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LEGISLATIVE COUNCIL BRIEF

2022-23 CIVIL SERVICE PAY ADJUSTMENT – PAY OFFERS

INTRODUCTION

At the meeting of the Executive Council on 5 July 2022, the Council **ADVISED** and the Chief Executive (CE) **ORDERED** that pay adjustment offers to increase the pay for civil servants in the upper, middle and lower salary bands and the directorate at the same rate of 2.5%, with retrospective effect from 1 April 2022, should be made to the staff side of the four central consultative councils for the 2022-23 civil service pay adjustment.

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 maintain broad comparability between civil service and private sector pay. To implement this policy, civil service pay is compared with market pay through three different types of surveys under the Improved Civil Service Pay Adjustment Mechanism endorsed by the CE-in-Council in 2007, namely (a) the annual Pay Trend Survey (PTS) to ascertain the year-on-year pay adjustment movements in the private sector; (b) the six-yearly Pay Level Survey to ascertain whether civil service pay is broadly comparable with private sector pay; and (c) the Starting Salaries Survey, which will be conducted as and when necessary in response to specific circumstances, to compare the starting salaries of civil service civilian grades with the entry pay of jobs in the private sector. More details about the annual PTS and the background for the payroll cost

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).

A

The 2022 PTS

3. The 2022 PTS has been completed. It covers the 12-month period from 2 April 2021 to 1 April 2022. In the survey, the basic pay and additional pay adjustment data of 128 929 employees in 111 companies, consisting of 127 222 employees in 83 larger companies and 1 707 employees in 28 smaller companies, were collected. The findings of the 2022 PTS are set out below –

Salary Band ²	Basic Pay Indicator [A]	Additional Pay Indicator [B]	Gross Pay Trend Indicator (PTI) ³ [A] + [B]
Upper	4.53%	3.77%	8.30%
Middle	4.06%	1.52%	5.58%
Lower	2.78%	0.42%	3.20%

4. The PTS Committee met and considered the 2022 PTS findings on 25 May 2022. The findings were validated by all members attending the meeting⁴. The PTS Committee submitted its report on the 2022 PTS to the Government on the same day.

(a) Upper: Above Master Pay Scale (MPS) Point 33 to Police Pay Scale (PPS) 54b or equivalent, viz. \$73,776 to \$150,915;

(b) Middle: From MPS Point 10 to 33 or equivalent, viz. \$24,070 to \$73,775;

(c) Lower: Below MPS Point 10 or equivalent, viz. below \$24,070.

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.).

 $^{\,\,^2\,\,}$ The pay ranges of the three salary bands for the 2022 PTS are –

⁴ Some of the staff side representatives of the SCSC did not take part in the 2022 PTS and did not attend the PTS Committee meeting on 25 May 2022 at which the findings of the 2022 PTS were validated. The staff side representatives of the DSCC have returned to the PTS Committee since December 2021.

The Established Mechanism and the Arrangement for 2022-23

- 5. In accordance with the established mechanism, after completion of the annual PTS, the CE-in-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

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

The Net PTIs

6. According to the prevailing methodology, the payroll cost of increments (PCIs) from each salary band will be deducted from their respective gross PTIs to arrive at the **net** PTIs. In considering the 2019-20 civil service pay adjustment, the CE-in-Council decided to put a cap on the PCIs to be deducted from the gross PTIs. Specifically, from the 2019-20 civil service pay adjustment onwards, the average PCIs from 1989-90 to 2019-20 for the upper, middle and lower salary bands, which are 1.04%, 1.03% and 1.16% respectively, or the actual PCIs for the particular salary band for the year, whichever is the lower, will be adopted for deriving the net PTI for that salary band. As shown from the table below, the average PCIs from 1989-90 to 2019-20 for the three salary bands are all lower than the actual PCIs for the salary bands for the year. The average PCIs from 1989-90 to 2019-20 are thus adopted in calculating the net PTIs for the three salary bands in 2022-23.

Salary Bands	Gross PTIs [C]	Average PCIs from 1989-90 to 2019-20	Actual PCIs for this year	Net PTIs [C] – [D]
Upper	8.30%	1.04%	1.27%	7.26%
Middle	5.58%	1.03%	1.36%	4.55%
Lower	3.20%	1.16%	2.33%	2.04%

The State of Hong Kong's Economy

- After a marked deterioration in the first quarter of 2022 amid the fifth wave of local epidemic, the Hong Kong economy stabilised on entering the second quarter. Real Gross Domestic Product turned from an expansion of 6.3% for 2021 as a whole to a year-on-year contraction of 4.0% in the first quarter in 2022. More recently, local consumption activities and business sentiment showed decent improvement thanks to the moderated local epidemic and the gradual relaxation of social distancing measures, while merchandise exports were still weak despite some relative improvement. Looking forward, the worsened global economic outlook amid various headwinds such as soaring inflation and expedited monetary policy tightening by many major central banks and the tension in Ukraine will continue to weigh on Hong Kong's export performance. Nonetheless, provided that the local epidemic remains under control, domestic economic activities should revive further in the rest of 2022. The new round of Consumption Voucher Scheme, along with the 2022 Employment Support Scheme and Temporary Unemployment Relief Scheme, will also render support. The economy is projected to gradually recover in the remainder of 2022 and grow by 1% to 2% for the year as a whole.
- 8. After rising temporarily to 5.4% in February April 2022, the seasonally adjusted unemployment rate retreated to 5.1% in Mar May in tandem with the revival of domestic economic activities. The underemployment rate also declined from 3.8% to 3.5% over the period. Earlier on when the economy was hit hard by the fifth wave of local epidemic, nominal wages increased by 1.8% year-on-year in March 2022, same as three months earlier, while nominal payroll per person engaged (which covers basic wage, discretionary bonuses and other irregular payments) showed a decelerated year-on-year increase of 0.8% in the first quarter of 2022. Looking ahead, with the expected further revival of domestic economic activities, labour market conditions should continue to improve in the rest of 2022.

