

Census and Statistics Department

Views and Comments on the Consultation Paper on Phase I Study of
The Task Force on Review of Civil Service Pay Policy and System

The following are the views and comments from the staff of the Census and Statistics Department on the Consultation Paper on Phase I Study of the Task Force on Review of Civil Service Pay Policy and System:-

VIEWS AND COMMENTS FROM DIRECTORATE OFFICERS

General Comments

2. Careful deliberation should be given to the actual implementation of reforms, because, while they might remedy some of the existing shortcomings, they might as well create new ones.

On Pay Policies, Pay System and Pay Structure

3. The existing pay policies, system and structure have been developed with the mutual support of the management and staff sides. The system has been operating smoothly for many years and many of the existing features have proved to be efficient in maintaining a stable civil service. While there is no unanimous view on a number of suggested reforms mentioned in the consultation paper (e.g., clean wage policy), the general view is that a major overhaul may not be necessary. Nevertheless, in view of the changing expectation of the public on the civil service, some reforms may be required on those elements of the system which have already become outdated.

On Replacing Fixed Pay Scales with Pay Ranges

4. The introduction of flexible pay ranges or a performance management system directly linked to pay, may have their merits and to some extent nurture a performance-oriented culture. However, it may create management problems and lead to potential divisiveness among staff. In particular, it is expected that staff would have more queries on the fairness of the pay adjustment system, resulting in more complaint cases. The government should not overlook this problem because handling such complaint cases often draw on a considerable amount of management resources.

5. As an alternative to pay ranges, the government may consider introducing year-end bonus, which could be set as a fixed percentage of the officer's salary.

6. Flexible pay ranges, if introduced, should be applied to the entire civil service, i.e., officers of junior and senior ranks, and of both civilian grades and the disciplined services, although the ranges might be different.

On Pay Adjustment System and Mechanism

7. Broad comparability of pay with the private sector could help recruit and retain high calibre staff, and thus the principle of broad comparability should continue to be adhered to. However, the work requirements for the public sector and the private sector could be widely different, so that the existing pay adjustment system might be regarded as fair in general, but not absolutely, by both civil servants and the public. Also, some work in the public sector may not have comparable counterpart in the private sector (e.g. fire services).

8. Fiscal constraint was considered as one of the factors but not the over-riding factor in determining pay adjustments.

On Introducing Performance-based Rewards

9. While the existing performance management system has catered for the exit of civil servants with persistent sub-standard performance and imposition of "punitive" measures (such as deferment/ stoppage of increment) on those whose overall performance are not up to standard during a certain period, the processing time for these two administrative arrangements is invariably lengthy and their applications are subject to various constraints. The latter is even ineffectual for civil servants who are already on the maxima of their pay scale albeit that this group of staff is in no smaller measure prone to performance problem. While performance related pay is an effective management tool, it is considered that the future pay system, apart from rewarding the promising staff, should also include adequate sanction measures whereby the Head of Department would have both the authority and flexibility to take immediate action on staff whose performance, in terms of conduct, diligence and efficiency, is unable to meet the public demand for efficiency and service quality.

On Simplification and Decentralisation of Pay Administration

10. In view of the current size of the government, civil service pay administration may be decentralised to a certain extent only. If decentralisation is to be introduced, it is suggested that all pay and grading responsibility be devolved to the Head of Department, who might make decision in accordance with some guidelines and in consultation with individual grades.

11. Departmentalisation of some of the current general/ common grades staff and the simplification of certain grade and rank structures are supported because it would facilitate staff management. However, it is also noted that the scope for departmentalisation or grade simplification may be limited given the potential staff reaction.

12. To maintain the standard of service and staff morale if civil service pay administration is to be decentralised, civil servants should be informed of changes with adequate advance notice.

VIEWS AND COMMENTS FROM STAFF AT MANAGEMENT LEVEL

General Comments

13. There are views that many of the questions raised in the consultation paper are too broad and general for a meaningful discussion.

14. Some staff point out that most of the suggestions over-emphasise the benefits of reforms with little consideration on the associated costs and other related management issues. This would easily win public's support on reforms without showing to them an overall and balanced picture.

15. Some staff take the view that too much emphasis has been placed on the affordability of the government, which depends very much on the general economic performance and gives the civil servants an impression that the pay policy and system review is a consequence of recent economic downturn and government budget deficits.

