

Cut prudently. Change with care

By DAVID H T LAN - Former Secretary for Home Affairs of HKSAR Government,
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Are civil servants paid too much? On the eve of the Lunar New Year, a survey was released comparing pay levels in the civil service with those of the private sector. It found pay was 30-60 per cent higher in the civil service. It said the salary and benefits of a senior professional officer could be three times higher than someone at the same level in the private sector.

The survey, commissioned by the Hong Kong General Chamber of Commerce, took only three months to complete, according to reports in the Hong Kong media. By contrast, a similar survey to be commissioned by the Hong Kong government will take an estimated six months. Even so, staff unions said that it should take at least three months longer to avoid being a rushed job. Is the government dragging its feet? Are union leaders too demanding?

The civil service pay structure has been built up over the years - decades, rather - with great care, and with scrutiny by the government and various independent commissions. Nobody is saying the pay structure might not be outdated. But if changes have to be made, they had better be done correctly and with due care, as the structure affects the careers of all civil servants. Most of them joined in search of a lifelong career that promised stability over the long term and one that fits in well with Hong Kong's public interest.

However, for the past two years or so in the private sector, graduates fresh from university have been lucky if they could get jobs with starting salaries of \$7,000 to \$8,000 a month. Many general practitioners in the medical field have difficulty finding enough patients to maintain their practices, whereas solicitor's firms have had to lay off staff - including senior lawyers - because the property market has remained sluggish for a long time.

Similarly, many architects and engineers are taking long holidays and some firms have to lay off staff because there is not enough business available in Hong Kong.

Unfortunately, the government and the civil service cannot be so flexible, because government needs to deliver and maintain essential services, even in hard times. Are we prepared to take the risk of a complete breakdown in Hong Kong's lifestyle?



Certainly not.

Soon after Hong Kong became a special administrative region, many business leaders in the private sector told me how wonderful the Hong Kong civil service was, especially at the senior directorate level - and that they were all much underpaid. My response then was: "I am happy with my pay as a policy secretary and as a civil servant. We never expect to get 18 months' pay in a year or even double pay at year-end in good times; we just want to have a challenging and stable, lifelong career."

Is there an effective, quick solution to the question of civil service pay? Not too long ago, media reports stated that civil service pay and related expenses accounted for about 70 per cent of government operating costs in the 2001-02 financial year. This has caused some alarm and raised questions: has the civil service grown too rapidly in recent years? Are civil servants overpaid? We also heard the suggestion that Hong Kong could follow Singapore's example - a 30 per cent cut in all government salaries to help resolve the budget deficit problem.

In last month's policy address, Chief Executive Tung Chee-hwa said categorically that civil servants were not the cause of Hong Kong's fiscal deficit. He praised their readiness to participate in achieving spending cuts of \$20 billion and to accept a pay cut, if circumstances required it.

Recently, the Secretary for Civil Service, Joseph Wong Wing-ping, wrote a letter to colleagues saying the often-used costs figure of 70 per cent was misleading. Only about half of that went to civil service endowments and related expenses; the other half went to staff of government-subsidised organisations in the fields of education, welfare and medicine, among others.

We now know that under Article 100 of the Basic Law, civil servants' pay, allowances, benefits and condition of service should be no lower than they were before the handover on July 1, 1997. The permissible cut, according to calculations from media reports, is about 6 per cent, rather than the 30 per cent some have proposed.

The government has managed to trim the size of the civil service from 197,241 in 1998-99 to the present level of 177,629. That was its size in 1984, when the monetary and hospital authorities were not in existence. In his policy address, Mr Tung promised to cut the service by another 10 per cent, down to 160,000 by 2006-07, and to freeze civil service recruitment across the board.

Mr Wong has been meeting union leaders in a working group, indicating that formal talks have reopened between management and the staff side over resolving their differences. Before that, there was an unfavourable reaction from the staff side to the government's recently announced second round of the voluntary redundancy scheme: it has been described as "lean pigeon meal" as opposed to the far more attractive "fat chicken meal" in the first round offered in 2000.

Workers are also unhappy with the method to be used in the pay-level survey. Critics have called it a too-hasty approach, aiming for completion by September.

A common question concerns the size of the gap between management and staff pay levels. If we take a realistic look, the gap is not too wide, and could be resolved through earnest, calm and sincere negotiations.

Whether the second round of the voluntary redundancy scheme is too lean or just right is debatable; after all, the proof of the pudding is in the eating. Can the government ensure the "meal" is right and guarantee it will not resort to laying off staff if Mr Tung's 10 per cent target cannot be met? Hong Kong is proud to have an honest and efficient civil service, as a valuable asset supporting its stability and prosperity.

We are also glad that the civil service, as a part of Hong Kong society that takes up a sizeable portion of public spending, has indicated its willingness and readiness to help resolve the budget deficit problem. What we do not want to see is a confrontational situation being developed here.

There are already too many open demonstrations in Hong Kong, and the public is growing tired and feeling numb. A few more public demonstrations on Sundays and holidays are not going to help anyone. Please remember, we can earn more respect from the public and could even become heroes of Hong Kong if we manage to resolve problems through earnest, sincere and skilful negotiations round the table.

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