

Response of the Administration to the written submission from the Hong Kong Confederation of Trade Unions

The response of the Administration to the written submission from the Hong Kong Confederation of Trade Unions (HKCTU) dated 13 September 2003 is set out below.

Consensus between the Administration and staff representatives

2. In February this year, the Secretary for the Civil Service (SCS) reached a consensus proposal with staff representatives that civil service pay should be restored to the level as at 30 June 1997 in dollar terms by two adjustments of broadly equal amount to be implemented from 1 January 2004 and 1 January 2005 respectively. SCS also reached a consensus with staff representatives that the Administration would aim to introduce legislation into the Legislative Council within 2003 to implement the pay reductions. Having considered the consensus proposal and other relevant factors, the Chief Executive in Council has decided to restore the pay pertaining to each civil service pay point below Directorate Pay Scale Point 3 (D3) or equivalent to the level as at 30 June 1997 in dollar terms by two adjustments of broadly equal amount to be implemented from 1 January 2004 and 1 January 2005 respectively, and to restore the pay pertaining to each civil service pay point at D3 and above or equivalent to the level as at 30 June 1997 in dollar terms from 1 January 2004. After consultation with staff representatives, the Administration introduced the Public Officers Pay Adjustments (2004/2005) Bill (the Bill) into the Legislative Council on 21 May 2003 to implement the pay reduction decision.

The purpose of the Bill

3. The HKCTU suggested that the Bill should state that it seeks to set out the details for implementing the consensus reached between SCS and staff representatives on the pay reductions which were to take effect from 1 January 2004 and 1 January 2005. As explained in paragraph 2 above, the decision to reduce civil service pay in 2004 and 2005 was made by the Chief Executive in Council after taking account of the consensus proposal reached between the SCS and staff representatives as well as other relevant factors such as the state of the economy, budgetary consideration and changes in the cost of living. When introducing the Bill into the Legislative Council on 21 May 2003, SCS had mentioned in his speech the consensus reached between himself and the staff representatives on the pay reduction earlier in the year. For the Bill itself

which seeks to implement the Chief Executive in Council's pay reduction decision, it will achieve the necessary legal effect by stipulating the magnitudes and effective dates of the pay reductions for different groups of public officers. It is unnecessary for the Bill to give an account of the history leading to its enactment.

The adjustments to the pay scales in the schedules to the Bill

4. The HKCTU suggested that amendments should be made so that all civil service pay points as set out in the schedules to the Bill would not be reduced by more than 6% in accordance with the consensus between the Administration and staff representatives. We should clarify that neither the decision of the Chief Executive in Council nor the consensus proposal reached between SCS and staff representatives referred to any specific percentage of adjustments to the civil service pay points. The decision of the Chief Executive in Council was to restore the pay pertaining to each pay point to the level it was at 30 June 1997 in dollar terms. This would result in the application of different adjustment percentages for different pay points. Taking account of the annual adjustments since 1 July 1997, the dollar value of all civil service pay points below D3 or equivalent will in effect be reduced by around 3% from 1 January 2004 and another 3% from 1 January 2005. The 6% pay reduction is therefore only a rough indication of the rates of adjustment to the dollar value of the pay points below D3 or equivalent following the pay reductions to be effected on 1 January 2004 and 1 January 2005 respectively.

Civil Service Bureau
September 2003