

Honourable Mr. Tam Yiu-chung, GBS, JP
Chairman, LegCo Panel on Public Service

c/o LegCo Secretariat, 8 Jackson Road,
Central, Hong Kong

17 May 2002

Dear Mr. Tam,

2002-03 Civil Service Pay Adjustment

The Staff Side of the Senior Civil Service Council has been invited to make a written submission on the subject for consideration of your Panel. We are of the unanimous view that the following essential factors must be carefully considered by both the Legislative Council and the Administration before taking any decision on the 2002/2003 Civil Service pay adjustment :-

- (1) The importance of following the established mechanism for formulating the civil service pay adjustment. In this regard the net pay trend indicators are important but not the **sole** determining factor. Other factors have always been taken into consideration by both the Staff Side and the Administration. There were several departures from the PTIs in the past for various reasons.
- (2) The Staff Side acknowledges the policy to share in the ups and downs of the economy. It must however be remembered that the civil service has, in recent years, been drastically reformed and subjected to strict budgetary cuts in expenditure, e.g. EPP, downsizing, outsourcing, etc. At the same time, the services provided have been continuously expanding.

- (3) The Staff Side is mindful that any pay cut would have detrimental consequences to the local economy – a “**triple lose**” situation, namely, immediate and severe impact on consumer spending, slow down and hinder the economic recovery and adverse impact on civil service morale.
- (4) The accumulated shortfalls for the middle and upper bands which have arisen since 1989/90 (1.61% and 2.91% respectively).

In view of all these factors, the Staff Side has determined that a pay freeze would best fit the situation. This would enable civil servants to continue to give their whole-hearted support to government and put forward their best efforts to their duties.

Yours sincerely,

(Ms Cecilia SO Chui-kuen)
Staff Side Chairman
Senior Civil Service Council