

Clarify the pay policy

By DAVID H T LAN - Former Secretary for Home Affairs of HKSAR Government,  
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The Hong Kong government said last month that it would do a pay-level survey this month to compare civil service pay with jobs of a similar nature in the private sector.

Despite warnings by staff unions that the survey should not be rushed, the government says it hopes to make the results available in September.

Secretary for the Civil Service Joseph Wong Wing-ping jointly announced with union leaders on February 21 that both sides had reached agreement on salary cuts of 6 per cent by two instalments - the first 3 per cent cut to be implemented next January and the second the following January.

Both sides cited the Basic Law provision that civil servants' pay should be no less favourable than [it was] before 1997, as the legal basis for limiting the cut. Most major political parties endorsed the deal. Chief Executive Tung Chee-hwa said it was not easy to arrive at the agreement: he said it was reached in a fair and reasonable manner that demonstrated a spirit of shared responsibility in tackling the deficit.

In the following days, the media reported that the landmark deal - which was hailed as underlining the willingness of the civil service to help resolve the budget deficit problem - had angered some business leaders.

The Liberal Party said the government should not just be lenient with civil servants and tough on the business sector and the underprivileged. The government should be fair to other sectors of the community and profit tax, departure tax, and Comprehensive Social Security Assistance [CSSA] should be raised [or decreased in the case of the latter] in stages.

The chairman of the Federation of Hong Kong Industries, however, pointed out that the federation would stick to its original proposal of supporting a 1 per cent increase in the profits tax in one step. One social worker criticised the government for adopting double standards should it slash CSSA by 11 per cent, based on figures derived from deflation during the past four years.

Perhaps it is natural, or, at the least, convenient for people to use the two-bites

formula for civil servants as a yardstick to measure other issues in which they have an interest.

The question is: are people comparing like with like or are they merely equating an orange with an apple?

To make a direct comparison between civil service pay and a profits tax increase may seem a little odd from a logical point of view.

CSSA, the safety net guaranteeing the basic necessities for survival, is also a totally different matter. Furthermore, the conditions governing the civil service pay issue should be looked at with great care. A clean and efficient civil service is important for Hong Kong, and a pillar supporting Hong Kong's stability and prosperity.

The fact that the Basic Law has a special provision to protect civil servants' pay and conditions of service says it all. Let us not forget that civil servants had pay cuts last October, ranging from 1.6 per cent to 4.6 per cent. Perhaps with hindsight, we can argue that the government should have made one big cut last year, and that might have saved us many headaches, at least for a few years.

Despite the fact that CSSA, civil service pay, departure tax and profits tax are different issues with no direct relevance to one another, the government could still apply the two bites or two instalments principle, as in the case of the elderly and the handicapped - if only to demonstrate the spirit of shared responsibility in tackling the budget deficit. One business leader suggested that profits tax could be increased by one or two percentage points in two instalments. Is the government thinking of raising profits tax from 16 per cent to 17 per cent this year and then to 18 per cent the following year?

Returning to the pay-level survey - now that the government has reached agreement on the 6 per cent cut in two stages - the September deadline which some unions are feeling uneasy about is no longer of paramount importance. But that still leads to an important question which the public and civil servants will be asking: what is the policy on civil service pay?

A survey which compares civil service pay with private sector pay would merely produce a lot of figures, which could mean little unless the government has a clearly defined pay policy. Is the government going to peg civil service pay to the higher, middle or lower end of the private sector on jobs of a similar nature? A clear statement



on the government's pay policy is needed.

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