

# PSC CIRCULAR

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## PSC Circular No. 07/2007

To: Permanent Secretaries and Heads of Departments File: C29/167/35

Subject: REDUCTION IN SALARIES AND WAGES Date: 2<sup>nd</sup> March, 2007  
ESTABLISHED AND GOVERNMENT WAGE EARNERS

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### 1.0 INTRODUCTION:

- 1.1 In its efforts to protect fiscal stability and as part of measures towards economic recovery, Government has decided to implement a 5% across the board reduction in public service salaries and wages. This was announced as part of policy measures in the 2007 Mini Budget.
- 1.2 It is regrettable that a reduction in salaries and wages has become necessary, but given that salaries and wages are by far the largest single component of Government expenditure, comprising of over 40% of the total operating budget, this was considered the most immediate source of relief. It is impossible for the other sectors to sustain larger cuts without seriously affecting the current level of Government services; a core level of operating expenditure must be maintained.
- 1.3 Under mitigation, the 5% pay reduction is less compared to that implemented in 1988 (15%) and 2000 (12.5%), even though the financial and economical positions are considerably worse this time. The 5% pay reduction also compares favourably to the scenario observed in the private sector, where jobs have been lost and wage cuts of up to 50% have been imposed.
- 1.4 During a crisis such as this, fiscal stability and economic recovery must be the priority, as through these the long-term interests of the nation will be best assured and maintained.

### 2.0 APPLICATION:

- 2.1 The 5% salary and wage reduction would be applied to all Civil Servants and Government Wage Earners, and also including the Police, Military, Prison and Forest Guard Personnels.
- 2.2 The Permanent Secretary, Prime Minister's Office, Immigration and Information is requested by this Circular to where necessary and appropriate, make amendments to the relevant Regulations to effect the 5% salary and wage reduction for those in the Disciplined Services, and the Solicitor General and Permanent Secretary for Justice in respect of the Fiji Prison Service.
- 2.3 The 5% salary and wage reduction will **NOT** apply to:
- (a) Officers whose salaries are determined under the Judges Remuneration and Emoluments Act and the Prescription of Salaries Act;
  - (b) Expatriate contract officers; and
  - (c) Recipients of basic pension under the Pensions Act 1983.
- 2.4 The 5% salary and wage reduction will apply to:
- (a) Permanent Officers including those on probation;
  - (b) Temporary Officers [including temporary relievers];
  - (c) Local Contract Officers; and
  - (d) All Government Wage Earners.

### **3.0 CONVERSION:**

- 3.1 The reduction in salaries for all Civil Servants will be effective from Pay 5 of 2007 on March 08<sup>th</sup> 2007 and for all Government Wage Earners from Pay 10 of 2007 on March 7<sup>th</sup> 2007.
- 3.2 The revised salary scales for all occupational classifications are shown in **Appendix A** to this Circular.
- 3.3 The respective salaries for Officers in the Disciplined Services, namely the Fiji Police Force and Fiji Prison Service and Republic of Fiji Military Force (RFMF), should be adjusted accordingly. **Appendix B** lists changes in salaries for the Police and Prisons Department and a separate table has been forwarded to the RFMF.
- 3.4 Revised Government Wage rates are shown in **Appendix C**.

### **4.0 ALLOWANCES:**

4.1 All allowances linked to salaries such as Housing Allowance of Permanent Secretaries, Consolidated Allowance, Acting Allowance etc, shall continue to be paid but will be based on the reduced salary levels.

#### **5.0 PENSION – OFFICERS RETIRING:**

5.1 The 5% salary and wage reduction will not affect the computation of pensions for eligible officers retiring from the Service on or after March 08<sup>th</sup> for Civil Servants and March 07<sup>th</sup> for Government Wage Earners. Their pensions shall be calculated on the salaries received immediately prior to the salary reduction.

#### **6.0 OVERTIME RATES:**

6.1 Revised overtime rates for established staff are provided in **Appendix D**.

6.2 Government Wage Earners overtime rates are provided in **Appendix C**.

#### **7.0 AMENDMENTS TO GENERAL ORDERS**

7.1 The amendments to the General Orders necessitated by this salary reduction is set out in **Appendix E**.

#### **8.0 DIFFICULTIES IN MEETING FINANCIAL OBLIGATIONS**

8.1 Officers/Employees adversely affected by this reduction in pay and who experience financial hardship, may apply to the Commission through their Permanent Secretaries for possible redress. Those officers/employees when approaching the Commission must indicate the level of hardship encountered. The Commission will examine each case based on its own merit.

#### **9.0 CLARIFICATION:**

9.1 Any clarification required may be sought and obtained from **Mrs. Losana Ravuso**, Principal Employee Relations Advisor, Employee Relations Division, Public Service Commission, on telephone 3314588 ext. 218 or email: [lravuso@psc.gov.fj](mailto:lravuso@psc.gov.fj)



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