

立法會
Legislative Council

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Establishment Subcommittee of the Finance Committee

Minutes of the 7th meeting
held in Conference Room A of Legislative Council Building
on Thursday, 17 June 2010, at 9:00 am

Members present:

Hon WONG Yung-kan, SBS, JP (Chairman)
Dr Hon Margaret NG (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon LAU Kong-wah, JP
Hon LI Fung-ying, BBS, JP
Hon WONG Ting-kwong, BBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou

Members absent:

Hon CHEUNG Man-kwong
Hon WONG Yuk-man

Public Officers attending:

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| Ms Alice LAU, JP | Deputy Secretary for Financial Services and the Treasury (Treasury) |
| Mrs Ingrid YEUNG, JP | Deputy Secretary for the Civil Service (1) |
| Miss Denise YUE, GBS, JP | Secretary for the Civil Service |
| Mr Brian LO | Deputy Secretary for the Civil Service (2) |

Clerk in attendance:

Mr WONG Siu-yee

Chief Council Secretary (1)4 (Acting)

Staff in attendance:

Mr Simon CHEUNG

Council Secretary (1)7

Ms Alice CHEUNG

Senior Legislative Assistant (1)1

Ms Clara LO

Legislative Assistant (1)3

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The Chairman drew members' attention to an information paper (ECI(2010-11)4) provided by the Administration, which set out the latest changes in respect of the directorate establishment approved since 2002.

EC(2010-11)9 Proposed application of the findings of the 2009 starting salaries survey to concerned civilian grades in the civil service with effect from 1 October 2010

2. At the invitation of the Chairman, Dr PAN Pey-chyou, Deputy Chairman of the Panel on Public Service reported that the Panel had discussed the findings of the 2009 Starting Salaries Survey (SSS) and the recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) at its meetings on 15 March 2010 and 24 May 2010. While the Panel had no objection to the Administration submitting the recommendations to the Establishment Subcommittee, some members were concerned that adopting the recommendations would narrow the difference between the starting salaries for Qualification Group (QG) 9 (degree and related grades) and QG 3 (higher diploma and diploma grades), giving an impression of a depreciation of the value of university degrees. Some Panel members objected to the recommendations to lower the starting salaries of the degree and related grades and were worried that they would have an impact on the salary levels in the private sector and that employers would follow suit to lower the starting salaries for their employees.

3. While accepting that the recommendations were made based on an established mechanism, Dr Margaret NG considered that the existing mechanism warranted a review. Given the unique nature of the civil service, the salary structure of civil servants should not be too market-oriented. While salary reviews and adjustments were necessary, making too frequent changes could affect the morale and commitment of civil servants, and would adversely affect the stability of the civil service and the quality of governance of the Government. She urged the Administration to be forward-looking in examining the recommendations and avoid making salary adjustments too frequently.

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4. The Secretary for the Civil Service (SCS) responded that the civil service pay policy was to offer remuneration sufficient to attract, retain and motivate individuals of suitable calibre to serve in the Government and to ensure that the remuneration was regarded as fair by civil servants and by the public. She further noted that the findings of the 2009 SSS were not recommended to be applied mechanically. The Standing Commission had taken into account a basket of factors in a holistic manner before putting forth its recommendations on how the survey results should be applied to the concerned civil service civilian grades. For example, for QG 10 (Model Scale 1 grades), although the 2009 SSS showed that the existing benchmark of \$8,980 was \$573 higher than the market third quartile level of \$8,407, the Standing Commission had decided not to recommend adjusting the existing benchmark. She added that the Administration would closely monitor changes in the market to ensure that the SSS mechanism remained valid and appropriate.

5. Ir Dr Raymond HO said that while making pay adjustments for the civil service in response to market changes was a correct direction, the Administration should not make adjustments too frequently. Although he had no objection to the existing review mechanism, he was very much concerned about the problem of "different pay for the same job" which had a negative impact on staff morale. He urged the Administration to consider measures to help maintain the morale of the affected civil servants.

