

LEGISLATIVE COUNCIL BRIEF

2018-19 CIVIL SERVICE PAY ADJUSTMENT

INTRODUCTION

At the meeting of the Executive Council on 5 June 2018, the Council **ADVISED** and the Chief Executive (CE) **ORDERED** that the following pay adjustment offers for the 2018-19 civil service pay adjustment, to be effected retrospectively from 1 April 2018, should be made to the staff side of the four central consultative councils¹ –

- (a) a pay increase of **4.06%** (equals to the net pay trend indicator (PTI) for the upper salary band) for civil servants in the upper salary band and the directorate, subject to the pay points referred to in (i) and (ii) below the dollar values of which should be as specified –
 - (i) Master Pay Scale (MPS) 34 at \$70,590; and
 - (ii) General Disciplined Services (Officer) Pay Scale (GDS(O)) 20 and Police Pay Scale (PPS) 36 at \$70,470, and GDS(O) 21 and PPS 37 at \$70,970;
- (b) a pay increase of **4.51%** (equals to the net PTI for the middle salary band) for civil servants in the middle salary band; and
- (c) a pay increase of **4.51%** (equals to the net PTI for the middle salary band) for civil servants in the lower salary band, by invoking the “bring-up” arrangement².

¹ The four central consultative councils are the Senior Civil Service Council (SCSC), the Police Force Council (PFC), the Disciplined Services Consultative Council (DSCC) and the Model Scale 1 Staff Consultative Council (MOD 1 Council).

² The “bring-up” arrangement refers to the arrangement to align the pay adjustment for civil servants in the lower salary band with the net PTI for the middle salary band if the latter is higher than the net PTI for the lower salary band. This arrangement was introduced in 1989 upon the recommendation of the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (1988 Committee of Inquiry) (please see paragraph 16 below for details).

JUSTIFICATIONS

Civil Service Pay Policy

2. The Government’s civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide the public with an effective and efficient service; and to ensure that civil service remuneration is regarded as fair by both civil servants and the public whom they serve by maintaining broad comparability between civil service pay and private sector pay. To implement this policy, civil service pay is compared with market pay on a regular basis through three different types of survey³ under the “Improved Civil Service Pay Adjustment Mechanism” endorsed by the Executive Council in 2007. The PTS is conducted annually, relevant details of which are at **Annex A**.

A

The 2018 PTS

3. The 2018 PTS has been completed. It covers the 12-month period from 2 April 2017 to 1 April 2018. In the survey, the basic pay and additional pay adjustment data of 157 504 employees in 112 companies, consisting of 155 863 employees in 86 larger companies and 1 641 employees in 26 smaller companies, were collected. The findings of the 2018 PTS are set out below –

Salary Band⁴	Basic Pay Indicator [A]	Additional Pay Indicator [B]	Gross PTI⁵ [A] + [B]
Upper	3.87%	1.38%	5.25%
Middle	4.83%	0.8%	5.63%
Lower	4.39%	0.5%	4.89%

3 These surveys are (a) the annual Pay Trend Survey (PTS) to ascertain the year-on-year pay adjustment movements in the private sector; (b) the triennial Starting Salaries Survey to compare the starting salaries of civil service civilian grades with the entry pay of jobs in the private sector requiring similar qualifications; and (c) the six-yearly Pay Level Survey to ascertain whether civil service pay is broadly comparable with private sector pay.

4 The pay ranges of the three salary bands for the 2018 PTS are –
 (a) Upper: Above MPS 33 to GDS(O) 39 or equivalent, viz. \$67,066 to \$135,075;
 (b) Middle: From MPS 10 to 33 or equivalent, viz. \$21,880 to \$67,065; and
 (c) Lower: Below MPS 10 or equivalent, viz. below \$21,880.

5 The gross PTI is the sum of the basic pay indicator and the additional pay indicator. Basic pay indicators cover salary adjustments awarded to employees on account of: (a) cost of living; (b) general prosperity and company performance; (c) general changes in market rates; and (d) in-scale increment and merit. Additional pay indicators cover adjustments to pay in addition to basic salary, such as “the 13th month salary”, year-end bonuses, commissions and other non-guaranteed/discretionary/one-off bonuses, etc. Both indicators do not cover changes in fringe benefits and allowances (e.g. housing allowance, stock options and education allowance, etc.).

4. The PTS Committee met and considered the 2018 PTS findings on 24 May 2018. Amongst the ten members who attended the meeting, all validated the findings except one staff side representative of the SCSC who validated the findings “with reservation”. The two members representing the staff side of the PFC and the other two members representing the staff side of the DSCC had not taken part in the 2018 PTS and hence did not validate the findings⁶.

5. The PTS Committee submitted its report on the 2018 PTS to the Government on 24 May 2018. The net PTIs, which are calculated by deducting from the gross PTIs the payroll cost of increments⁷ (PCIs) for the respective salary bands, are as follows –

Salary Band	Gross PTI [C]	PCIs in 2017-18 [D]	Net PTI [C] – [D]
Upper	5.25%	1.19%	4.06%
Middle	5.63%	1.12%	4.51%
Lower	4.89%	2.05%	2.84%

The State of Hong Kong’s Economy

6. The Hong Kong economy expanded notably by 4.7% year-on-year in the first quarter of 2018, following an annual growth of 3.8% in 2017. For 2018 as a whole, the economy is projected to grow by 3% to 4%. The labour market tightened progressively amid the favourable economic conditions, with the seasonally adjusted unemployment rate falling to 2.8% in February – April 2018. Backed by the sturdy labour demand, labour wages and earnings went up steadily throughout 2017. The nominal wage index, which covers regular payment to employees up to the supervisory level, increased by 3.8% for 2017 as a whole.

⁶ The staff side representatives of the DSCC and three of the four constituent associations (except for the Superintendents’ Association which stays in the PTS Committee as an observer) of the PFC have withdrawn from the PTS Committee since 2013. However, the PTS Committee Secretariat has continued to send invitations to meetings, papers and minutes of meeting to them.

⁷ “Payroll cost of increments” is the increment payments made to civil servants who have not yet reached the maximum pay point of their rank, expressed as a percentage of total salary payment.

