

SCS's transcript on the pay cut consensus reached with the staff sides

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Following is the transcript of a media session given by the Secretary for the Civil Service, Mr Joseph W P Wong, today (February 21) on the pay cut consensus reached with the staff sides representatives of the four Civil Service Central Consultative Councils and four service-wide civil service staff unions:

Secretary: We have reached a consensus with the staff sides of the four Central Consultative Councils as well as the representatives of the four major civil service unions. We have agreed that the salaries of the civil service should be reduced to the cash level of the salaries in 1997. We believe this is in accordance with a prudent interpretation of Article 100 (of the Basic Law) and in accordance with the present government policy that this is the maximum reduction allowable.

We will implement the pay reduction by legislation in two phases. The first phase will commence from 1 January 2004 and the remaining phase on 1 January 2005, broadly fifty per cent reduction for the first phase with the remaining fifty per cent for the second phase.

We have also agreed that we should continue to improve our present pay adjustment mechanism which will include a review of the pay trend survey methodology. We would also commence a pay level survey. We aim to complete the whole exercise in 2004.

This consensus has been reached through extensive consultation with our civil service unions. During the past few months, I have also consulted extensively civil servants at all levels. We believe this proposal underlines the commitment of the civil service to take the lead to face the difficulties, to share the burden and to help address the very serious economic and budget problems which now face Hong Kong. I am confident that in the coming days, months and years, our civil service will rise to challenge. They will do everything possible to assist the government to cut expenditures, to enhance efficiency and to better serve the people of Hong Kong. Because we are able to reach this consensus in an amicable atmosphere, we believe this will strengthen the cohesion and partnership spirit within the Government. Because we manage to resolve this problem which has been causing a lot of concerns

in the community, we believe this resolution will enhance the unity of the community, and will also enhance the harmony in the community. We believe this proposal not only is a fair deal for the civil service, but it also is a good solution for the community as a whole. Finally, I should mention that this consensus proposal will still have to be submitted to the Executive Council as soon as possible and the proposal will require the final decision by the Chief Executive in Council.

Reporter: Some business leaders are not very happy with the proposal, questioning why there is a nine months' freeze and not a six per cent cut immediately. Is the proposal too lenient?

Secretary: Let's look at it in this way. The civil service received a pay reduction as late as October last year. To implement another pay reduction in January 2004, I don't think it is a very generous proposal as far as the government is concerned. What is actually most important is that we are able to reach this proposal by consensus.

This will enhance the partnership spirit within the government. This will preserve the morale of the civil service so that they can better serve the community. This will send a very clear signal to the community that an issue as controversial and difficult as the civil service pay reduction, which really arouses a lot of emotions from different parts of the community, can be resolved in a harmonious way.

In this community which is already full of conflicts and full of finger-pointings, I believe we have set a good example and I believe this is something which should be applauded. I don't believe phasing this in two years is a price which we could not afford to pay. Indeed, I believe it is very valuable for us to reach where we have reached today.

(Please also refer to the Chinese transcript)

End/Friday, February 21, 2003

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