6. Ms LI Fung-ying also expressed concern about the problem of "different pay for the same job" which had aggravated since 2000, adversely affecting staff morale, team spirit and quality of services delivered by civil servants. While the Administration had the responsibility to put public money to good use, Ms LI was worried that the recommendations of the Standing Commission would lead to a depreciation of the value of university degrees, and employers in the private sector would further reduce the salaries of their employees. The Administration should critically review the existing mechanism for reviewing the salaries and conditions of service of civil servants.

7. SCS concurred that the quality of civil servants would have a bearing on the governance of the Government. As SCS, she had a duty to see to it that the Government was able to recruit and retain individuals of the right calibre to deliver public services. The current civil service pay adjustment mechanism was developed and put in place in the light of the community's demands for greater flexibility and more responsiveness in the adjustment of civil service pay. It had been thoroughly discussed at the Legislative Council. Adjusting downwards the starting salaries of the concerned QGs as recommended by the Standing Commission following the conclusion of the 2009 SSS was in keeping with the established mechanism. The Government was aware of the time lag between the conduct of the 2009 SSS and the subsequent salaries adjustment, and would consider whether there were ways to improve upon the situation in future. She noted that the Government, together with aided schools sector, normally recruited around 600 out of a total of more than 10 000 university students graduating each year. In adjusting the starting salaries of the degree and related grades in the civil service,

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the Government had to strike a balance between suitably responding to the fast-changing market environment and maintaining the quality of the civil service.

8. Dr PAN Pey-chyou also expressed concern about a depreciation of the value of university degrees. He considered that the Administration should tackle the issue proactively and provide reasonable remuneration to degree holders who had invested considerable resources and efforts in completing a degree programme. Though the Administration's pay review lagged behind the prevailing market conditions, the civil service salary adjustment made as a result could influence future pay trends in the private sector. The Administration should therefore be alert to the impact of its pay adjustments on the overall job market.

9. Mr WONG Sing-chi considered the recommendation to lower the starting salaries for QG9 unfair, given that an upward pay adjustment for the civil servants had been proposed recently. He was of the view that the Administration had all along been sacrificing the benefits of the staff in the basic ranks in favour of those in the higher ranks. He was worried that the starting salaries for non-degree holders might also be reduced in future. He was disappointed that despite the recent improvement in the economy, the Administration now decided to take the lead to lower salaries. Such a move would inevitably widen the gap between the rich and the poor.

10. Mr WONG Ting-kwong expressed concern about the downward pay adjustments of civil servants over the years, as this had led to poor morale and attrition in the basic ranks. He considered the existing mechanism of conducting annual pay adjustment reviews unsatisfactory, because implementation of the recommendations of such reviews could not keep pace with the prevailing market conditions, given the time lag between the survey and the pay adjustments. As a compensatory measure for the pay reduction for the affected grades, he asked whether the maximum pay points of these grades could be raised.

11. SCS explained that SSS and annual pay adjustment reviews were two separate mechanisms. The proposed downward adjustment of two pay points of the starting salary of the degree and related grades concerned would only affect recruits joining the civil service on or after 1 October 2010. The maximum pay points of these grades would not be affected. Separately, the upward pay adjustment based on the recent annual pay adjustment review, if approved, would also be applicable to the revised salary scales of the affected grades in the current proposal. She added that grades in QG9 were management grades and staff in QG9 would have the opportunity to advance to higher positions, including those in the directorate ranks. On the suggestion to increase the maximum pay points for new recruits of the affected grades, she said that it would entail corresponding adjustment to the maximum pay points of serving staff in these grades. This was difficult to justify and would not be acceptable to the community. On the concern over time lag in the implementation of the SSS findings, the Administration would consider whether there were better ways to improve upon the situation.

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12. The item was voted on. The Subcommittee agreed to recommend the item to the Finance Committee for approval.
13. The meeting was adjourned at 9:34 am.

Council Business Division 1
Legislative Council Secretariat
30 June 2010