Changes in the Cost of Living

7. For the 12-month period ending March 2018, the headline Composite Consumer Price Index (CPI), which reflects the impact of the changes in consumer prices on approximately 90% of households (as compared with CPI(A), CPI(B) and CPI(C) which relate only to approximately 50%, 30% and 10% of households respectively), increased by 2.0% as compared to the previous 12-month period ending March 2017. The increases in headline and underlying⁸ Composite CPI, CPI(A), CPI(B) and CPI(C) for the 12-month period ending March 2018⁹ over the previous 12-month period ending March 2017 are as follows –

	Composite CPI	CPI(A)	CPI(B)	CPI(C)
Headline	2.0%	2.2%	1.8%	1.9%
Underlying	1.9%	2.1%	1.8%	1.9%

8. The annual increases in headline and underlying Composite CPIs are forecast at 2.2% and 2.5% respectively for 2018 as a whole.

The Government's Fiscal Position

9. The Government's financial position has been blooming. The provisional consolidated surplus for 2017-18 was \$148.9 billion. As at 31 March 2018, the fiscal reserves stood at \$1,102.9 billion.

The Pay Claims of the Staff Side

10. The Secretary for the Civil Service (SCS) personally met with the staff side of the four central consultative councils and the four major service-wide staff unions¹⁰ on 25 May 2018 to listen to their pay claims and justifications.

11. The pay claims of the staff side of the four central consultative councils (at **Annex B**) are summarised in the table below –

B

⁸ The headline CPI figures include the effect of the Government's relevant one-off relief measures while the underlying CPI figures exclude the effect of these measures.

⁹ Source: Monthly Report on CPI (March 2018) published by the Census and Statistics Department on 23 April 2018. These figures were compiled based on the 2014/15-based index series.

¹⁰ The four major service-wide staff unions are the Government Employees Association, the Hong Kong Civil Servants General Union, the Hong Kong Federation of Civil Service Unions and the Government Disciplined Services General Union.

Staff Side	Upper Salary Band	Middle Salary Band	Lower Salary Band
(I) SCSC ¹¹			
(a) Hong Kong Chinese Civil Servants' Association	5%		
(b) Hong Kong Senior Government Officers Association	Not less than 5%	N.A.	N.A.
(II) PFC	6.5%		
(III) DSCC	Not less than 7%		
(IV) MOD 1 Council	N.A.	N.A.	Not less than 5%

12. The major common justifications and comments that the staff side put forward at the meeting on 25 May 2018 and in their submissions are –

- (a) while noting that the net PTIs are higher than last year's, the staff side feel strongly against the practice of PCIs deduction. They consider that PCIs have no direct relevance to merit pay in the private sector that they set out to offset. The PCIs deduction arrangement is therefore unfair, especially to civil servants who are already on their maximum pay points and no longer receiving increments. Furthermore, as the PCIs have been rising in recent years, the PCIs deduction arrangement has seriously eroded the annual civil service salary increase and damaged staff morale. With the 3.7% increase in the civil service establishment in 2018-19, the PCIs for all salary bands will further increase. The staff side hold high hopes that the new-term Government will review or even cease the PCIs deduction arrangement. In the interim, the staff side consider that stop-gap measures such as a "top-up" pay rise, or discounting or putting a cap on PCIs deduction would show the new-term Government's sincerity in addressing a matter of concern dear to their minds;
- (b) with a thriving economy and a strong fiscal position, the staff side have high expectations that the Government will share the fruits of Hong Kong's economic success more with civil servants who have contributed in no small part to the stability and prosperity of Hong Kong through thick and thin. It would also be a demonstration of the Government honouring its undertaking in the established annual civil service pay adjustment mechanism (established mechanism) by indeed taking all the relevant factors into account in determining the annual civil service pay adjustment. The occasional "top-up" of 0.5% in the past should continue to be adopted;
- (c) the Government should continue to follow the past practice of following the recommendation of the 1988 Committee of Inquiry and

¹¹ The Association of Expatriate Civil Servants of Hong Kong, one of the three constituent associations of SCSC, has not provided any pay claim.

invoke the “bring-up” arrangement whenever the net PTI for the lower salary band is lower than that for the middle salary band; and

- (d) the Government should work out a long-term solution to fix the problem of the “unreasonably small” pay lead among GDS(O) 19, 20 and 21 (and equivalent pay points on other pay scales) which are seriously affecting staff morale.

Civil Service Morale

13. The staff side emphasise that as the PCIs are rising, the continual practice of PCIs deduction has had an adverse impact on civil service morale. Civil servants in the lower salary band consider that they are hardest hit, as their PCIs is the highest, and demand the “bring-up” arrangement for which there are precedents, plus a “top-up” for maintaining their morale. More generally, civil servants feel that they deserve a more generous pay rise this year that is commensurate with the overall favourable economic performance of Hong Kong and the Government’s huge fiscal surplus.

Pay Offers for 2018-19

14. Taking into consideration all the relevant factors under the established mechanism as analysed and set out in paragraphs 3 to 13 above, the CE-in-Council decided to make the following pay offers to the staff side for 2018-19 –

Salary Band	No. of Civil Servants¹²	Net PTI	Pay Offer
Directorate	1 368	N.A. ¹³	4.06%
Upper	18 993	4.06%	4.06%
Middle	117 958	4.51%	4.51%
Lower	33 114	2.84%	4.51%

15. In gist, the pay offers are the same as the net PTIs for the respective salary bands, save for the lower salary band for which the “bring-up” arrangement will be invoked. As for directorate civil servants who are not covered by the annual PTS, the pay offer for them is the same as that for the upper salary band in accordance with the practice adopted since 1989-90. For Independent Commission Against Corruption (ICAC) staff, although they are not civil servants, it is the Government’s policy to extend the annual civil service pay adjustment to them.

12 The figures reflected the position as at 31 March 2018 and included some 19 700 civil servants seconded to/working in trading funds, subvented and other public bodies.

13 The PTS does not cover private sector employees whose salary overlaps with directorate civil servants. The pay claims of the staff side also do not cover directorate civil servants.

16. The “bring-up” arrangement for civil servants in the lower salary band has been implemented since 1989 upon the recommendation of the 1988 Committee of Inquiry on the grounds, inter alia, that the Government should be among the better paying employers in relation to the lowest paid in the civil service. Since 1989, the Government has, save for a few exceptions, invoked upon consideration of the circumstances of the year, the “bring-up” arrangement whenever the net PTI for the lower salary band was below that for the middle salary band. Similarly, the CE-in-Council decided to invoke the arrangement concerned, having regard to the circumstances of the current year.

