



香港人力資源管理學會
Hong Kong Institute of Human Resource Management
operated by Hong Kong Institute of Human Resource Management Limited

Hon LEE Cheuk-yan
Chairman of the Panel on Public Service
The Legislative Council of the Hong Kong Special Administrative Region
3/F Citibank Tower,
3 Garden Road, Central,
Hong Kong
(Attn: Clerk to Panel on Public Service, Legislative Council Secretariat)

July 3, 2009

[BY POST AND FAX]

Dear Mr Lee,

"2009-2010 Civil Service Pay Adjustment" Submission

This submission is made by the Hong Kong Institute of Human Resource Management (HKIHRM) in response to the invitation for submission by the Panel on Public Service of the Legislation Council of HKSAR regarding the "2009-2010 civil service pay adjustment and grade structure review". Established in 1977, the Institute is the most important professional body for human resource management in Hong Kong. Currently, we have over 4,500 members, including some 500 corporate members. Majority of our members are HR professionals at managerial level or above.

Regarding the discussion paper relevant to the subjects, the Institute would like to forward our views focusing on the civil service pay adjustment area from three perspectives:

1. HKIHRM appreciates the way that the results of the *2009 Government Pay Trend Survey* – one of the important data that the Government makes reference to determine the percentage of civil service pay adjustment - were presented to the public, i.e. showing the percentage of pay adjustment for different levels of staff, and with breakdown into the percentage of (a) average adjustment in basic salary and (b) additional payments derived from changes of bonus awarded over the year by surveyed companies.
2. The Institute is of the view that the Government should respect the current civil service pay adjustment mechanism by observing the *2009 Government Pay Trend Survey* results and following the established mechanism in making the pay adjustment decisions. Creditability of any organization as far as human resource management is concerned can only be earned by respecting mechanism and demonstrating consistency.

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3. While the Government can have its own decision on the adjustment level in response to the staff sides' requests and other relevant factors apart from the results of the *Government Pay Trend Survey*, the past records show that "lower band" civil servants are treated more favorably. They were awarded pay adjustment better than the net pay trend indicators** in 2001 (2.38% vs. 1.97%**), 2007 (4.62% vs. 3.91%***) and 2008 (5.29% vs. 3.90%***) when the economies were good. The possible side effect is the widening gap in pay levels when comparing to employees of similar level in private sector. The gap would naturally lead to the drifting away from the fundamental principles underpinning the current civil service pay policy, especially the principle of broad comparability with private sector pay.
4. As the Chief Executive-in-Council had decided to freeze the pay for civil servants in the lower and middle salary bands instead of having a pay reduction in 2009/10, the Institute would like to suggest that the 2009 negative net pay trend indicators recorded from the *2009 Government Pay Trend Survey* (-0.96% for lower salary band and -1.98% for middle salary band) should be carried forward into next year, i.e. if there is a positive trend in subsequent years, the negative results recorded should be deducted first.

The above are our views and comments in details and we welcome professional sharing on the important subject of civil service pay adjustment. For any further enquiry, please feel free to contact us or Ms Carrie Chau, General Manager of the HKIHRM, at 2837 3888 / 2881 5113.

Yours sincerely,

Wilfred K. P. Wong
President

- cc. Mr K. T. Lai and Mr Lawrence Y. Y. Hung, Co-chairpersons of the Remuneration Committee, Hong Kong Institute of Human Resource Management