Changes in the Cost of Living

9. For the 12-month period ending March 2022, the headline Composite Consumer Price Index (CPI), which reflects the impact of the changes in consumer prices on approximately 90% of households, increased by 1.7% as compared to the previous 12-month period ending

March 2021. The changes in headline and underlying⁵ Composite CPI, CPI(A), CPI(B) and CPI(C) (with the latter three indices relating to approximately 50%, 30% and 10% of households respectively) for the 12-month period ending March 2022⁶ over the previous 12-month period ending March 2021 are as follows –

	Composite CPI	CPI(A)	CPI(B)	CPI(C)
Headline	1.7%	2.4%	1.3%	1.3%
Underlying	1.0%	1.1%	0.8%	1.0%

10. The annual increases in headline and underlying Composite CPIs are forecast at 2.1% and 2.0% for 2022.

The Government's Fiscal Position

11. The Government runs a fiscal surplus of about \$29.4 billion in 2021-22, and fiscal deficit is forecast to be \$56.3 billion in 2022-23. As at 31 March 2022, the fiscal reserves stood at \$957.2 billion, and is expected to stand at \$890.3 billion by the end of March 2023 as published in the 2022-23 Budget.

The Pay Claims of the Staff Side

- 12. To enhance communication with staff in the pay adjustment exercise and to gain a better understanding of the basis of their pay claims, the then Secretary for the Civil Service (SCS) personally met the staff side of the four central consultative councils and the four major service-wide staff unions⁷ on 26 and 27 May 2022.
- 13. The pay claims of the staff side of the four central consultative

5 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. Conventionally, we make reference to the headline CPI in the exercise.

⁶ Source: Monthly Report on the Consumer Price Index (March 2022) published on 22 April 2022. These figures were based on the 2019/20-based index series compiled by the Census and Statistics Department.

7 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 ⁸				
(a) Hong Kong Chinese Civil Servants' Association	5.3%			
(b) Hong Kong Senior Government Officers Association	7.26%	4.55%	4.55%	
(II) PFC	A pay rise in accordance with the PTS finding			
(III) DSCC	4.84%			
(IV) MOD 1 Council	Not less than 5.6%			

- 14. The major common demands that the staff side have put forward at the meeting on 26 and 27 May 2022 and in their submissions are
 - (a) while staff side representatives appreciate that the CE-in-Council needs to balance all six factors under the established mechanism, they opine that the rising cost of living has undermined their purchasing power and should be accorded due weight. In particular, some staff side representatives maintain that the loss of purchasing power from the pay freeze in the past two years should also be taken into consideration, as it has especially impacted on the livelihood of staff under the lower salary band in an inflationary economy. Some staff side representatives also request the net PTIs in the past two years of pay freeze be factored in the pay adjustment this year;
 - (b) some staff side representatives further remark that in the light of the stabilising epidemic situation, anticipated economic recovery in the rest of 2022 and relatively healthy public finance, the Government is in the position to recognise the contributions of the civil service in fighting the epidemic and restoring social order through a reasonable upward pay adjustment;

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⁸ The Association of Expatriate Civil Servants of Hong Kong, one of the three constituent associations of SCSC, has not provided any pay claim.

- (c) staff side representatives understand that net PTIs are just one of the factors to be considered, but since the 2022 PTS indicated that the private sector introduced a pay rise as evident in positive PTIs across all three salary bands, they are unanimously of the view that a pay rise for civil servants this year is justified. Some staff side representatives further request that an adjustment be made in accordance with PTS findings; and
- (d) some staff side representatives also continue to criticise the PCIs deduction arrangement, despite that the PCIs have been capped since the 2019-20 civil service pay adjustment.

Civil Service Morale

15. The Government mobilised all available manpower and resources to fight the fifth wave of the epidemic. Over 140 000 government employees have participated in the fight against the epidemic, many of whom shouldered such work in addition to their usual duties. The Government has expressed appreciation to the civil service for their solidarity and responsiveness in the implementation of an array of anti-epidemic measures. In addition, many civil servants, especially those providing emergency services, support for the underprivileged and the community, etc. have been under heavy pressure in face of the drastic surge in workload and manpower reduction brought about by the epidemic. Civil service pay has been frozen in the past two years in an inflationary environment to stand in solidarity with society through difficult times. Against the backdrop of positive results in the 2022 PTS and an expected gradual revival of economic activities for the rest of the year, civil servants will expect a reasonable pay increase that simultaneously recognises their efforts and meets public expectations.

