

21 December 2001

Ms Pauline Ng
Clerk to Finance Committee
Legislative Council Secretariat
3rd Floor, Citibank Tower
3 Garden Road
Hong Kong.

Dear Ms Ng,

Finance Committee on 6 July 2001

At the meeting of the Finance Committee of the Legislative Council on 6 July 2001, the Administration submitted to the Committee for approval the proposal for the 2001 civil service pay adjustment. During the discussion, the Secretary for Civil Service agreed to provide a paper with detailed information on the existing civil service pay adjustment mechanism to facilitate members' consideration of the subject. In this regard, you may like to inform Members that a paper on the subject has been submitted to the meeting of the Legislative Council Panel on Public Service on 17 December 2001. We have also announced, on 18 December 2001, that a comprehensive review to be conducted on the civil service pay policy and system. A brief on this has been provided to all members of the Legislative Council that same afternoon.

At the same meeting, the Hon Margaret Ng sought information on the percentage of expenditure on civil service staff costs on Hong Kong's GDP and whether any previous savings arising from the Enhanced Productivity Programme (EPP) would be offset by the proposed pay increases for civil servants. On this, please note that the total expenditure on civil service staff cost in 2001/02 accounts for about 5% of the GDP of year

2000. As regards the second point, all savings arising from the EPP are ploughed back to provide new services or improve existing services. They will not be offset by the 2001 civil service pay adjustment.

Yours sincerely,

(Angelina Fung)
for Secretary for the Civil Service