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28 June 2002

Secretary General

Joint Secretariat for the Advisory Bodies on Civil Service

And Judicial Salaries and Conditions of Service

Room 701, 7<sup>th</sup> Floor

Tower Two, Lippo Centre

89 Queensway

Hong Kong

Dear Secretary General,

# Review of Civil Service Pay Policy and System

I refer to the letter dated 25 April 2002 from the Chairman of the Task Force on Review of Civil Service Pay Policy and System inviting views on the consultation paper on their Phase I Study. We agree that although the present pay system has served us well, it is high time that we considered introducing some changes that better suit the current socio-economic circumstances and changing management philosophy.

The departmental management of the Government Flying Service has the following views on the preliminary findings and observations of the Task Force:



## Pay Policies, Pay System and Pay Structure

- Owing to the unique nature of the work of the disciplined services (including the GFS) which include high personal risk and demand for discipline and total loyalty, we consider that the disciplined services' pay should continue to be treated differently from the rest of the civil service which is 'civilian' in nature.
- We agree that Government's affordability to pay should be a consideration in pay adjustments but should not be the determining factor. It is necessary that the civil service should be able to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an efficient and effective service.
- We support clean wage policy in which "all cash" wages are paid in lieu of allowances. However, disciplined services staff should be provided with departmental quarters instead of a housing allowance because with an assured proper accommodation for their families, officers can focus all their attention on the tasks which involve high risk.

### Replacing Fixed Pay Scales with Pay Ranges

• We support the idea of flexible pay ranges. It provides the flexibility needed in the implementation of performance pay.

# Pay Adjustment System and Mechanism

- The existing pay levels and adjustments system and mechanism is working well. Although there is no direct comparison between the work of the GFS and that in the private sector, we believe that in general, it would be unwise to move away from comparability with the private sector for pay determination. As pointed out earlier, it is important for the civil service to attract and retain competent staff to provide quality services to the public.
- We do not consider it appropriate to decentralize the pay levels and adjustments to departments because it may result in a very complex and fragmented pay system. Departments may not have the expertise to carry out such complicated and technical process of determining pay levels and adjustments and there will be duplication of work among departments. We prefer that the system be centrally controlled.

## **Introducing Performance-based Rewards**

- The current system of rewarding staff of good performance includes increment (which has almost turned into an automatic reward) and promotion (which is conducted only when there is vacancy). The system is senile and provides limited stimulation. It is no longer an effective management tool for current day situation. Pay performance helps generate a performance culture and is a good vehicle for improving efficiency and productivity.
- GFS has a small establishment and a simple structure. We believe that performance pay can be implemented without too much difficulty. However, the pay performance system has to be administered fairly. It must therefore be supported by a sound appraisal system in which all stake holders are willing to abide by the rules. There should be a high degree of transparency in the performance pay system and a channel for appeal.
- We do not consider that there is any need for other forms of performance-based rewards because the performance pay system, if administered properly, should be a sufficiently useful tool to stimulate employees to perform better.

### Simpilcation and Decentralisation of Pay Administration

- The formulation of framework on pay policy, structure, benchmarking, etc. should remain the responsibility of the central government. Otherwise, there will be problem of internal relativities between staff doing similar work in different departments and a possible threat to the overall coherence of the civil service.
- As far as grading arrangement is concerned, we do not support decentralization of the general / common grades staff. The main characteristic of general / common grades staff is their cross-department postings which we see as an advantage to the department. They bring in good practices learnt from other departments, new ideas and new perspectives to the department and this helps improve the effectiveness and efficiency in work. More importantly, they act as good 'check and balances' of the established procedures and work. Departmentalisation of these grades will see the loss of such valuable characteristics.

In the existing establishment of the GFS, there are the following general / common grades staff: Executive, Clerical, Secretarial and Supplies grades.
 Our establishment is too small to provide a reasonable opportunity for transfer to widen the exposure of these staff and offer limited promotion prospect.

We see these as broad conceptual thinking only. There will be need for more in depth examination and discussion on implementation details when they are to be put into place. We understand that such a large scale reform will take years to complete and we would like to see priority being given to performance pay system.

Yours faithfully,

(for Controller,

Government Flying Service