Pay Offers for 2022-23

16. Taking into consideration all the relevant factors under the established mechanism, the CE-in-Council decided to make the following pay offers to the staff side for 2022-23 –

Salary Band	No. of Civil Servants ⁹	Net PTI	Pay Offer	
Directorate	1 413	N.A. ¹⁰		
Upper	20 828	7.26%	2.5%	
Middle	122 787	4.55%	2.5 %	
Lower	32 522	2.04%		

- 17. Hong Kong's economy has been facing a complex situation in the past year. Despite the strong rebound in 2021, the economy was severely hit in the first quarter of 2022 amidst the fifth wave of epidemic. Although the business atmosphere and the employment situation has changed for the better in recent months, there remain uncertainties in the overall economic situation. Taking into consideration factors including the increase in the cost of living in the past year, the changes in the economic situation, the Government's fiscal position, the positive net PTIs for all three salary bands for 2022, the exemplary commitment of civil servants from all ranks in fighting the epidemic, the CE-in-Council made an offer to increase the pay at the same rate of 2.5% across the board after balancing all relevant factors.
- 18. 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 also extend the annual civil service pay adjustment to them.

Effective Date for the Pay Adjustment

19. In line with the established practice, the CE-in-Council decided that the pay adjustment should take effect retrospectively from 1 April 2022.

OTHER RELATED ISSUES

20. Civil service pay adjustment is not applicable to judges or judicial officers, politically appointed officials, non-civil service contract staff or subvented sector staff (except for teaching and related staff in

⁹ The figures reflected the position as at 31 March 2022 and included some 19 100 civil servants seconded to/working in trading funds, subvented and other public bodies.

¹⁰ 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.

the aided school sector who are paid according to the civil service pay scales). The relevant policy background is set out in **Annex C**.

IMPLICATIONS

- 21. The pay offers are in conformity with the Basic Law, including the provisions concerning human rights. They have no environmental, productivity and sustainability implications. There is no gender issue but there are positive family implications.
- 22. 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	3,06011
(b) ICAC staff	28
(c) Subvented organisations	$3,702^{12}$
(d) Auxiliaries	13
Total	6,803

23. The civil service accounts for 4.6% of the total workforce and civil service emoluments account for 7.9% of the overall employment remuneration in the economy. The civil service and employees in subvented organisations together account for 18.4% of the overall employment remuneration in the economy. The pay offers of across-the-board 2.5% pay increase for civil servants is moderate when viewed alongside the net pay trend indicators for different salary bands which reflected the pay adjustments in the private sector over the past year. As such, the impact on the overall labour market should be small, and

The figure includes an additional cost of about \$243 million arising from pay adjustment for around 19 100 civil servants seconded to or working in trading funds, subvented and other public bodies, and an estimated increase of \$429 million in pension payments for those retiring in 2022-23.

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

the impact on inflation should be insignificant. The pay offers may have some impact, real or psychological, on private sector pay adjustment in the period ahead, but the significance should not be taken out of proportion, considering that the private sector tends to be more expeditious in pay adjustment.

PUBLICITY

24. After deliberation of the CE-in-Council, SCS made the pay offers to the staff side of the four central consultative councils earlier today (5 July 2022). A press release will be issued and a spokesperson will be available to answer media enquiries.

ENQUIRIES

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

5 July 2022 Civil Service Bureau

Annex A

Details of the Annual Pay Trend Survey (PTS) and the Payroll Cost of Increments (PCIs) Deduction Arrangement

First conducted in 1974, the annual PTS aims to ascertain the year-on-year pay adjustment movements in the private sector. 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 recommendation on the PTS methodology to the Government for receiving the Standing Commission's consideration. Upon 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.

2. The results of the PTS, viz. the **gross** pay trend indicators (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 Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (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 in-scale increment and merit pay (including exceptional merit pay which should be excluded but cannot be distinguished therefrom) in the private sector were to be included in the PTS, the PCIs should be deducted for fairness.

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.



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

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聶局長:

2022-23 年度公務員薪酬調整

2022年5月11日有關本年度薪酬調整的來函已收悉。

應政府的邀請,紀律部隊評議會(職方)今年重回薪酬趨勢調查委員會。去年,香港的經濟狀況比較特別,在上年四月至今年初有著非常顯著的增幅,亦因而帶動了通脹。紀評(職方)明白由於薪酬趨勢調查的機制令數字出現滯後效應,故此出現於第五波疫情後期,經濟飽受影響後漸漸復甦時公布數字可能令社會認為增幅過高,甚至質疑機制。然而,紀評(職方)認為調查委員會於 5 月 18 日公布的薪酬趨勢總指標是統計客觀數據和經過嚴謹分析所得出的結果。

在 2020-21 年度,當薪酬趨勢淨指標中的高、中、低三個新金級別皆為正數時,行政長官會同行政會議決定凍凍薪以共渡時艱。去年,行政長官會同行政會議又再決定凍務員薪酬。去年,行政長官會同行政會議又再決定之務員薪酬。政府連續兩年沒有按機制調整公務員新酬前對公務員來薪,實際上已等同全體公務員減薪,嚴重削弱消費之公務員來薪,實際上已等同全體公務員減薪,嚴重削弱消費之公務員來薪人等。鑑於疫情已漸趨緩和而香港。 齊已在復甦,紀評(職方)認為現在是適當時候向政府追回過去兩年凍薪期間的薪酬調整。