17. As stated in paragraph 1(a)(i) and (ii) above, the CE-in-Council decided to specify the dollar values of MPS 34, GDS(O) 20/PPS 36 and GDS(O) 21/PPS 37. This is because, if the pay offers for the upper and middle salary bands are applied to those pay scales directly, an anomalous situation will arise where the dollar value of the lowest pay point of the upper salary band will be lower than the dollar value of the highest pay point of the middle salary band, or the pay lead between the pay points will become unreasonably small¹⁴.

18. Hence, the CE-in-Council decided that a pay lead of \$500 should be applied between the relevant pay points at the bottom of the upper salary band and the top of the middle salary band on the pay scales¹⁵. The CE-in-Council also decided to apply a specified pay lead between the second lowest and the lowest pay points of the upper salary band on the GDS(O) (between points 21 and 20) and PPS (between points 37 and 36), which is also \$500¹⁶. This pay lead determination is a one-off arrangement decided by the CE-in-Council after taking into account the specific circumstances this year.

19. As regards PCIs deduction, its purpose is to offset exceptional merit pay and in-scale increment that should not be included in the gross PTIs in principle, but which cannot be distinguished from the general merit pay in the private sector. Now that as merit pay is still offered in the private sector, there is no sufficient justification to discontinue the PCIs deduction arrangement. That being the case, the staff side’s concerns are noted and the Government will take active steps to look into the issue of PCIs deduction and explore if there are other feasible options. We will maintain our close dialogue with the staff side in this regard.

¹⁴ By applying the respective pay offers to the relevant pay points directly, the pay lead between the lowest pay point of the upper salary band and the highest pay point of the middle salary band on MPS will be -\$90 while that for both GDS(O) and PPS will be \$30.

¹⁵ The specified pay lead of \$500 is applied between MPS 34 and 33; GDS(O) 20 and 19; and PPS 36 and 35. As it is the Government’s policy to extend the annual civil service pay adjustment to ICAC staff, this pay lead will also be applied between the equivalent pay points on ICAC Pay Scale (between points 28 and 27). In accordance with the arrangement concerned, the dollar value of ICAC Pay Scale 28 will be \$70,210.

¹⁶ This is necessary or otherwise a similar anomalous situation with a higher pay point (i.e. GDS(O) 21/PPS 37) having a lower dollar value than a lower pay point (i.e. GDS(O) 20/PPS 36) will be resulted.

Effective Date for the Pay Adjustment

20. In line with the established practice, the CE-in-Council decided that the pay adjustment should take effect retrospectively from 1 April 2018.

OTHER RELATED ISSUES

21. Civil service pay adjustment is not applicable to judges or judicial officers (JJOs), politically appointed officials (PAOs), non-civil service contract (NCSC) staff or subvented sector staff (except for teaching and related staff in the aided school sector who are paid according to the civil service pay scales). The relevant policy background is set out in **Annex C**.

C

IMPLICATIONS

22. The pay offers are in conformity with the Basic Law, including the provisions concerning human rights. They have no environmental, productivity or sustainability implications. There is no gender issue but there are positive family implications.

23. The annual financial implications for the civil service, ICAC staff and the subvented sector arising from the pay adjustment according to the pay offers (if implemented) are estimated as follows –

	(\$ in millions)
(a) Civil service	4,493 ¹⁷
(b) ICAC staff	41
(c) Subvented organisations	5,357 ¹⁸
(d) Auxiliaries	11
Total	9,902¹⁹

¹⁷ The figure includes an additional cost of about \$405 million arising from pay adjustment for around 19 700 civil servants seconded to/working in trading funds, subvented and other public bodies, and an estimated increase of \$639 million in pension payments for those retiring in 2018-19. It also includes the estimated additional cost of around \$16 million arising from the pay lead rectification.

¹⁸ This figure has excluded the financial implications arising from pay adjustment for civil servants seconded to/working in subvented bodies, which have been incorporated under item (a) above.

¹⁹ The figure includes the estimated additional cost of around \$32 million (\$16 million for civil servants and the remaining \$16 million for ICAC staff, subvented organisations and the auxiliaries) arising from the pay lead rectification.

24. The civil service accounts for about 4% of the total workforce and civil service emoluments account for about 7% of the overall employment remuneration in the economy. The civil service and employees in subvented organisations together account for around 16% of the overall employment remuneration in the economy. As the pay offers are broadly in line with the pay adjustments in the private sector over the past year, the impact on the overall labour market should be small. The impact on inflation of the pay adjustment should also be negligible.

PUBLICITY

25. After deliberation of the CE-in-Council, the SCS made the pay offers to the staff side of the four central consultative councils earlier today (5 June 2018). A press release will be issued and a spokesperson will be available to answer media enquiries.

ENQUIRIES

26. Enquiries on this brief should be addressed to Mr Benjamin MOK, Principal Assistant Secretary for the Civil Service (Tel: 2810 3112).

Civil Service Bureau
5 June 2018

Details of the Annual PTS and Civil Service Pay Adjustment

First conducted in 1974, the annual PTS aims to ascertain the year-on-year pay adjustment movements in the private sector. The results of the PTS, viz. the gross PTIs for the three salary bands, from which the PCIs are deducted, provide the net PTIs which are one of the factors to be considered in the established mechanism. The PCIs deduction arrangement has been implemented since 1989 on the recommendation of the 1988 Committee of Inquiry together with the inclusion of private sector merit pay and in-scale increment in the computation of gross PTIs. The 1988 Committee of Inquiry considered that, if merit pay and in-scale increment in the private sector were to be included in the PTS, the PCIs should be deducted for fairness.

2. Since 1983, the annual PTS has been commissioned and its conduct has been overseen by the PTS Committee which is a tripartite committee comprising representatives of the staff side of the four central consultative councils, the two independent advisory bodies on civil service salaries and conditions of service¹ as well as government officials. Every year before the conduct of the PTS, the PTS Committee reviews and agrees on the survey methodology and the survey field. It then renders its advice on the PTS methodology to the Standing Commission for endorsement. The Standing Commission, after considering the advice of the PTS Committee, submits its recommendation on the PTS methodology to the Government for consideration. Upon receiving the Standing Commission's endorsement and the Government's support, the PTS Committee will commission the Pay Survey and Research Unit of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service to conduct the annual PTS.