16. Apart from the 5 countries under study, some staff suggest that the Task Force should also study the civil service pay policy and system in such countries as the United States, Japan and other European countries.

On Pay Policies, Pay System and Pay Structure

17. Some staff agree that there should be some reform but not necessarily a major overhaul of the civil service pay policy and system, while others have reservations on a major overhaul for fear that it would lead to deterioration of civil servants' morale.
18. Clean wage policy is supported by the majority as it could save administrative costs for processing applications and avoid technical breach or abuse of allowances.
19. Some staff are confused by the Task Force's definition on "senior civil servants" as it is not clear whether it refers to Directorate officers or officers with a pay point higher than or equal to MPS 34. Since the former could have very different responsibilities, the implication of having a different pay policy for "senior civil servants" would be vague without a clear definition.
20. Some staff are of the view that the pay policy for senior civil servants should be different from that for middle-ranking and junior ranks, but not necessarily restricted to risk/award factors.
21. Diverse views are collected on whether there should be a different pay policy for disciplined services and civilian grades. Some staff point out that, in view of the special features including training, nature of duties, obedience and loyalty, the government should adopt a more favourable pay policy for disciplined services as compensation.
22. Although there are views that many posts in the government do not have counterparts in the private sector which make pay reviews less meaningful, the majority is of the view that the government should continue to conduct regular pay level, pay structure and pay trend surveys to ensure that civil service pay remains competitive as compared to that of the private sector.
23. The majority hold the view that government's affordability should only be one of the considerations in pay adjustments. Some staff argue that the government could make pay adjustments based on a proper weighting of government affordability and the findings of pay trend survey, since even under the current system, the government would apply administrative factors in addition to the findings of pay trend survey in determining pay adjustments.
24. Some other staff opine that it would be unfair to the civil servants if the government make downward pay adjustments because of budget deficits caused by unnecessary expenses.

25. The majority are of the view that many of the features of the existing pay policy and system should be retained, in particular the attractive starting pay and the well-structured, open and fair pay system.

On Replacing Fixed Pay Scales with Pay Ranges

26. Views on whether flexible pay ranges could enhance a performance-oriented culture are mixed. On the positive side, some staff say that it would improve productivity and efficiency, while on the negative side, others argue that it would create a “shoe-shining” culture in the civil service.

27. Some staff are also concerned that if the degree of pay range is small, then its effectiveness as a motivating factor would be limited.

28. There are views that flexibility in pay progression may lead to potential divisiveness, at least at the initial stage of implementation. As an example, it may result in staff grievances which could further develop into complaint cases.

29. The majority opine that pay ranges, if implemented, should be applied to the entire civil service.

30. Staff hold diverse views regarding whether pay ranges should apply to both civilian grades and the disciplined services.

31. To support the introduction of flexible pay ranges, some staff emphasise the importance of a fair and open performance appraisal system. Some suggest introducing the 360⁰ performance appraisal system and an easy exit system.

32. Some staff are of the view that a performance management system directly linked to pay could be an effective but not necessarily the most effective way of nurturing a performance-oriented culture.

On Pay Adjustment System and Mechanism

33. The majority agree that the principle of broad comparability with the private sector should continue to be adhered to. Some staff add that the government should also review the panel of firms chosen for comparison in order to improve representativeness and creditability of the survey.

34. The majority also take the view that the existing pay adjustment system is still regarded as fair by both civil servants and the public. For improvement, some staff suggest a more efficient system to stop or defer increment.

35. There are mixed views on whether there is a need for changing or introducing more flexibility in the existing adjustment mechanism.

36. While agreeing that fiscal constraint should be considered when determining pay adjustments, some staff argue that it should not be an over-riding factor. Others are of the view that, compared with employees working in the private sector who are directly involved in generating revenue, most civil servants are in a passive position to influence the fiscal condition of the government.

37. Some staff have reservation in the decentralisation of pay administration to departments for fear that it would lead to divisiveness among civil servants and staff grievances or even complaint cases.

38. Staff are of the view that the government should take such factors as administration costs, capability of departmental management and the consultative and appeal mechanism into consideration when deciding decentralisation of pay administration.

On Introducing Performance-based Rewards

39. Views on the merit to incorporate elements of performance pay in civil service salaries are diverse.

40. Regarding forms of performance-based rewards other than pay ranges, staff suggest that year-end bonus, travel awards and training scholarship be given to staff with outstanding performance.