政府飛行服務隊機師工會 Government Flying Service Pilots' Union 政府飛行服務隊空劃主任協會 Government Flying Service Air Crewman 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

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

Ambulancemen's Union

香港消防處救護員會 Hong Kong Fire Services Department 懲教事務職員協會(初級組) Correctional Services Officers' Association (Junior Section)

Officers Association

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

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

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 香港人境事務助理員工會 Hong Kong Immigration Assistants Union 入境事務主任協會 Immigration Service Officers Association 紀評(職方)一向的立場是薪酬調整「不低於通脹」,以維持購買力。根據政府統計處於4月22日公布的2022年3月份消費物指數,所有指數均有升幅。這反映通脹率和標誌著香港經濟正在復甦。

綜合上述,紀評(職方)要求 2022-23 年度的公務員薪酬劃一調整為上升 4.84%。

紀評(職方)亦重申要求政府廢除在公務員年度薪酬增薪百份比中扣減遞增薪額開支的不合理安排。而公務員薪酬劃一調整為上升 4.84%,實屬合理,希望公務員事務局支持紀評(職方)的理據和加薪幅度。

紀律部隊評議會(職方)主席

吳偉強

2022年5月23日

Rm. 326, 3/F, East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong.

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.28 來函檔號: CSBCR/PG/4-085-001/87

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聶局長:

2022-23 年度公務員薪酬調整

謝謝你於 2022 年 5 月 11 日的來信。我們就 2022-23 年度公務員薪酬調整的意見和要求如下:

第一標準薪級公務員評議會(職方)一向尊重現行的薪酬調整機制,因此多年來積極參與薪酬趨勢調查委員會的工作。根據 2022 年薪酬趨勢調查報告,低層薪金級別的薪酬趨勢總指標為 3.20%,在扣減遞增薪額開支 1.16%後,薪酬趨勢淨指標為 2.04%。然而,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 2022-23 年度低層薪金級別公務員加薪不少於 5.6%。

本港受第五波新冠肺炎疫情及各項外圍因素影響,本地經濟在2022年第一季出現惡化,實質本地生產總值按年收縮4.0%。惟根據公務員薪酬調整機制,每年的公務員薪酬調整均參考上一年市場的薪酬調整數據,時間上出現滯後,並非反映市場的即時實況。事實上,實本地生產總值於先前四季均錄得4.7%至8.0%增長趨勢,加上隨著本地疫情減退和社交距離措施逐步放寬,經濟活動預計將穩步恢復,期的消費及營商氣氛亦的確已出現明顯改善。根據政府公布的數據,政府於本財政年度的財政狀況為294億盈餘,財政儲備截至2022年3月底達9,572億元,有條件與公務員分享上一年度經濟向好帶來的成果。

政府統計處公布的資料顯示,截至 2022 年 3 月止的 12 個月內,剔除所有政府一次性舒困措施的影響後,甲類消費物價指數較一年前同期上升 1.1%。在各類綜合消費物價指數組成項目中,價格在 2022 年 3 月份錄得顯著按年升幅的類別包括:基本食品(上升 7.6%)、交

通(上升 4.9%)、衣履(上升 4.3%)、外出用膳及外賣(上升 2.7%)。以上項目均屬基層市民日常生活的必要開支,並佔他們收入相當大的比例。剔除所有政府一次性紓困措施的影響後,2020、2021 及 2022年同期的甲類消費物價指數升幅分別為 3.6%、0.9%及 1.1%,累計升幅高達 5.6%。全體公務員已連續兩年凍薪,面對通脹壓力,尤其第一標準薪級公務員的薪金基數本已較低,如本年度仍只根據薪酬趨勢淨指標(2.04%)加薪,將嚴重削弱低層公務員的購買力,影響他們的生活質素。

公務員一向竭誠為市民服務,希望局方綜上所述作全盤考慮, 並接受職方建議,讓低層公務員加薪<u>不少於 5.6%</u>,以追回通脹,保持 他們原有的購買力,維持現有的生活水平。

第一標準薪級公務員評議會

職方主席林進鴻



2022年5月26日

備註:以上為第一標準薪級公務員評議會職方意見,香港政府華員會 暫未有代表出任一評職方委員。

警察評議會職方協會

香港軍器廠街一號警察總部 警政大樓三十八樓

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只附英文版

POLICE FORCE COUNCIL STAFF ASSOCIATIONS

38/F, ARSENAL HOUSE, POLICE HEADQUARTERS, 1 ARSENAL STREET, HONG KONG.

協會檔號 OUR REF: CP PER SS C/4-85/2 PT.13

來件編號 YOUR REF: CSBCR/PG/4-085-001/87

26 May 2022

Mr. Patrick NIP Tak-kuen, JP Secretary for the Civil Service, 9/F., West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong

Dear Mr. NIP,

Pay Claim 2022-23 Civil Service Pay Adjustment

reference In your letter under response to CSBCR/PG/4-085-001/87 dated 11 May 2022, the Police Force Council Staff Side (PFC SS) wishes to put forward the following in reply to the 2022-23 Civil Service Pay Adjustment:

The PFC SS has always respected the existing and long established annual pay adjustment mechanism. We notice that the Pay Trend Survey this year reveals a positive Pay Trend Indicator (PTI) for all three salary bands.