3. After completion of the annual PTS, the Executive Council's advice is sought on the pay offers to be made to the staff side of the four central consultative councils on the basis of a number of relevant factors, including –

- the net PTIs
- the state of Hong Kong's economy
- changes in the cost of living
- the Government's fiscal position
- the pay claims of the staff side
- civil service morale

¹ The two independent advisory bodies are the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service.

If the pay offers are different from the staff side's pay claims, the staff side will be consulted again before the Executive Council's decision on the civil service pay adjustment is sought.



香港政府華員會

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致香港特別行政區政府
公務員事務局局長
羅智光先生

尊敬的羅局長：

2018-19 年度公務員薪酬調整 華員會建議：高、中、低層劃一上調 5%

經全面考慮多項因素，作為高級公務員評議會、第一標準薪級公務員評議會職方成員之一的香港政府華員會(本會)，現向政府建議：2018-19 年度公務員薪酬調整，高、中、低層薪金級別應劃一上調 5%。

本會考慮的眾多因素，包括：

(1) 1 間問題公司：漏報獎金壓低中、低層的薪酬趨勢總指標(GPTI)

在收到薪酬趨勢調查報告書(報告書)後，本會進行認真審核，發現了一間問題公司。經薪諮會聯合秘書處及薪酬趨勢調查及研究組監督核實後，這間公司承認在過去及今年薪酬趨勢調查一直漏報有關獎金，致“額外酬金”的數目因沒有包括獎金而被拉低，及過去年度的獎金調整變化亦沒有在過去的報告書反映，涉中、低層調查人口 9 千多。職方一直被瞞在鼓裏！

由於在 2018 年 5 月 24 日審核報告書的會議中，並沒有立即補回過去漏報之數，從而糾正 2018 中、低層薪金級別的 GPTI，故中、低層 2018 年的 GPTI 被拉低了。(附件 1)

必須指出：“有錯必糾”應是一個必須堅持的原則；糾錯後，修訂幅度的大小、總指標上或下調，則不應在考慮之列。唯此，薪酬趨勢調查(PTS)機制的公信力才得以維持！

故此，本會認為，當局在考慮 2018-19 年度公務員薪酬調整幅度時，應以此列作考慮因素之一。

(2) 17 間參與調查公司填報的“勞績獎賞”可能影響 PTI 的準確性

本會經深入審核 2018 年薪酬趨勢調查報告後，在有限的時間裏發現有 17 間公司所填報的“勞績獎賞”，未有按公務員 5 個薪金級別填報，只提供劃一的平均數，有偏離調查方法之嫌；涉及的公司有大、有小，所涉調查人口分別為 23% 及 18%，有可能影響了薪酬趨勢調查指標的準確性，其可能的負面影響不容忽視。

薪酬趨勢調查結果為公務員薪酬調整的其中一個重要考慮因素。因而調查及參與調查的公司能否嚴格遵循薪酬趨勢調查委員會官職薪常會三方已協議的調查方法，不致影響調查結果的準確性、公正性，至關重要。

故此，本會認為，當局在考慮 2018-19 年度公務員薪酬調整幅度時，亦應以此列作考慮因素之一。

(3) 各級公務員應可分享經濟成果

根據 1974 年確立至今的現行公務員薪酬調整機制，公務員須分享/分擔經濟的起伏。多年前，香港受亞洲金融風暴嚴重衝擊之際，本會即已據此機制指出：在經濟衰退、嚴重財赤下，需要公務員凍薪/減薪，與社會共渡時艱，為應有之義；而容許公務員適當分享經濟成果，同為應有之義。

按政府對本港經濟情況公報，本港去年本地生產總值有顯著的增長，2018 年第一季按年實質顯著增長 4.7%，升幅高於上一季的 3.4%，連續第 6 個季度高於過去 10 年平均每年 2.7% 的趨勢增長率。展望未來，環球經濟普遍良好的勢頭持續，內地經濟表現強勁，本港經濟預估走勢良好，可保持堅穩的增長動力和態勢。因而，政府無理由不允許全體公務員適當分享經濟成果。

(4) 政府財政狀況

本會注意到上一財政年度，政府繼續有巨額財政盈餘。政府的財政狀況良好，對公務員薪酬劃一各級上調 5%，完全有能力負擔。

(5) 高、中、低層扣減的“遞增薪額”為近年歷史新高

今次須扣減的低層薪金級別公務員的“遞增薪額”，為自 1989 年有關扣減機制確立以來的歷史新高，而高、中層薪金級別公務員的亦為 2007 年以來新高。其結果是：壓低了薪酬趨勢調查淨指標(NPTI)。

這是由於 2007 年開始解凍招聘公務員，以及近年公務員的退休高峰期，大量公務員新聘入職，致出現“遞增薪額”偏高這特殊情況。對這種情況，本會幾年前已建議當局及早研究，檢討相關的問題及影響，卻未得到其重視；由是亦令更多的公務員工會/同事質疑全數扣減“遞增薪額”的合理性。有關把參與調查公司填報的“勞績獎賞”以扣減全數“遞增薪額”作抵消，是否仍適合時宜，至今亦得不到厘清，令更多的公務員工會/同事質疑薪酬趨勢調查淨指標(NPTI) 被偏高的“遞增薪額”及存在問題的“勞績獎賞”壓低，進一步影響員工關係。

本會認為，政府在考慮公務員薪酬調整幅度時，有必要因應薪酬趨勢淨指標(NPTI) 因受“特殊情況”影響而被壓低，作出調整。

(6) 提升公務員士氣、穩定公務員隊伍仍至關重要

雖然本屆政府開局良好，但面對的是越趨民粹化、泛政治化的局面，情況之

複雜、嚴峻及牽連之大，不容低估；更何況尚須面對如何能把握機遇創造新局面，擺脫香港經濟被邊緣化的危機。因而，特區政府擁有一支穩定、高效、具創新能力，又不可或缺的高昂士氣的公務員隊伍，以推行本屆政府的施政新理念、執行其施政新措施，至關重要。

