



渠務署署長 Director of Drainage Services

香港灣仔告士打道5號稅務大樓43樓 43/F Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong  
電話 Tel: (852) [REDACTED] 傳真 Fax: (852) [REDACTED] 電郵 E-mail: rtkcheung@dspd.gov.hk

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Secretary General  
Joint Secretariat for the Advisory Bodies on Civil Service  
and Judicial Salaries and Conditions of Service  
Rm. 701, 7/Floor  
Tower Two, Lippo Centre  
89 Queensway  
Hong Kong.  
Fax: 2877 0750

Dear Sir,

**Consultation on Phase I Study  
Review of Civil Service Pay Policy and System**

I refer to the letter of 25 April 2002 from the Chairman of the Task Force on Review of Civil Service Pay Policy and System. The various issues raised in the review have been considered in a broad manner at the management level within the Department. Although, obviously, there may be a wide range of opinions by individual managers, there is a general expression of similar views on some of the topics. Therefore we would like to offer the following comments on some of the questions raised in the consultation paper-

**A) On Pay Policies, Pay System and Pay Structure**

We are agreeable that there should be some changes to the present pay policy and system of the civil service to ensure that they are appropriate to the socio-economic circumstances of the society. The pay system should be able to meet the changing expectations from all quarters as well as facing the challenges in future. We support a clean wage policy, as that would reduce the large staff cost associated with the administration of various allowances. It would also allow the staff to utilise their all cash wages more flexibly.

We have no objection if the senior civil servants are subject to a pay policy with more risk/award factors and that is different from the middle-ranking and junior ranks. However, sufficient internal relativity of pay must be maintained. To achieve the objective of offering sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with efficient and effective service, a mechanism to adjust the pay of the civil servants so that they are given a broadly "market" salary should be retained.

#### **B) On Replacing Fixed Pay Scales with Pay Ranges**

We see the merits of the introduction of flexible pay ranges to enhance efficiency and productivity and to increase flexibility. However, for those staff already on their maximum pay scale, it may be more effective to introduce some additional performance-based arrangements, such as annual performance bonus, rather than switching over to a new pay range.

#### **C) On Introducing Performance-based Rewards**

We are of the view that the introduction of performance-based rewards would require a sound, fair and robust performance appraisal system which must not be easily susceptible to abuse on one hand and can stand up to challenges by the staff on the other. Given the development of the performance management system in the civil service and the related difficulties encountered, such drastic change would unlikely to be successful in the near future.

#### **D) On Simplification and Decentralisation of Pay Administration**

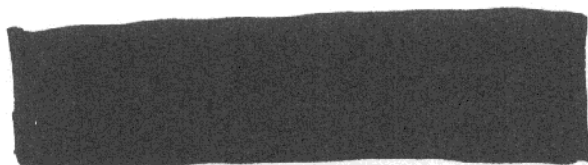
We do not support the decentralisation of pay administration to the departments/bureaux. We appreciate there may be arguments that by decentralising the pay administration, departments/bureaux are provided with flexibility to tailor made their own pay arrangements to suit their own circumstances. We consider that the perceived benefits would be out-weighted by the variance in the remuneration packages among different departments/bureaux within a small locality giving rise to internal competition on human resources, constant comparison of pay among departments and never ending negotiation with staff unions. The administration difficulties and staff conflicts arising from the decentralisation of the pay system will be unmanageable.


Regarding decentralising the management of the general grades, there are concerns that Drainage Services Department is too small a department to offer sufficiently broad job experience and a reasonable career structure for the development of some grades. The resources that have to be spent on recruitment, training and promotion would be too great for the department. Moreover, the practical problems of accommodating the serving officers and their aspiration for career advancement have to be addressed as they will loss the opportunity of transfer between departments/bureaux and the common promotion prospect that these staff

current enjoy. We consider that any benefits to be gained from departmentalisation would be outweighed by the resentment and resistance of the staff concerned.

In terms of simplification, we see the merits of amalgamation of some existing grades, in particular the clerical and supporting grades. To reduce the resistance from the staff, a reasonable transitional arrangement should be worked out in consultation with all stakeholders.

Yours faithfully,

A large black rectangular redaction box covering the signature of the Director of Drainage Services.

  
Director of Drainage Services