In years past, police officers delivered all essential frontline and emergency services to the community and have been on the frontline

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

fighting the COVID-19 pandemic. We have worked exceptionally hard, helping at quarantine camps with various lockdowns, and without any work from home arrangements throughout this difficult period. As you are aware, this situation was particularly difficult and challenging at the outset due to the uncooperative, if not hostile, attitudes of the residents affected. Police officers always worked in the hazardous zones in each and every anti-epidemic operation. Besides, at the peak of the epidemic, many police officers were absent from work due to infection, thus the remaining officers had to pay extra effort to maintain our frontline service to the community. In addition, we formed special teams from the already-lean resources to support overburdened public hospitals to save life and to help handling the corpses accumulated in the hospitals.

At the same time, we are committed to safeguarding national security and combating terrorism. While social order has been restored after the riots in 2019, police officers have stayed vigilant at all times in curbing acts that may endanger national security according to the law with the strongest determination. Needless to say it is an honour to do so but it is also a strenuous mission. In the past year, we provided full support to ensure that various elections under the improved electoral system were conducted in a safe and orderly manner. To prevent terrorist attacks, we liaised with various community stakeholders to conduct various exercises and security audits. Our officers were deployed to vulnerable locations to ensure the safety of our citizens. Rather than a perceived threat, a lone wolf terrorist incident did happen on 1 July 2021 at Causeway Bay, resulting in a serious injury to a police officer. Despite the hardship and high risk associated with our mission, we always perform such duties with the utmost professionalism with a view to living up to the strong expectation of our country, our government and our community.

We note that the Government has increased expenditure substantially to combat the pandemic and to roll out relief measures in the past year. Some may cast doubts on our Government's financial position next year.

The fact is that the fiscal reserves still stood at \$927.8 billion for the year ended 31 March 2022, which indicates a surplus of \$29.4 billion. Mrs. Carrie LAM, the Chief Executive (CE), has just accepted recommendations from an independent commission to increase the salaries of politically appointed officials by around 2.6% from 1 July 2022. Besides, the Executive Council (ExCo) endorsed on 17 May 2022 a package of proposals to reorganise the Government structure adding in extra posts would cost an extra \$95 million a year. As reported, this is the most expensive revamp in the HKSARG.

In this regard, any doubt about the Government's current financial health may not be justifiable. This is also a reasonable expectation for us to expect a pay rise.

Furthermore, we would like to draw your attention that the pressure of life and cost of living has increased over years. For the 12 months ending March 2022, the Composite CPI was on average 1.7% higher than that in the preceding 12-month period. Some findings of other independent pay trend surveys conducted utilising open and closed sources are also positive. The PFC SS believes that a proper positive adjustment of civil service pay, in accordance with the recommendations of the PTS, can indeed relieve our living cost and echo the pay trend of the private market.

The PFC SS understands that the CE-in-Council would fully and thoroughly consider all the relevant factors, in addition to the PTIs, under the established pay adjustment mechanism. In view of this, our Pay Claim is carefully considered taking into account all the other factors, including the Government's fiscal position, the state of the economy, changes in cost of living and staff morale. We consider that we fully deserve to receive a pay rise in accordance with the PTS finding this year, bearing in mind that PFC SS has already taken a very considerate attitude for the frozen pay adjustment in the past two years.

In addition, the PFC SS would like to reiterate our stance that the Government should cease the unfair deduction of the PCIs from the figures of the civil service pay adjustment. Especially, as the current cap would result in an unfair reduction of a significant proportion of our officers' pay rise.

We trust that the Government recognises and truly appreciates the dedication and sacrifices that our police officers have made. Fair and reasonable pay rise for police officers is also extremely vital in maintaining high morale. We look forward to receiving a just and reasonable pay offer from the Government.

Yours sincerely,

子梁

Percy LEUNG Chairman SPA [基][]

Wilkie NG Chairman HKPIA Mhy

Tobi LOTHIAN Chairman OIA **建料** | 日世

Ray LAM Chairman JPOA

c.c. Commissioner of Police

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香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

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面呈

本會檔號: (199) in 2/7/CCSA(XXII)

香港特別行政區政府 公務員事務局局長 聶德權先生

尊敬的聶局長:

2022-23 年度全體公務員薪酬劃一上調 5.3% 追補過去兩年凍薪累積的通脹

現行年度公務員薪酬調整機制乃本會參與制訂、完善,自 1974 年成為常設、制度化的年度機制。一向以來,政府及職方都考慮「一籃子」因素,並因應每一年實際情況的不同,在考慮眾多因素中,雙方的側重點每年均不盡相同:有時會以薪酬趨勢指標、有時會以生活物價指數(通脹)或政府的財政狀況、香港的經濟狀況作為某一年的主要因素,有時會幾個因素一併考慮。硬跟足薪酬趨勢指標,做法既不現實,更偏離過往的做法。

