider the current proposal and take into account the persistently high living cost and rising trend of inflation.
3. Some deputations also queried the proposed pay cut on grounds that it was based on the results of the 2009 Pay Trend Survey (PTS), which had not been accepted and validated by all members of the PTS Committee (PTSC) because of dissenting views over the inclusion of two companies in the survey field of the 2009 PTS and the inclusion of the data of these companies in the calculation of the PTIs.
4. In response to the concerns raised by the deputations, the Permanent Secretary for the Civil Service made the following points –



- (a) Under the established civil service pay adjustment mechanism, civil service pay was checked against the prevailing market situation on a regular basis through specific surveys including an annual PTS which measured the year-on-year pay adjustment movements in the private sector, in order to ascertain whether civil service pay was broadly comparable with private sector pay;
- (b) The annual PTS findings were collated and condensed into three gross PTIs, one each for the upper, middle and lower salary bands. The payroll cost of increments incurred for civil servants in each salary band was then deducted from the relevant gross PTI to arrive at the net PTI. This approach had been adopted by CE-in-Council since 1989;
- (c) The net PTI for a salary band was not applied mechanically as the pay adjustment rate for civil servants in that salary band. In accordance with the established civil service pay adjustment mechanism, CE-in-Council would decide on the rates of civil service pay adjustment having regard to six factors. For the 2009-2010 pay adjustment, CE-in-Council noted that the net PTIs for the lower and middle salary bands showed a decrease of just below 1% and 2% respectively. In view of the slightly negative net PTIs, the mildly inflationary environment, stability and morale (including their affordability) of civil servants in these two salary bands, CE-in-Council decided that their pay should be frozen in 2009-2010. On the other hand, having regard to the net PTI for the upper salary band and to the other factors under the established mechanism, CE-in-Council decided that the pay of civil servants in the upper salary band and above should be reduced by 5.38% (i.e. equal to the net PTI for the upper salary band) in 2009-2010. CE-in-Council's decisions on the civil service pay adjustment rates for the three salary bands had fully taken into account the six factors under the established civil service pay adjustment mechanism. The fact that the pay adjustment for the upper salary band was the same as its net PTI should not be taken that the other five factors had not been fully considered;
- (d) In conducting the annual PTS, only pay movements of those employees in the surveyed companies with earnings falling within the defined salary range of each salary band were collected. Directorate civil servants had no impact on the salary range of the upper salary band since they did not form part of the upper salary band. Thus, the pay adjustment data collected through the annual PTS reflected the actual pay movements of private sector employees with salaries (in actual dollar value) comparable to those of their civil service counterparts;
- (e) The Administration disagreed that the proposed pay cut was not conducive to staff retention since it reflected the average pay movements of private sector employees in the surveyed companies for the

twelve-month period from 2 April 2008 to 1 April 2009 who earned salaries comparable to those of their civil service counterparts. As with past years, there would be a time gap between implementation of the proposed pay cut and the time when the 2009-2010 civil service pay adjustment was decided upon;

- (f) Changes in economic situation and pay adjustment movements in the private sector from 2 April 2009 to 1 April 2010 would be fully reflected in the results of the 2010 PTS and therefore should not affect the decisions already taken in respect of the 2009-2010 civil service pay adjustment; and
- (g) There was a need under the civil service pay policy to have regard to the pay adjustment movements in the private sector and the other five factors under the established civil service pay adjustment mechanism in order to uphold the credibility of the mechanism.

(To allow sufficient time for discussion, the Chairman extended the meeting by 15 minutes. He later extended the meeting for a further period of 5 minutes.)

5. Members in general shared the deputations' views and supported a pay freeze for all the three salary bands. Members considered that the proposed pay cut of 5.38% was unprecedentedly high since the Reunification, compared to the cut of 4.42%, 1.64% and 1.58% for the upper, middle and lower salary bands respectively in 2002, and the across-the-board pay cuts of around 3% each in 2004 and 2005. Members considered that the Administration should be more compassionate with civil servants in the upper salary band especially those remunerated at MPS 34 (i.e. the lowest level in the upper salary band) whose affordability was relatively low. Dr Margaret NG and Mr LEE Cheuk-yan stated the opposition of the Civic Party and the Hong Kong Confederation of Trade Unions (HKCTU) respectively to the proposed pay cut. Some members considered that civil servants in directorate ranks should be able to cope with the proposed pay cut better than those in the lower ranks and asked whether pay reductions should be introduced for the upper salary band on a sliding scale. The Administration explained that having a sliding scale as suggested was not consistent with the established civil service pay adjustment mechanism.