然而，實際上，多年來，因當局無視本會的改善建議，公務員的士氣已因眾多原因屢屢受損，例如：2009年高層薪金級別公務員減薪5.38%；不少職系的人職薪酬長期不作職系架構檢討，致明顯比私營市場低；公務員不少職系人手緊絀，工作量、工作壓力有增無減；晉升機會普遍不多，單一職系則完全沒有晉升前途；語言暴力惡化，得不到遏止，等等。故此，能讓公務員分享經濟成果，對薪酬趨勢調查淨指標(NPTI)被上述原因而壓低的情況作出調整，對公務員的士氣及凝聚力肯定能收立竿見影之效。

(7) “低跟中”乃機制內一貫做法

現行機制自1974年確立起，即規定參與調查的公司必須為穩健良好的僱主，須有一定的規模，並在員工薪酬方面，有一套合理和有系統的架構。其目的在體現政府須為良好僱主的政策。

正是基於此，當時的港英政府接受了1988年仲裁委員會的建議，由1989年起，若薪酬趨勢調查結果顯示，低層薪金級別的薪酬趨勢淨指標(NPTI)低於中層，則會調高至與中層同一水平(即所謂“低跟中”)，除非另有強而有力的理由。這做法也一定程度上起到了避免高、中、低層公務員的薪酬差距過於擴大的作用，具社會公義性。這已成為公務員薪酬調整機制的不可或缺的部分。希望當局不要背離這行之多年的機制。

(8) 薪酬趨勢指標實為上一年度的調查結果

本會必須指出的是，公務員薪酬調整的其中一個重要考慮因素——薪酬趨勢指標是滯後的調查結果，公務員的薪酬調整實際上是落後於私營機構、實質上只是在“追趕”私營機構上一年度的薪酬調整。

(9) 消費物價指數(CPIA)為滯後參考數據

公務員薪酬調整的其中一個重要考慮因素——消費物價指數是滯後的調查結果。

香港自1974年確立的現行公務員薪酬調整機制，向來不但容許身為“打工仔”的公務員維持薪酬的購買力，以對抗並舒緩通脹帶來的壓力，並容許盡可能改善之。雖然今年高、中、低層薪金級別的薪酬趨勢淨指標高於與調查年度同期的甲類消費物價指數，但在樓價、租金節節上升的情況下，給予各級公務員的薪酬調整幅度高於與調查年度同期的甲類消費物價指數，完全合理。

回歸以來，特區政府早前多跟隨前港英政府在後過渡期改變了的錯誤做法，一直強調調整公務員薪酬，只考慮 6 項因素。這實際上背離了 1974 年確立的現行公務員薪酬調整機制，罔顧多年來，政府即使羅列多項通常會予以考慮的因素，但從不作出量化規限。事實上，彌補過往薪調的“不足之數”(shortfall)、顧及港元貶值帶來的影響、避免刺激通脹、對因問題公司引致薪酬趨勢指標有誤而作出彌補，等其他多種因素，均曾被考慮過。本會期望政府能慎重考慮本會按機制提出上述的“一籃子”因素。

若政府能接納本會的合理要求，給予高、中、低層薪金級別公務員，2018-19 年度薪酬調整劃一上調 5%，將能充分體現政府確已全面考慮上述多項因素，必將有利於公務員士氣的提升，有利於貫徹本屆政府的管治新理念、新風格；有利於本屆政府在面對種種挑戰下順利施政，提升創新力，有利於凝聚公務員隊伍的向心力。

誠望政府慎重考慮接納。

會長



謹啟

(利葵燕)

2018 年 5 月 25 日

舉例說明 “問題公司”漏報 “服務表現獎金” 對薪酬趨勢總指標(GPTI)的影響：

1. “問題公司”的“服務表現獎金”若在2010年開始增設派發予中、低層僱員，每年0.5月薪酬(相等於額外酬金增加4.17%)，但過去自2010年一直沒有包括填報在薪酬趨勢調查報告書(報告書)，漏報了“服務表現獎金”，其對GPTI的影響如下：

額外酬金：服務表現獎金、花紅、雙糧等	(a) 調查期 2.4.2016- 1.4.2017	(b) 調查期 2.4.2017-1.4.2018 (a)與(b)比較	沒即時補回漏報的“服務表現獎金”，對2018年GPTI的影響
過去一直漏報的新增“服務表現獎金”	由於一直漏報，其在報告書顯示的數字為0%	確定一直漏報的新增獎金，若即時補回漏報之數，與上一年的比較應為“0與補報獎金金額”的比較，即為0%與4.17% ⁽¹⁾ 的比較，相等於額外酬金增加4.17%	由於在2018年5月24日的審核報告書會議中，並沒有立即補回過去漏報之數，從而即時糾正2018年中、低層薪金級別的GPTI，故中、低層2018年的GPTI被拉低。

註⁽¹⁾：自2010年，過去年度服務表現獎金的變化並未有包括在內。

2. 按現行的薪酬趨勢調查方法，當年的新增獎金項目與過去一直漏報的新增獎金項目的計算方法為相同：前者是當年新增獎金，與去年是“0與新增獎金金額”的比較；後者因過去一直漏報，理應“補報”此新增獎金，與去年的比較亦應是“0與補報獎金金額”比較；調查期內薪金結構重組(例如：把獎金撥入底薪)，亦相類。其對GPTI的影響如下：

額外酬金：服務表現獎金、花紅、雙糧等	(a) 調查期 2.4.2016- 1.4.2017	(b) 調查期 2.4.2017-1.4.2018 (a)與(b)比較	對2018年GPTI的影響
2.4.2017-1.4.2018調查期新增加的“服務表現獎金”	沒有獎金其在報告書所顯示的數字為0%	新增加獎金為每年0.5月薪酬，與上一年的比較應為“0與獎金金額”的比較，即為0%與4.17%的比較，相等於額外酬金增加4.17%	GPTI計算準確
2.4.2017-1.4.2018調查期薪金結構重組(例如：把獎金撥入底薪)	獎金一直漏報，沒有包括在額外酬金內，其在報告書顯示的數字為0%	薪金結構重組在2018調查期實施，0.5月薪酬的獎金撥入底薪，底薪相等於增加4.17%	GPTI計算準確



香港高級公務員協會

Hong Kong Senior Government Officers Association

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Tel : 2522 4267 Fax : 2523 3319 E-mail: hksgoa@biznetvigator.com Website: www.hksgoa.org