現時社會仍處於艱難時期,本會極不想年度的公務員薪酬調整做成公務員與社會分化、對立,這對我們的社會毫無好處!一方面需考慮公務員凍薪兩年後的通脹壓力及透過薪調提升士氣,另一方面要兼顧社情民情,避免今年的薪酬趨勢指標成為社會爭議焦點及給予唯恐天下不亂者有炒作之機。鑑此,本會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,建議 2022-23 年度高、中、低層公務員薪酬調整多考慮公務員薪調機制內的通脹,兼顧其他因素,全體劃一上調 5.3%,以追補過去兩年凍薪累積的通脹。主要理據如下:

1. 今年的薪酬趨勢指標引起極大爭議,不宜成為薪調主要考慮因素

薪酬趨勢調查委員會於 2022 年 5 月 18 日公布尚未確認的高、中、低層薪金級別的薪酬趨勢指標(7.26%、4.55%、2.04%),社會人士即表驚訝嘩然——薪酬趨勢指標與經歷疫情蹂躪的社會經濟情況落差甚大,社會上引起一連串的爭議及對公務員嚴厲的批評!

本會向來尊重薪常會及薪酬趨勢調查機制。參與薪酬趨勢調查機制工作50多年,本會一向重視調查的科學性、全面性、客觀性,深明調查非完美,有其局限;每年本會都負責任地檢討其調查方法、認真地審閱報告書。本會於2020年5月及今年3月曾一再建議薪常會、薪酬趨勢調查委員會暫停薪酬趨勢調查,並指出疫情持續已兩年多,特別對一些經濟行業帶來沉重打擊,嚴厲的防疫抗疫措施扭曲了一些

行業的正常營商及業績;而現行的薪酬趨勢調查方法在疫情下更顯其局限性,難以在 反覆多變的疫情中全面客觀進行調查,亦未必可及時反映疫情對私營公司僱員 薪酬的影響。由此得出的薪酬趨勢調查指標,很大機會與現實出現一些脫節而 引起社會爭議。建議暫停薪酬趨勢調查是從社會大局團結、公務員團結出發,避免 在疫情艱難時期,調查結果掀起爭議、分化及對立。薪常會及薪酬趨勢調查委員會似乎對調查範圍受著嚴峻疫情的影響、調查方法在疫情中更見局限及疫情對調查結果的 影響並不重視,沒有接納暫停薪酬趨勢調查。本會因對在嚴峻的疫情中仍進行調查有 強烈的保留,故暫停參與會議。

其實,除了考慮薪酬趨勢調查既定的恆常程序/機制行事外,疫情、時勢的急變 及其深刻影響,也同時須要考慮;否則,難免陷入因循而離地,與社會實況脫節!

鑑此,本會認為今年可參考納入調查的私營公司確有上調薪酬及其僱員早已能追 趕通脹的事實,少考慮具爭議的薪酬趨勢淨指標;另一方面多考慮通脹及兼顧其他因素,這完全符合公務員薪調機制及其可容許考慮的範圍。

2. 追補過去兩年凍薪累積的通脹,減少薪金被通脹蠶食而「縮水」

整體公務員於 2020 及 2021 年度連續兩年凍薪與市民共渡時艱,但同時公務員(特別是中、低層)亦頂著兩年凍薪累積累積 5.3%* 通脹的壓力。

甲類消費物價指數	31/3/2020	31/3/2021	31/3/2022	累積
通脹(未剔除政府一次性紓困措施)%	2.9	無通脹#	2.4	5.3*
通脹(已剔除政府一次性紓困措施)%	3.6	0.9	1.1	5.6

#未剔除紓困措施為-0.1%

累積的通脹無形中令公務員的薪金不斷「縮水」,購買力持續被通脹蠶食。若公務員給予薪酬調整上調 5.3%,這只是名義上的提高,購買力並沒有實質的增長。政府經濟顧問已預測即將要面對通脹加劇,意味滯後的 5.3%通脹在上調追補後,仍拋離在實時通脹的背後。一般市民都知物價、貼地氣,應能理解特別是中、低層公務員薪金不高,上調薪酬 5.3%追補通脹是情理中事。整體公務員劃一上調亦有助公務員隊伍的團結。

3. 劃一上調薪酬 5.3%有利公務員提升士氣,團結一致協助政府抗疫到底及恢復經濟

接種疫苗、防控疫情、清零、通關,仍是香港頭等大事!公務員由去年初至今,一直堅持在抗疫一線,全力執行政府各項緊急的抗疫措施及法例,令疫情得以受控;各局、署公務員亦各司其職,全力落實政府各項抗疫支援/資助計劃,大力協助社會各行各業得以解燃眉之急,共渡難關。與此同時,公務員亦竭力維持緊急/恆常的服務,工作實有增無減。全體公務員薪酬調整劃一上調5.3%能紓緩通脹的壓力並體現政府的關懷之情,肯定有利提升公務員士氣,團結一