**II Any other business**

6. Members agreed that the next meeting would be scheduled for Tuesday, 27 October 2009, at 8:30 am.
7. There being no other business, the meeting ended at 1:05 pm.

Council Business Division 1  
Legislative Council Secretariat  
25 November 2009

## Annex

**Proceedings of the third meeting of  
the Bills Committee on Public Officers Pay Adjustment Bill  
on Saturday, 17 October 2009, at 10:45 am  
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I – Meeting with deputations/the Administration</i>			
000000 – 000430	Chairman	- Opening remarks	
000431 – 000740	Disciplined Services Consultative Council (Staff side)	- The Bill was opposed for its adverse impact on the team spirit and staff morale of the civil service. - An across-the-board pay freeze should be implemented.	
000741 – 001106	Hong Kong Senior Government Officers Association	- The proposed pay cut was opposed. - Many of the civil servants in the upper salary band had to bear heavy family burden and their remuneration was comparatively not very high.	
001107 – 001417	HKSAR Government Employees General Union	- Presentation of views as set out in LC Paper No. CB(1)24/09-10(03) - The Bill should be withdrawn as it was divisive and would affect the stability of the civil service.	
001418 – 001729	Hong Kong Public Doctors' Association	- Presentation of views as set out in LC Paper No. CB(1)57/09-10(01)	
001730 – 001754	Association of Building Services Engineers of Housing Department	- Expression of concurrence with views expressed by other deputations.	
001755– 002127	Hong Kong Housing Department Maintenance Surveyors Association	- Many civil servants in the upper salary band were the income earners of their families and had to meet monthly fixed family expenditures. Stability of income was important to them.	
002128 – 002332	Hong Kong Housing Department Structural Engineers Association	- Request for the withdrawal of the Bill taking into account the recovering economy and the increasing workload of civil servants	
002333 – 002520	Hong Kong Housing Department Civil Engineers Association	- Request for the withdrawal of the Bill to avoid adverse impact on the morale of civil servants in the upper salary band	

Time marker	Speaker	Subject(s)	Action required
002521 – 002848	Hong Kong Institute of Environmental Protection Officers	<ul style="list-style-type: none"> <li>- The proposed pay cut was opposed.</li> <li>- Many civil servants in the upper salary band were in fact "sandwich class" professionals who were not remunerated as high as directorate civil servants and political appointees. An across-the-board pay freeze was suggested.</li> </ul>	
002849 – 003200	Government Doctors' Association	<ul style="list-style-type: none"> <li>- Presentation of views as set out in LC Paper No. CB(1)57/09-10(02)</li> <li>- The proposed adjustment rate of 5.38% was substantial and the highest in record. A great number of public officers would be affected.</li> </ul>	
003201 – 003439	Planners Association of Housing Department	<ul style="list-style-type: none"> <li>- The pay cut proposal was opposed as it was divisive and might dampen consumption and hinder economic recovery.</li> </ul>	
003440 – 003737	Buildings Department Structural Engineers' Association	<ul style="list-style-type: none"> <li>- Request for the withdrawal of the Bill and expression of concern about the increased workload of civil servants in general due to expansion of services and manpower shortage</li> </ul>	
003738 – 004040	Hong Kong Housing Department Architects Association	<ul style="list-style-type: none"> <li>- The pay cut proposal might affect the quality of government service and the pace of economic recovery. 80% of staff of the architect grade were at the maximum point of their rank and had heavy family burden.</li> </ul>	
004041 – 004108	Housing Department Quantity Surveyors' Association	<ul style="list-style-type: none"> <li>- Expression of concurrence with views expressed by other deputations</li> </ul>	
004109 – 004407	Hong Kong Housing Department Landscape Architects Association	<ul style="list-style-type: none"> <li>- The Bill should be withdrawn having regard to the high living cost and adverse impact on staff morale.</li> </ul>	
004408 – 004720	Government Disciplined Services General Union	<ul style="list-style-type: none"> <li>- Expression of concern that the pay offers were a departure from the established mechanism for civil service pay adjustment</li> </ul>	
004721 –	Superintendents'	<ul style="list-style-type: none"> <li>- Presentation of views as set out in</li> </ul>	