25 May 2018

Mr. LAW Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service
9/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear Mr LAW,

2018/19 Civil Service Pay Adjustment

On behalf of the Hong Kong Senior Government Officers Association of the Senior Civil Service Council Staff Side, we wish to inform you of our pay claim. **Firstly, we would like to reiterate that the Pay Trend Indicators (PTIs) should not be the sole deciding factor.** There are other relevant factors which the Administration should take into consideration in determining the pay adjustment. Having regards to the PTIs, the state of economy, the government's healthy financial position, the cost of living as well as the need to sustain the stability and morale of the civil service, **it is our view that the civil service pay adjustment for the upper salary band for 2018/19 should be not less than 5%.** We have no comment about the middle and the lower salary bands. The reasons are given in the ensuing paragraphs:

- (1) **Inadequacies of the existing mechanism.** Whilst we have endorsed the findings of the Pay Trend Survey (PTS) this year, we have concerns about the inadequacies of the existing mechanism. The existing mechanism has not been reviewed since 1988 whilst the private market has indeed changed over the last some 30 years. For instances, some companies might replace basic salary and/or additional payment by allowance, profit related award scheme or other forms of rewards in the remuneration package, which would have a considerable impact on the survey findings. There are human resource practice and accounting system changes that might have not been captured in the present mechanism. Also, there is a great difference between the promotion

mechanisms of the private sector and the civil service. In 2018 PTS, there is a company with a promotion rate over 40%. The PTS findings cannot fully reflect the actual take-home pay and are always on the low side. The implications to the upper salary band are most significant. We consider that the pay adjustment decision should fairly remedy the shortcoming and inadequacies of the present mechanism. We've also urged for a review of the existing deficiencies in the mechanism of the annual pay adjustment for civil servants for many years

- (2) **Pay Indicator of Upper Band lagging behind that of the market.** Over the last some ten years, the pay levels of senior civil servants in the Upper Band have proved to be lower than those working with equivalent responsibilities in private sectors and the pay gaps has even widened during the years:
- (a) In the 2006 Pay Level Survey, there was a shortfall of around 1 - 5 % for the Upper Band (5% for Job Level 5 and 1% for Job Level 4); and
 - (b) In the 2013 Pay Level Survey, there was a shortfall of around 2 - 8 % for the Upper Band (8% for Job Level 5 and 2% for Job Level 4).
- (3) **Distortion of the net Pay Trend Indicators (PTIs).** The calculation of the net PTIs have been significantly distorted by the abnormally high payroll cost of increments (PCI), which is caused by the retirement boom and the increasing number of intakes of new recruits in recent years. The 2017/18 PCIs for all three salary bands are the highest in the past ten years, in particular the PCI of the Lower Salary Band, which is 2.05%, a record high figure. Such a phenomenon is abnormal and in fact it is a distortion produced by the existing mechanism. We consider that such distortion should be rectified by the Administration when the the rates of pay adjustment is considered this year. Before a new mechanism has been worked out, as an interim remedial measure, we propose that the deduction of payroll cost of increments should be **capped at 10% of the Gross PTI**, which is about the average percentage when this methodology was first adopted in late 1980s and early 1990s. The serving civil servants that have reached the maximum pay points of the MPS for their respective ranks and no longer receive annual pay increments suffer the most from this distortion.

- (4) **Inflation of PCIs by the growth of the civil service establishment.** In order to ease the work pressure on civil servants as soon as possible and to support the Government in taking forward various new policies and initiatives, the Administration will augment the civil service establishment. As reflected in the 2018-19 Draft Estimates, the civil service establishment is expected to have some 3.7% increase over the 2017-18 Revised Estimates. With these new recruits, we can foresee that the PCIs will continue to inflate and is highly likely to surge to another record high next year. We consider that the practice of mechanically deducting the PCIs from the Gross PTIs should be ceased and a thorough review of the existing practice of deducting PCIs from Gross PTIs be carried out as soon as possible. We believe that we should be forward-looking in order to rectify the shortcomings of the present mechanism so as to maintaining the morale of the civil servants.
- (5) **Staff morale.** The Senior Civil Servants have always been the dedicated and loyal members of the Government providing unfailing support to the Government in implementation of government policies. They have to work under mounting public demands, severe staff resources constraints, extremely politically sensitive environment, increasing challenges and criticisms from the public and escalating job-related stresses while the provision of manpower resources have not been correspondingly increased. This already has an adverse impact on the morale of the Senior Civil Servants. With Government's healthy financial position this year, we anticipate that the Government should attach due weight to the factor of staff morale, particularly as the Government is one of the leading employers in Hong Kong.
- (6) **Surge in private housing rentals and soaring property prices.** Apart from the inflation during the period, the surge in private housing rentals and soaring property prices in recent years should also be considered.
- (7) **Hong Kong's Economy and Government's Fiscal Position.** The Government's 2017-18 fiscal account records a surplus of \$138 billion, a record-high budget surplus. Also, Hong Kong's fiscal reserves surpassed the one-trillion-dollar mark and reach \$1,092 billion as at end

March 2018. The Hong Kong economy turned in robust growth of 4.7% over a year earlier in the first quarter of 2018. The seasonally adjusted unemployment rate stayed at a 20-year low of 2.9% in the first quarter, while the underemployment rate showed a further decline. The Economic prospects for 2018 is optimistic.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hung', with a stylized flourish at the end.

(Wong Hung-lok, Steven)
Chairman

Hong Kong Senior Government Officers Association

English version only
只附英文版

警察評議會職方協會
香港軍器廠街一號警察總部
警政大樓三十九樓
電話 Telephone: 2860 2645
傳真 Fax: 2200 4355



POLICE FORCE COUNCIL
STAFF ASSOCIATIONS
39/F, ARSENAL HOUSE,
POLICE HEADQUARTERS,
1 ARSENAL STREET, HONG KONG.

協會檔號 OUR REF: CP PER SS C/4-85/1

來件編號 YOUR REF: CSBCR/PG/4-085-001/80

25 May 2018

The Hon. LAW Chi-kong, Joshua, GBS, JP
Secretary for the Civil Service,
9/F., West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar,
Hong Kong

Dear Mr. LAW,

Pay Claim 2018-19 Civil Service Pay Adjustment

In response to your letter under reference CSBCR/PG/4-085-001/80 dated 10 May 2018, please find below the Pay Claim of the Police Force Council Staff Side (PFC SS).

