

Press Release :

2002 Civil Service Pay Adjustment : The Chief Executive decides against appointment of a Committee of Inquiry
(11 June 2002)

The Chief Executive decided today (11 June 2002) not to appoint a Committee of Inquiry to look into the 2002 civil service pay adjustment, as the Staff Side of the Senior Civil Service Council (SCSC) had requested under clause 7(1) of the 1968 Agreement signed between the Government and the main staff associations.

The Chief Secretary for Administration, Mr Donald Tsang, wrote to the staff side of SCSC today to convey the decision of the Chief Executive.

“The Chief Executive is of the opinion that it is a matter of settled public policy that in determining the size of each year’s civil service pay adjustment, the Government takes into account the following factors: the net pay trend indicators derived from an independent private sector pay trend survey, the state of the economy, budgetary considerations, changes in the cost of living, the staff sides’ pay claims and civil service morale. Some of the considerations under the existing mechanism such as the net pay trend indicators and the cost of living are capable of upward and downward movements. It is thus inherent in the existing mechanism that civil service pay may be increased or decreased,” the Chief Secretary for Administration said in the reply.

“The 2002 civil service pay adjustment exercise has been conducted in strict accordance with the established mechanism and the final decision on a civil service pay reduction has taken account of all the relevant consideration factors as mentioned above,” the Chief Secretary for Administration added.

In response to the suggestion of the staff side of SCSC that the Government should restore an alleged “shortfall” in pay adjustment which has accumulated since 1989, the Chief Executive is also of the opinion that it is a matter of settled public policy that each civil service pay adjustment exercise is taken as a separate and independent exercise based on circumstances prevailing at the time. Under the civil service pay adjustment mechanism, there is no question of restoring any “shortfalls” in

pay adjustment carried over from previous years.

“This year’s civil service pay adjustment exercise has followed the established staff consultation procedures. The Government has invited the staff sides of the four central consultative councils, including the staff side of SCSC, to submit their pay claims for this year’s civil service pay adjustment and to put forward their comments on the Government’s pay offer. The Chief Executive in Council has given full and fair consideration to these claims and comments in deciding on this year’s pay adjustment.”

The Chief Secretary for Administration pointed out in the reply that the Chief Executive in Council's decision to give effect to the 2002 civil service pay adjustment by legislation is a matter of implementation of a settled policy. “The reason for this approach is that the employment contracts between the Government and the vast majority of serving civil servants do not contain an express provision authorizing the Government to reduce pay. Legislation is therefore the only way to implement the Chief Executive in Council's pay adjustment decision fairly and with certainty. Whether the decision could have been implemented without legislation and whether the proposed legislation is constitutional, are questions of law which a Committee of Inquiry would not be able to resolve,” the Chief Secretary for Administration said in his reply.

“In view of the foregoing, the Chief Executive is of the opinion that the matter in dispute is a matter of settled public policy and has decided under clause 7(1) of the 1968 Agreement that there is no case to appoint a Committee of Inquiry to look into the 2002 civil service pay adjustment,” the reply concluded.

The Chief Executive in Council approved on 28 May 2002 that civil service pay should be reduced by 4.42% for the directorate and the upper salary band, 1.64% for the middle salary band and 1.58% for the lower salary band with effect from 1 October 2002. To implement the pay reduction, the Public Officers Pay Adjustment Bill was introduced into the Legislative Council on 5 June 2002. It is the Government’s intention to obtain the Legislative Council’s approval of the Bill within the current legislative session.

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