41. The majority do not recommend team-based performance rewards while some agree with individual-based performance rewards. If such rewards, be they team-based or individual-based, are introduced, staff opine that the rewards should in general be applied to all levels of civil servants.

42. To support the introduction of performance-related pay, some staff suggest an all round performance appraisal system, more effective application of punitive measures like stoppage and deferment of increment and easier exit for underperformers.

43. In support of performance-based rewards, the majority again point out the importance of a fair and open performance appraisal system plus a sound appeal mechanism administered by an independent party.

On Simplification and Decentralisation of Pay Administration

44. The majority hold the view that civil service pay administration should still be centralised.

45. There are views that, if pay administration is indeed decentralised to departments, there should be a proper appeal mechanism to resolve any potential staff grievances and a system to prevent too much difference in pay administration among departments.

46. Some staff agree that the departmentalisation of some general grades staff, e.g. clerical grade and secretarial grade staff, could facilitate department-based management and specialisation. For executive grade staff, there are views that by nature of work, position and function, the grade should remain as a general grade to maintain consistency in areas requiring standard practice and common value, and to conduct certain duties like management audit, etc.

47. The majority consider that any plan of decentralisation should be transparent and staff thoroughly consulted.

48. While agreeing that streamlining is a trend, some staff mention that the effectiveness should depend on which grades and departments are targeted for merging. Nevertheless, some staff do not recommend cutting of certain ranks as a means of streamlining because de-layering should apply to working procedures. Some staff also opine that fewer rank layers could deter aspiration for advancement. Some other staff add that in case of a merger of grades, serving officers should be given an option.

49. Some staff agree that a formal job evaluation system should be introduced in the context of merging certain existing grades. However, others point out that the evaluation could be difficult given the diversity of job nature of the various services provided by the government.

50. There are views suggesting that the job evaluation system, if introduced, should be centrally operated to ensure that it is done impartially, while others say that operation at departmental level would ensure that service level and quality of staff are not prejudiced.

VIEWS AND COMMENTS FROM THE DEPARTMENTAL CONSULTATIVE COMMITTEE/ GENERAL GRADES CONSULTATIVE SUB-COMMITTEE STAFF SIDE MEMBERS

General Comments

51. In view of the complexity of the issues studied in the consultation paper, some members are of the view that the 2-month consultation period is insufficient.

52. Some members point out that, as mentioned in the consultation paper, the definition of "civil servants" among the 5 countries might vary, which may adversely affect the reference value of the consultant's report.

53. Some members mention that the reforms in the 5 countries took a long time and some of the systems are still developing. They urge the government to implement the reforms in steps and be prudent.

54. Although the government and the Task Force have denied any established line-to-take on the review, some members feel that there are indeed pre-defined frameworks in some of the questions in the consultation paper.

55. While some members query the need for a review of civil service pay policy and system, some other members feel that the review is a response to the request of the private sector on cutting civil service salaries and fringe benefits.

56. There are views that linking salaries with performance may not only lead to divisiveness among staff but also create management problems.

57. Some members hold the view that the government should always be fair, just and open in implementing the reforms.

On Pay Policies, Pay System and Pay Structure

58. Believing that the reform would have far-reaching impact to the entire civil service, some members urge the government to study the existing problems in greater detail and convince the public of the need of a reform before putting forward any major overhaul to the existing system. They also urge the government to implement reforms according to the actual situations of Hong Kong.

59. On the proposal of flexible pay policy, some members are worried that it would create a “shoe-shining” culture within the departments.

60. Some members take the view that the pay policy for disciplined services and other civilian grades should be the same.

On Simplification and Decentralisation of Pay Administration

61. Some general grade staff representatives call on the government to recognise the value of the General Grades and not to change the existing system arbitrarily. They also take the view that the discussion of departmentalisation of General Grades or Common Grades should not be related to the review of civil service pay policy and system.

62. Departmentalisation of General Grades is not supported by secretarial grade staff.

63. Some members point out that when General Grades are departmentalised, departments will have to arrange training and appointment, etc., individually for these grades, which may be inefficient.

64. Some members urge the government to handle the issue of pay administration decentralisation with extreme care, because if the pay policies in individual departments vary too much, it may hinder the smooth operation of the whole government. Some other members express worries that officers of the same rank may earn different salaries in different departments which would lead to divisiveness among civil servants.