The PFC SS consider the net pay adjustment this year for the Police Force should be an increase of 6.5% across-the-board. This figure is based on the findings of our own independent pay trend survey conducted utilizing open and closed sources, and also considerations on the other factors including civil service morale. As the Police Pay Scale is an integral and complete system, any adjustment to the Police Pay Scale should be made across-the-board.

The PFC SS continue to call for the cessation of the practice of deducting the Payroll Costs of Increments (PCIs) from the figures of the civil service pay adjustment. The PCIs deduction practice is not a mechanism that is fair to all, as increments are only granted upon the assessment of an officer's persistent satisfactory performance, and are not eligible to officers on maximum increment. Since its introduction nearly thirty years ago, the market practices, the conditions and the circumstances regarding labour in both public and private sectors have gone through many changes: we used to have only a small proportion of officers that have reached maximum increment, in recent years the proportion is reaching 60%; we used to have an annual double-digit

SUPERINTENDENTS'
ASSOCIATION
警司協會

HONG KONG
POLICE INSPECTORS'
ASSOCIATION
香港警務督察協會

OVERSEAS INSPECTORS'
ASSOCIATION
海外督察協會

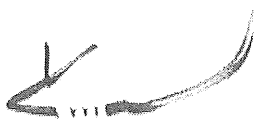
JUNIOR POLICE OFFICERS'
ASSOCIATION
警察員佐級協會

pay rise which the impact of PCIs deduction were not so apparent, in recent years its erosive impact is clear to all. Before the PCIs have completely eroded away the pay increase our officers rightly deserve, the Government should timely replace this outdated practice with a new mechanism that is just and fair to all.

Since 2013 the PFC SS have withdrawn from the Pay Trend Survey Committee, and we reiterate that the Government shall review the mechanism and process of the civil service pay adjustment, and devise a platform where the Staff Side and the Government could thoroughly discuss all relevant pay factors.

With an ever-increasing workload and higher public expectations, police officers continue to deliver essential and highly professional frontline services to the community. Fair and reasonable pay for police officers is vital in maintaining high morale and ability to provide high quality services. Last year Hong Kong continues to have a vibrant economy and the Government enjoys a phenomenally healthy fiscal position: Real-terms GDP growth is a notable 4.7% increase in the first quarter of 2018 over a year earlier, and the fiscal surplus / reserves of the Government are \$148.9 billion / \$1,102.9 billion respectively for the year ended 31 March 2018. We consider our officers deserve an equitable pay rise matching the overall economic performances of Hong Kong, and we look forward to receiving a just and reasonable pay offer from the Government.

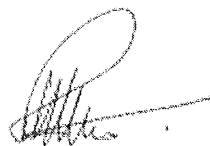
Yours sincerely,



Patrick KWOK
Chairman
SPA



Wilkie NG
Chairman
HKPIA



Ronald ABBOTT
Chairman
OIA



Ray LAM
Chairman
JPOA

c.c. Commissioner of Police



紀律部隊評議會(職方)
Disciplined Services Consultative Council
(Staff Side)

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Tel. No. 2810 2703
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本函檔號：(8) in SS/DSCC/P-3 (Pt. XXV)

香港
添馬添美道 2 號
政府總部西翼
公務員事務局局長
(經辦人：莫君虞先生)

莫先生：

二零一八至一九年度公務員薪酬調整

謝謝你本月十日的來信。

紀律部隊評議會(職方)認為公務員年度的薪酬增幅應能維持公務員的基本購買力，並讓同事分享經濟成果。政府在釐定公務員薪酬調整時需充分考慮和平衡六項因素，不宜側重薪酬趨勢淨指標。

政府不是營利機關，公務員並沒有如私營機構般的分紅安排。以沿用多年的扣減遞增薪額開支來與私人市場的勞績獎賞對沖是對公務員極不公平。紀評(職方)一直不認同在任何與公務員薪酬有關的調查中以私人市場工種與公務員作對比。這安排尤其對紀律部隊人員不公，蓋私人市場根本沒有類似的獨特工種。因此，紀評(職方)要求政府認真審視和終止這不合適的安排。

綜觀各項客觀因素，紀評(職方)要求二零一八至一九年度的公務員增薪幅度不少於 7%。

紀律部隊評議會(職方)主席

蘇秋明

二零一八年五月二十三日

政府飛行服務隊機師工會
Government Flying Service
Pilots' Union

政府飛行服務隊空勤主任協會
Government Flying Service
Aircrewman Officers Association

政府飛行服務隊飛機工程師會
Government Flying Service
Aircraft Engineers Association

政府飛行服務隊飛機技術員工會
Government Flying Service
Aircraft Technicians Union

懲教事務職員協會(高級組)
Correctional Services
Officers' Association
(Senior Section)

懲教事務職員協會(初級組)
Correctional Services
Officers' Association
(Junior Section)

香港海關官員協會
Association of Customs &
Excise Service Officers

香港海關關員工會
Hong Kong Customs &
Officers Union

香港消防控制組職員會
Hong Kong Fire Services
Control Staff's Union

香港消防處救護員會
Hong Kong Fire
Services Department
Ambulancemen's Union

香港消防處救護主任協會
Hong Kong Fire Services
Department Ambulance
Officers Association

香港消防主任協會
Hong Kong Fire Services
Officers Association

香港消防處職工總會
Hong Kong Fire Services
Department
Staffs General Association

香港入境事務助理員工會
Hong Kong Immigration
Assistants Union

入境事務主任協會
Immigration Service
Officers Association

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第一標準薪級公務員評議會(職方)
MODEL SCALE 1 STAFF CONSULTATIVE COUNCIL
(STAFF SIDE)

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本函檔號：SSMOD/SAL/PAY/5/7/1 Pt.27
來函檔號：CSBCR/PG/4-085-001/80

香港添馬添美道2號
政府總部西翼9樓
公務員事務局局長
羅智光先生

羅局長：

二零一八至一九年度公務員薪酬調整

局方在2018年5月10日的來信收悉。本會職方的意見如下：

根據2018年薪酬趨勢調查報告，低層薪金級別的薪酬趨勢總指標為4.89%，在扣減2017-18年度遞增薪額開支2.05%後，薪酬趨勢淨指標為2.84%，我們對此結果感到很失望。