致堅持抗疫到底,盡快通關,全面復蘇經濟。

4. 考慮整體社會經濟情況及政府財政狀況,公務員上調薪酬追補通脹對社會整 體有正面效應

第 5 波疫情及因此而實施的防疫措施,無疑嚴重打擊經濟氣氛及廣泛的經濟活動,但隨着疫情穩定下來,本地消費、跨境運輸、對外貿易等將逐步好轉。在新一輪「消費券」計劃的帶動下及防疫措施進一步放寬,市面消費及營商氣氛已回復活力。故此,在公務員與社會各界協力穩控疫情下,社會經濟整體情況應能逐步回穩。從今年的薪酬趨勢調查中,亦確知相當部份參與調查的公司有能力大幅上調薪酬/花紅予僱員。如政府上調公務員薪酬追補通脹,亦將會有漣漪效應,推動更多僱主給予其僱員上調薪金追補通脹,致令社會的整體氣氛、消費及營商會進一步得到改善。

按政府今年 4 月公布 2021/22 年度財務狀況的臨時數字,雖然政府財政儲備因抗疫花費了不少(財政儲備在 2022 年 3 月 31 日為 9,572 億港元),但 2021/22 年度綜合盈餘仍有增加,收入比預測有增長,而開支需要較預期少。在政府財政狀況穩健下,公務員上調薪酬 5.3%追補通脹,雖擴大了政府的開支,但無疑對社會整體有正面效應,為物有所值之舉。

鑑此,本會誠盼政府認真考慮上述 4 點,在公務員凍薪兩年後,給予全體公務員劃一上調 5.3%追補通脹,不致令薪金「縮水」,生活水平不斷下降;這亦是提升整體公務員的士氣堅持抗疫到底、協助社會復常及經濟全面復蘇、持續優化服務質素的實際有效舉措。

金馬

當的

(利葵燕) 2022年5月26日

多香港高級公務員協會

Hong Kong Senior Government Officers Association

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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 聶德權先生,JP

聶局長,

2022-23 年度公務員薪酬調整

前言

香港高級公務員協會謹以高級公務員評議會職方成員身份, 提交 2022-23 年度公務員薪酬調整的職方要求。 本會在參照「薪酬趨勢 淨指標」、香港經濟狀況、政府財政狀況、生活費用的變動,以及維持 公務員的穩定性及士氣等因素後,要求 2022-23 年度各級公務員的薪酬 調整如下:

> 低、中級公務員 加薪 4.55%; 高級公務員 加薪 7.26%

2. 香港經濟經歷兩年深度衰退後,2021 年有顯著的復甦。 本港經濟錄得強勁按年的增長,勞工市場亦在年內隨著經濟復甦及本地疫情穩定而持續改善。 雖然經歷 2022 年第一季起第五波疫情沉重的打擊,我們得悉本年度的「整體薪酬趨勢指標」仍然錄得顯著的升幅,特別是在個別行業中,去年的薪酬升幅強勁。 在參照過去十多年的數據後,雖然按照「整體薪酬趨勢指標」而言,數據並非是歷年最高,但高層薪金級別的「薪酬趨勢指標」則錄得歷史的高位,證明市場復甦的力量。

《2022 年薪酬趨勢調查》與公務員薪酬調整

3. 每一年薪酬趨勢調查的目的,是要調查及統計香港超過 100 間「良好穩健僱主」近十多萬僱員的年度薪酬調整趨勢,供政府參考並制定公務員薪酬調整的方案,以保持公務員薪酬的吸引力及與市場水平大致相若,令政府可以保持並吸納人才。 而每年獲邀參與薪酬趨勢調查的公司數目,均按照香港經濟行業劃分,與香港從事經濟活動人口整體分佈情況大致相若。 此外,一般僱主因個別原因或社會氣候變化導致短暫性薪酬政策的改變(例如升職、轉職、停薪留職、裁員、折扣支薪等)並不會在調查研究之中。

- 4. 我們特別留意到,大部分獲邀公司已於今年初完成了年度薪酬調整,其他公司亦可能因為第五波疫情變化而觀望及未能於今年 4 月 1 日前作薪酬調整的決定。 很多公司亦因資源所限,未有趕及於限定時間內交回問卷。 因此,若香港經濟持續不穩,明年的「薪酬趨勢指標」或會錄得強烈的下降趨勢。 由於現時薪酬趨勢調查帶有「滯後性」,相信第五波疫情對香港經濟的影響,以及香港經濟在未來四個季度對私營機構全職僱員薪酬的影響,會於來年的薪酬趨勢調查結果中如實反映。
- 5. 雖然薪酬趨勢調查有「滯後性」,過去多年政府均會按照「薪酬趨勢淨指標」作為公務員薪酬調整的主要參考,政府只有在少數年份沒有跟隨「薪酬趨勢淨指標」調整公務員的薪酬(註:自回歸以來,在過去的 21 次薪酬趨勢調查中,只有六個年席政府沒有跟隨淨指標調整薪酬,當中四個年度均是增加公務員薪酬,即 99-00,00-01,15-16 及 17-18年,政府是按照「薪酬趨勢淨指標」以上加薪約 0.5%;另外兩個年度,即 20-21 及 21-22 年,政府並沒有跟隨淨指標而決定凍結薪酬調整)。當然,按照往常慣例,過往每年低層公務員均會跟隨中層公務員的淨指標調整薪酬。
- 6. 我們非常理解因為第五波疫情的影響,公務員加薪或許令市民感到不解。但是,我們必須指出,《2022年薪酬趨勢調查報告》所收集的數據既有「滯後性」,亦有「領先性」的作用。 公務員薪酬的調整既要參照私人市場過往一年的數據,亦是日後私人市場薪酬調整的重要參考。 因此,我們既不能過分偏離市民大眾的觀感,亦不能抽離於市場的真實數據而作出偏離統計科學的決定。
- 7. 過去三年的通賬率及退休公務員的退休金亦有達約 5.4%的複息增長,公務員在連續兩年凍薪的情況下,如仍然未能得到合理的薪酬調整,並不合理。 同時,公務員在過去幾年均積極參與各種抗疫活動,在疫情嚴峻時,仍能維持政府基本的公共服務,值得支持和鼓勵。
- 8. 另外,每年公務員的薪酬調整,均亦會影響該年退休公務員的退休金額的計算及安排,因此我們希望政府必須尊重機制,按照「薪酬趨勢淨指標」,調整公務員薪酬。 若政府不按照薪酬趨勢調整數據調整薪酬,必會影響公務員的士氣。
- 9. 最後,我們特別需要指出,現時與首長級公務員薪酬相近的私人機構僱員的薪酬調整趨勢,並未有包括在薪酬趨勢調查範圍之中(註:有 2,630 名私人機構僱員因月薪超過 150,915 元,即非首長級公務員同等薪酬上限,而被剔除於今年趨勢調查之中。 相對而言,被納入調查的私人機構高層僱員,即與非首長級高級公務員的薪酬水平近似的私人機構僱員則有 10,299 名)。

