

Business

Overpaid civil servants outperform in defence of salaries and perks

WHO SAYS THAT civil servants cannot move quickly if they so choose? When their personal interests are at stake they can be very hasty indeed.

With at least nine months before a pay survey commissioned by the Civil Service Bureau is scheduled for completion, we have government "sources" already attempting to nudge its conclusions their way by saying it will call for a pay freeze only if it shows officials are paid more than their private-sector equivalents.

Let us cut to the chase. At the beginning of last year the General Chamber of Commerce commissioned a comprehensive civil service pay survey from Watson Wyatt Worldwide.

The survey covered 69,000 government employees in 76 civil service job families excluding disciplined services, teachers and occupations unique to government. It then compared these to the closest equivalent private-sector jobs.

The results showed such a huge gap that the chamber decided to soft-pedal



the findings. The chamber likes to maintain warm relations with civil servants but there was a danger here of the sudden appearance of icicles. It therefore highlighted only a single skewed finding that showed a 17 per cent excess in civil service pay. The table shows you the full findings.

First, a word of explanation. The P50 and P75 refer to levels of pay within job categories. P50 assumes that you compare the mid-range of pay within any government job category to the mid-range of pay within the equivalent private-sector category. P75 assumes that you measure the mid-range for

government against the top quartile of the private sector.

As you can see, the chamber chose the P75 comparison for its figure of a 17 per cent excess in government pay. It said: "We recognise that the average civil servant should be compared with the better performers in the total workforce."

I can think of several reasons why it should be the other way round. Let us not quibble, however. We shall simply take the P50 measure instead of the P75 and we now have civil service pay at a 34 per cent excess over the private sector.

But, of more importance, this 17 per cent represents only straight salary or wage excluding cash allowances and other benefits and I do not pretend to offer you a revelation when I say that the perks of any government job are hugely better than those of private-sector equivalents. Let us include just cash allowances. This gives us civil servants paid 62 per cent more than their private-sector counterparts.

And now for the real figure. We shall

I'M ALRIGHT, JACK (see text)

	P50	P75
Cash	34	17
Cash plus *	62	41
Total remuneration	59	40
Total rem. plus *	229	190

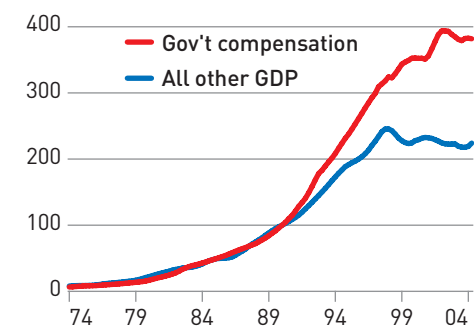
* including housing and education allowances

SCMP Graphic
Sources: HK General Chamber of Commerce, CEIC Data

make it a like-for-like comparison, P50 instead of P75, and on the basis of total remuneration – salary, cash allowances, housing, medical, educational, home travel, annual leave, retirement and all other benefits for both government and private sector.

We now have civil servants paid 229 per cent more than private-sector employees. Take special note that this is

GOV'T PAY IN FOCUS Indices of Q1 1990 = 100



229 per cent *more than*, not *of*, private sector pay. At maximum pay levels the discrepancy is even greater, 264 per cent.

No, civil servants do not want these survey findings widely publicised. That is why they have been stalling since they last conducted their own survey in 1986, and why they are now jumping the gun to forestall the one due out in the

second quarter of next year. Haste has suddenly become a virtue to them.

Let me put another perspective on it. The red line in the chart shows you total government compensation of employees on the basis of an index where the first quarter of 1990 represents 100. The blue line represents the rest of our gross domestic product on the same basis.

My argument is, growth in the costs of government administration should be in line with growth in the size of the economy administered. This was roughly the case from 1973 (the first data I have on record) until 1990. From that point, however, the costs of administration rose much more rapidly than the economy, particularly after 1997. Relative to the size of the economy we now spend 70 per cent more on government pay than we did in 1990.

So, let us hear this again, fellas. You think, do you, that we should at most have only a freeze on government pay? Get real. What you need, frankly, is a whopping, massive pay cut. jake.vanderkamp@scmp.com