



2002/06/21 12:34
PM

收件人： [REDACTED]/HQ/EMSD@EMSD
副本抄送： [REDACTED]/HQ/EMSD@EMSD
主旨： Review of civil service pay policy and system.

I refer to your memo of April 25 inviting comments on the subject shown above.

I am not prepared to comment on this subject in detail, as I am quite sure that a lot of people would wish to do so. However, I would like to make some general comments as follows.

In principle, I think there is a fundamental error in adjusting civil service pay with reference to private sector because there are some factors in the private sector the civil service can never be flexible enough to take into account. For instance, in booming years the private sector may get special bonus, and/or benefit in kind like share options, which may be equivalent to much more than the basic emolument fixed by the employment contract. It is quite unlikely that the government payroll can correctly and timely reflect this. On the contrary, in bad years as we are now experiencing, private sector would take the view that civil servants are overpaid when the real take-home-pay in the private sector drops. I am therefore of the opinion that civil service pay may, if absolutely necessary, be adjusted in accordance with the already available and relevant living cost indices **to reflect the changes in living standard** properly.

Another paradoxical point is that government should be able to offer its employees a steady income in spite of the economic downturn. This will serve to compensate the lost opportunity to get much higher return in the private sector during the economic booms. In fact, the stability of income in different phases of the economic cycle is the most apparent attraction for people to join the civil service. On the contrary, one can imagine the unfavourable situation faced by civil servants that during boom time, there is no extra award like private sector, while during gloom time, one should suffer together with the private sector. The clear message from such a phenomenon is that civil service will no longer be able to attract people to join. In particular when there is an upturn in economy, civil servants will have no will to stay because joining the private sector will have all the advantages over and above that offered by the civil service, with no extra disadvantages vis-a-vis the civil service.

Therefore, unless we do not expect an economic upturn, the salary downward adjustment made in accordance with private sector income trend during the gloom time will only force the civil servants to lump it for a short while. The young and aggressive ones will certainly bear this in mind and will surely grip chances to join the private sector when there is a clear sign that the economy will pick up, especially now the civil service employment terms are becoming less and less attractive vis-a-vis the private sector. The present trend indicates that the civil service appears doomed to lose those young and capable ones before long, not to mention immediate grievances.

That is all I want to say in general. Good luck to the civil service and the leaders!