Time marker	Speaker	Subject(s)	Action required
010328	Association of The HK Police Force  Police Force Council Staff Side  The Junior Police Officers' Association of The HK Police Force  Overseas Inspectors' Association of The HK Police Force  HK Police Inspectors' Association	LC Paper No. CB(1)35/09-10(01) - Expression of concern that the 2009 PTS had not been conducted in accordance with the established PTS mechanism and the 2009 PTS results had not been accepted and validated by all members of PTSC - The Administration should either apply a pay freeze across the board, or recalculate the pay trend indicator for each salary band after taking out the pay adjustment data of the two companies code named L057 and L080.	
010329 – 010424	Housing Department Estate Surveyors Association	- The Administration was urged to consider the adverse impact of the Bill on the economic recovery and on the morale of civil servants.	
010425 – 010752	HKSAR Government Civil Engineers Association	- Expression of concern that the pay cut proposal was a political decision. A pay freeze across the board was suggested	
010753 – 010936	Association of Expatriate Civil Servants of Hong Kong	- Presentation of views as set out in LC Paper No. CB(1)35/09-10(02) - The pay cut proposal was not consistent with the established mechanism and that it was divisive and discriminatory.	
010937 – 011301	Civil Engineering & Development Department Geotechnical Engineers' Association	- Presentation of views as set out in LC Paper No. CB(1)24/09-10(01) - The inclusion of two companies in the survey field without proper endorsement by PTSC had distorted the 2009 PTS results.	
011302 – 011645	Hong Kong Chinese Civil Servants' Association	- Presentation of views as set out in LC Paper No. CB(1)57/09-10(03) - The Bills Committee should address the disputes over the 2009 PTS and ensure the compliance of the 2009 PTS with the established civil service pay adjustment mechanism.	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
011646 – 011934	Hong Kong Housing Department Geotechnical Engineers Association	- Objection to the proposed pay cut as the 2009 PTS had not been properly conducted and endorsed. The pay cut might also dampen consumption and adversely affect the economic recovery	
011935 – 012200	Government Social Work Officers Association	- The Bill was opposed for its divisive effect.	
012201 – 012327	Architectural Services Department (ASD) Architect's Association	- The proposed pay cut was opposed. - The decision on the pay cut should be re-considered having regard to the circumstances of the civil service, e.g. the heavy workload faced by ASD due to recruitment freeze in the past few years and implementation of major infrastructural projects. Many of its staff had reached the maximum salary point of the rank on which they served.	
012328 – 013632	Chairman Administration	- Administration's response to the deputations' views	
013633 – 014130	Chairman Dr Margaret NG	- Dr NG's statement of the Civic Party's stance	
014131 – 014715	Ir Dr Raymond HO Administration	- Ir Dr HO's expression of 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 the severe impact of the proposed pay cut on those remunerated on MPS 34 to 44 - Discussion on whether the Administration should consider withdrawing or amending the Bill - Discussion on whether there had been any anomalies in the conduct of the 2009 PTS	
014716 – 015238	Ms LI Fung-ying Administration	- Discussion on why CE-in-Council decided on a pay freeze for civil servants in the lower and middle salary bands but a pay cut for civil servants in the upper salary band	
015239 –	Mrs Regina IP	- Discussion on the need to implement	

Time marker	Speaker	Subject(s)	Action required
015851	Administration	<p>the proposed pay cut by stages as was the case in 2003</p> <ul style="list-style-type: none"> <li>- Expression of concern that the Bill might affect those remunerated on MPS 34 to 49 the most, as the increment-related recommendations made in the grade structure review report for the directorate officers might be accepted by CE-in-Council later.</li> </ul>	
015852 – 020425	Chairman Mr James TO Administration	<ul style="list-style-type: none"> <li>- Expression of concern that directorate officers would cope with the proposed cut better than those remunerated on MPS 34 to 44, and discussion on the possibility of introducing the pay cut on a sliding scale</li> </ul>	
020426 – 020920	Prof Patrick LAU Administration	<ul style="list-style-type: none"> <li>- Discussion on problems pertaining to the established civil service pay adjustment mechanism, such as implementation problems arising from the lapse of time between the implementation of a pay cut decision for the civil service and the time of making that decision.</li> </ul>	
020921 021437	Mr LEE Cheuk-yan Administration	<ul style="list-style-type: none"> <li>- Discussion on the factors considered when CE-in-Council decided on the proposed pay cut</li> <li>- Mr LEE's statement of HKCTU's opposition to the proposed pay cut considering its impact on the economy and employees of the private sector</li> </ul>	
021438 – 022143	Mr CHEUNG Man-kwong Administration	<ul style="list-style-type: none"> <li>- Mr CHEUNG's agreement to the need to ensure consistency of the operation of the annual civil service pay adjustment mechanism, and to have more compassion for civil servants in the lower and middle salary bands</li> <li>- Discussion on the impact of the proposed pay cut on pensionable civil servants retiring in 2009-2010</li> </ul>	