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From: "██" > 
 Date: 2002/05/21 Tue AM 11:13:42 CST
 To: <jsscs@jsscs.gov.hk>
 Subject: Comments on the Interim Report by the Task Force on Review of Civil Service Pay Policy and System

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Introduction:

I appreciate the open minded attitude of the Task Force and would like to submit my comments on the subject. Because of my background I feel that I have some practical and objective views to offer. I grew up in the Civil Service for 38 years of which 28 years in the Labour Department. I retired as Deputy Commissioner for Labour in 1995. During my last five years of service as the deputy head of the Labour Department I tried hard to improve the efficiency and effectiveness of the Department by a number of measures such as work simplification, panel system for staff performance appraisal, strict adherence to promotion criteria and so on. I also recommended a more elaborate system of staff performance system to the Civil Service Branch. My comments below are based on my experience in human resources management.

II. A Need to Change?

Yes, but any change must not disturb the basis on which our stable, clean and efficient civil service has been built over the years. Any change should give priority to that which will enable the Administration to get better value for money and as a result savings could be made. If change were made solely for the purpose of cutting cost due to political pressure then the risk of adverse consequences would be high. I believe that cutting Civil Service cost should be achieved by improving productivity and reducing staff size. I believe the scope for cutting cost in this way could be surprisingly large. The Administration would have a strong mandate to do this and it should be welcome the majority of civil servants. I believe civil servants would be prepared to work harder so as to retain their pay package. If the Administration were to reduce the pay package across the board it would face strong opposition from the whole service and would erode the foundation on which our stable, clean and efficient civil service is built.

It would be useful to keep in mind that the five countries studied are different from Hong Kong in terms of history, culture and political situation. For example in Australia, New Zealand, Canada and UK there are traditions of collective bargaining while in Singapore trade unions has a history of close relationship with the government. What they can experiment with the civil service pay policy and system Hong Kong may not be able to afford. Up to now the Hong Kong Civil Service virtually is the Government. On the other hand the civil services in these five countries are subordinate to their ministerial systems and their working relations have been long established. How relevant is their experience to us? Great caution is necessary when acting on their experience.

Hong Kong is just beginning to introduce a ministerial system and the Civil Service would have to find its new role and to perform it efficiently and effectively under the new system. Uncertainty will prevail until the new system is well established. The merit of timing of this Review is questionable. It would add more uncertainty to the civil servants.

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Before any fundamental changes are introduced the Administration (including the Public Service Commission) must be satisfied that the staff appraisal system is sound and is effective in practice. A high standard of staff appraisal is of paramount importance to the success of any fundamental changes such as the introduction of flexible pay ranges. It takes time to develop a culture which guarantees a high standard of staff appraisal. A sound system which just appears on paper only is not enough.

II. B Replacing Fixed Pay Scales with Pay Ranges (Paras. 3.24 – 3.30)

This would be more suitable for senior staff. However, other alternatives are worth exploring aiming at improving the existing system. For example the incremental credit system and its application could be improved to serve as genuine and effective reward system for good performance. With reliable performance appraisal in practice flexibility could be exercised in granting incremental credit.

If improvement to the existing system could more or less serve the same purpose of a new system the former should be preferred as it will be safer. Examined closely by one who has grown up with the system it is not difficult to notice that the apparent defects of the system is not so much its fundamental weakness but the weakness in applying the system. Over time it has developed into a mechanical system that require very little input from those responsible in implementing it. If revitalization and/or modification of the existing system could achieve the same purpose, it should be a better choice.

C. Pay Adjustment System and Mechanism (Paras. 3.31 – 3.36)

I believe the present system is fair and works well. Fine tuning may be necessary, however. If fiscal constraint were to become an over-riding factor in determining pay adjustments the existing system would become meaningless.

D. Introducing Performance-based Rewards (Paras. 3.37 – 3.44)

There are merits in such a system but the prerequisite for the success of such a system is a high standard of staff performance appraisal in practice. It is doubtful that such a required standard exists. There should have a long way to go. The Public Service Commission should be a good judge on the standard.

The impact of individual award would be greater than team award but the later is much easier to apply and the risk of abuse would be minimal. The criteria for such award should be clearly distinguished from the inherent responsibility of a team or an individual to perform well and award this is reflected in incremental credit or promotion. There could be a tendency to treat certain good performance in the normal course of duty to be given such extra award. This practice would give staff a wrong signal and would create an undesirable new norm at the workplace.

E. Simplification and Decentralization of Pay Administration (Paras. 3.45 – 3.51)

There are merits for such changes in Para. 3.51. Decentralization should go hand-in-hand with stricter control and monitoring. The introduction of an internal audit system in each department/agency with a management auditor or audit team directly responsible the central government but works within the department/agency could be considered. (I can elaborate on the merits of this suggestion if it interests the Task Force.) With effective monitoring from the central government, department/agency should be given greater control over its staff, including pay, staff

transfer, promotion and other rewards. One way of reducing staff cost is reduce demarkation at the workplace and to enable management to redeploy staff easily.

Concluding remarks

I hope my comments will be of some use to the Task Force. I welcome further contact with you to expand on my views, particularly the staff appraisal system which will be a key factor in the success of relevant changes.

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