10. 我們認為政府必須考慮在往後的薪酬趨勢調查中,加入與首長級公務員薪酬水平相近的私人機構僱員的薪酬趨勢調查。 我們亦希望政府盡快開展每六年一次的「薪酬水平調查」,以確定香港政府高層公務員的薪酬水平具有一定的吸引,並與市場水平大致相若。

有關《2022年薪酬趨勢調查報告》的一些意見

- 11. 關注高層薪金級別私人機構僱員薪酬增幅較大的情況,我們特別留意到去年有幾個行業的僱員薪金增長幅度強勁,包括「專業及商用服務業」,「運輸、倉庫、郵政、速遞服務及公用事業」,「批發零售及進出口貿易業」,以及「金融、保險及地產業」。 我們也留意到所涵蓋的九個經濟行業中,高層薪金級別的加幅十分明顯,尤其「規模較小公司」的加幅更是顯著。
- 12. 雖然被納入調查的公司數目與去年比較沒有明顯的變動,但所收納於今年調查中的僱員數目卻與上年比較顯著下跌,未知是否由於去年本港離職及移民潮有關,我們期望「薪酬研究調查組」能於下年度的薪酬調查中尋找原因。
- 13. 本會在研究及分析《2022 年薪酬趨勢調查報告》時,發現高層薪金級別於去年的薪酬加幅顯著,是過去 15 年最高的一次。 我們相信是由於以下幾個原因:
 - 一) 由於 2020 及 2021 年疫情後,香港經濟顯著復甦,經濟活動加快,私人機構僱員薪酬加幅明顯。 另外大部分獲邀公司於 2022 年初(即第五波疫情發生前)已經完成了年度薪酬調整。 相對而言,受疫情影響的薪酬變動,將會在來屆的薪酬趨勢調查中反映出來。
 - 二) 我們相信由於去年有不少公司僱員流失或移民,私人機構 為了挽留人才,對僱員(尤其高層級別僱員)提升了薪酬 及福利的回報。
 - 三) 我們留意到有幾個行業去年的經濟活動加速比較顯著,而 高層級別僱員更可能是由於來自「良好穩健僱主」,在 疫情時間仍然能夠維持穩定的工作,例如適切的「在家工 作」處理日常業務、改變經營模式以減低疫情的影響等。

總結

- 14. 我們覺得《2022 年薪酬趨勢調查報告》,不單反映了過去一年私人機構薪酬變動的趨勢,更記錄了在第一至四波疫情過去後,香港經濟高速反彈的實況。 我們估計,若今年第五波疫情仍然影響香港的經濟活動,來年私人機構或會受到很大衝擊,影響僱員的薪酬調整幅度。
- 15. 相反地,若果下半年疫情影響減退,出入境限制「解封」,香港經濟必然會很快復甦,失業率亦會逐步下降,來年私人機構僱員有望升職、加薪、「跳槽」等。因此,我們確信,若政府能夠按照機制以「薪酬趨勢淨指標」調整公務員薪酬,定必會提振公務員的士氣,一同迎接來屆政府的種種挑戰。



香港高級公務員協會主席 李方冲

2022年5月26日

Applicability of the Civil Service Pay Adjustment

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. The relevant policy background is set out below –

- (a) JJOs: JJOs are subject to a different and separate mechanism for pay adjustment as endorsed by the Chief Executive (CE)-in-Council on 20 May 2008. The Standing Committee on Judicial Salaries and Conditions of Service (the Judicial Committee) will deliberate on 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) <u>PAOs:</u> The pay policy for PAOs (including Directors of Bureaux, Deputy Directors of Bureaux and Political Assistants) 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 automatically 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 Authority, social welfare Hospital 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 2022-23 and the approval of the Finance Committee of the Legislative Council, 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.

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The weighted average of civil service pay adjustment rates would be 2.5% if civil service pay for 2022-23 is indeed adjusted according to the pay offers.