經考慮香港經濟狀況、政府的財政狀況、生活費用的變動及公務員士氣後，我們建議於2018-19年度低層薪金級別公務員加薪不低於5%。

本港經濟自去年開始全面增長，2018年第1季較去年同期實質顯著增長4.7%，展望今年可保持良好的勢頭。早年經濟情況不好時，公務員團隊和香港市民共度時艱，經歷了減薪。公務員一向緊守崗位，竭誠為市民服務，現在經濟轉強，政府應該讓公務員共享經濟成果。

政府近年的財政狀況維持在十分充裕的水平，上屆財政年度綜合盈餘達1,489億元，2018年3月底的累計財政儲備更高達11,029億元，創歷史新高，實在有足夠的條件與公務員共享經濟成果。

由於大部分第一標準薪級人員均屬甲類家庭，即住戶的每月平均開支大約在5,800元至25,700元之間，因此我們在建議薪酬調整幅度時參考了甲類消費物價指數。政府統計處公布的資料顯示，截至2018年3月止的12個月內，甲類消費物價指數較一年前同期平均上升2.2%。在各類消費物價指數組成項目中，價格在2018年3月份錄得按年升幅最高的類別分別為食品(上升4.9%)、電力/燃氣/水(上升

4.5%)、外出用膳(上升 3.2%)及住屋(上升 2.8%)。這些消費項目都是基層市民的必需支出，而且佔他們每月總收入的很大比例。第一標準薪級人員屬基層員工，收入微薄，因此我們希望本年度的薪酬調整能保持他們的購買力的同時，亦可讓他們和市民一起分享經濟成果，以及改善他們的生活水平。

隨著政府運作的透明度增加，市民對公務員的要求不斷提高，公務員工作上的壓力和複雜性亦不斷倍增。因此，我們認為應該讓公務員得到合理的薪酬調整，以提升他們的士氣，挽留有經驗的人才，讓政府能繼續有效施政，為市民提供更優質的服務。

有別於晉升職級的公務員，第一標準薪級公務員屬於單一職級職系，並沒有可供晉升的職級，因此對於已達頂薪點的第一標準薪級人員，每年的公務員薪酬調整尤其重要。

根據以往慣例，當低層薪金級別的薪酬趨勢淨指標較中層為低時，政府會引用「調高」安排，把低層薪金級別公務員的薪酬調整幅度調整至與中層薪金級別相同。我們一向認為「調高」安排是機制內不可缺少的一部分，作為善待僱員的僱主，我們要求政府將這慣例納入現行機制內，以免低層和中層薪金級別薪酬調整的差距加劇，以維持低層薪金級別公務員的士氣。

政府在多年前推行自願退休計劃後凍結了招聘公務員，近年為了填補退休潮引致的空缺，需要招聘大量人員，而大量新入職的公務員每年的遞增薪額開支導致整體遞增薪額開支數字持續攀升，因此扣減公務員遞增薪額開支的安排對已達頂薪點的同事尤其不公平。此外，以往私營機構發放勞績獎賞及遞增薪額的安排亦有所改變。因此，我們認為扣減公務員遞增薪額開支的安排已不合時宜，近年均有要求政府盡快檢討有關安排，讓同事能獲得合理的薪酬調整。

我們一直尊重現行的公務員薪酬調整機制。薪酬趨勢淨指標只是機制內的其中一項考慮因素。我們希望政府在慎重考慮其餘五項因素（即香港經濟狀況、政府的財政狀況、生活費用的變動、職方對薪酬調整的要求及公務員士氣）後，能接受我們的建議，讓公務員在本年度的薪酬調整能獲得較「圓滿」的結果。

第一標準薪級公務員評議會

職方主席林榮松



2018年5月25日

Applicability of the Civil Service Pay Adjustment

Civil service pay adjustment is not applicable to JJOs, PAOs, NCSC staff and subvented sector staff. The relevant policy background is set out as follows –

- (a) JJOs: JJOs are subject to a different and separate mechanism for pay adjustment as endorsed by the CE-in-Council on 20 May 2008. The Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) will deliberate how the pay of JJOs should be adjusted having regard to a basket of factors, including the pay adjustment decision to be made for the civil service. Upon receipt of the recommendations of the Judicial Committee, a separate decision from the CE-in-Council will be sought.
- (b) PAOs: The pay policy for PAOs (including Principal Officials (POs), Deputy Directors of Bureau and Political Assistants to POs) are distinct and separate from those for the civil service. The pay offers in this brief will not apply to them.
- (c) NCSC staff: NCSC staff are recruited by individual bureaux and departments mainly for work that is seasonal, time-limited or part-time in nature, or work where the mode of delivery is under review or likely to be changed, etc. As the pay of NCSC staff is managed differently from that of the civil service, the pay offers in this brief and the pay adjustment decision to be made for the civil service will not be applied to them.
- (d) Subvented sector staff: With the exception of teaching and related staff in the aided school sector who are paid according to the civil service pay scales, the Government, as a general rule, is not involved in the determination of pay or pay adjustment of staff working in subvented bodies (e.g. the Hospital Authority, social welfare non-governmental organisations, institutions funded by the University Grants Committee, etc.). These are matters between the concerned bodies as employers and their employees. Hence, the Government will not directly impose any pay adjustment applicable to the civil service on the subvented sector. However, it has been the established practice that following a civil service pay adjustment, the Government will adjust the provisions for subventions which are price-adjusted on the basis of formulae including a factor of civil service pay

adjustment. The additional provisions for subventions will in general be calculated in accordance with the weighted average of the pay rise decided for the civil service¹, as was done in previous years. It would be up to individual subvented bodies as employers, to decide whether to increase the salaries of their own employees and, if so, the rate of increase. Subject to the CE-in-Council's decision on the pay adjustment for the civil service for 2018-19 and the approval of the Legislative Council Finance Committee, we will, through the relevant Controlling Officers, remind the subvented bodies concerned that the additional subventions from the Government are meant to allow room for pay adjustment for their staff.

¹ The weighted average of civil service pay adjustment rates would be 4.4% if civil service pay for 2018-19 is indeed adjusted according to the pay offers.