



The Treasury • 庫務署

Immigration Tower, 7 Gloucester Road, Wan Chai, Hong Kong.

香港灣仔告士打道七號入境事務大樓

Telephone : (852) [REDACTED]
Fax No. : (852) [REDACTED]
Our Ref. : (6) in I/145/17 Pt.2

21 June 2002

Secretary General
Joint Secretariat for the Advisory Bodies on Civil Service
and Judicial Salaries and Conditions of Service
Room 701, 7th 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 comments on the consultation paper of their Phase I Study.

The Grade Management of the Treasury Accountant and Accounting Officer Grades has conducted a survey on the fifteen major questions raised in the consultation paper, including the issue of departmentalisation of the general/common grades in the civil service. Against a total of about 500 grade members covered in the survey, 72 have responded. Summaries of the results of the survey on the fifteen questions raised and the comments received on the issue of departmentalisation of the general/common grades are at Appendix 1 and Appendix 2 respectively.

In addition, the consultation paper has separately been discussed at our last Departmental Consultative Committee (DCC) meeting held on 18 June 2002. The comments and concerns from the DCC members are summarised at Appendix 3 for your reference.

Yours faithfully,

[REDACTED]
[REDACTED]
for Director of Accounting Services

AO/EL

Summary of Results of the Survey by Treasury Grade Staff Members
on Review of Civil Service Pay Policy and System

	Reply Received:	ADAS	CTA	STA	TA	SAO	AOI	AOII	Total
		7	10	6	25	2	12	10	72
1. Should there be a major overhaul of the civil service pay policy and system, putting more emphasis on performance-pay, clean wage policy (i.e. paying "all cash" wages in lieu of allowances, housing and medical benefits, etc), etc., and building in more flexibility for adjustment?	Should	6	10	5	13		2	6	42
	Should Not				8		3	3	14
	No Comment			1	3	2	7	1	14
	W/ Comments Only	1			1				2
									72
2. Should senior civil servants be subject to a pay policy which is different from that of the middle-ranking and junior ranks, placing more risk/award factors on the former?	Should	3	5	5	14		9	7	43
	Should Not	3	3	1	10	1	3	2	23
	No Comment		1		1	1		1	4
	W/ Comments Only	1	1						2
									72
3. Should the disciplined services' pay be treated differently from the rest of the civil service?	Should	2	4	5	12	1	3	5	32
	Should Not	1	4	1	7		8	4	25
	No Comment	4	2		6	1	1	1	15
	W/ Comments Only								0
									72
4. Should we adhere to the principle of broad comparability with the private sector and continue to conduct regular pay level, pay structure and pay trend surveys to ensure that civil service pay remains competitive?	Should	6	9	6	24	2	9	8	64
	Should Not	1	1					1	3
	No Comment				1		3	1	5
	W/ Comments Only								0
									72
5. Or should Government's affordability to pay be an over-riding consideration in pay adjustments?	Should	2	2	2	2		2		10
	Should Not	4	4	4	15	1	6	6	40
	No Comment		4		6	1	4	4	19
	W/ Comments Only	1			2				3
									72
6. Should flexible pay ranges be introduced into the Hong Kong civil service to replace fixed pay scales? If so, should they apply only to senior civil servants or the entire service, including both the civilian grades and the disciplined services?	Should	4	4	4	5		3	3	23
	Should Not	1	3	2	16		6	5	33
	No Comment	1	1		3	2	3	2	12
	W/ Comments Only	1	2		1				4
									72
7. Is the existing pay adjustment system still regarded as fair by both civil servants and the public which they serve? Would another mechanism serve this purpose just as well, or better?	Yes	3	3	3	15	1	5	3	33
	No	2	2	2	5			2	13
	No Comment	2	3	1	5	1	7	4	23
	W/ Comments Only		2					1	3
									72
8. Is there merit for elements of performance pay to be incorporated into civil service salaries?	Yes	5	8	5	20		9	8	55
	No	1	1		3			1	6
	No Comment		1	1	2	1	3	1	9
	W/ Comments Only	1				1			2
									72

**Summary of Results of the Survey by Treasury Grade Staff Members
on Review of Civil Service Pay Policy and System**

	Reply Received:	ADAS	CTA	STA	TA	SAO	AOI	AOII	Total
		7	10	6	25	2	12	10	72
9. Should team-based performance rewards be used and, if so, to which group (senior, middle, lower or all levels) should they apply and on what basis?	Should	2	3	2	2		3	2	14
	Should Not	5	3	3	19		6	5	41
	No Comment		3	1	3	2	3	3	15
	W/ Comments Only		1		1				2
									<u>72</u>
10. Should individual performance rewards be introduced and, if so, to which group (senior, middle, lower or all levels) should they apply and on what basis?	Should	4	5	4	15		5	8	41
	Should Not	3	3	2	7	1	2	2	20
	No Comment		1		3	1	4		9
	W/ Comments Only		1				1		2
									<u>72</u>
11. Should consideration be given to introducing decentralisation of civil service pay administration for a city like Hong Kong?	Should	2	2	2	5			1	12
	Should Not	4	7	2	15	1	9	7	45
	No Comment	1	1	1	4	1	3	2	13
	W/ Comments Only			1	1				2
									<u>72</u>
12. Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?	Should	3	4	3	7	1	4	1	23
	Should Not	4	3	3	15	1	2	8	36
	No Comment		1				6	1	8
	W/ Comments Only		2		3				5
									<u>72</u>
13. If civil service pay administration is to be decentralised, there may be a rather long transition period. How can the standard of service and staff morale be maintained during that period?	No Comment	4	4	3	17	1	12	7	48
	Other Comment	3	6	3	8	1		3	24
									<u>72</u>
14. In terms of simplification, is there scope to amalgamate existing grades within broader occupational categories? Is there scope for having flatter organisations with wider span of management control and fewer rank layers?	No Comment	1	2	2	13	2	10	8	38
	Other Comment	6	8	4	12		2	2	34
									<u>72</u>
15. Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level?	Should	3	4	3	9	2	7	5	33
	Should Not	1		2	4		2	3	12
	No Comment	3	5		11		3	2	24
	W/ Comments Only		1	1	1				3
									<u>72</u>

Total Response: 7 10 6 25 2 12 10 72

Legend :

ADAS : Assistant Director of Accounting Services
 CTA : Chief Treasury Accountant
 STA : Senior Treasury Accountant
 TA : Treasury Accountant
 SAO : Senior Accounting Officer
 AOI : Accounting Officer I
 AOII : Accounting Officer II

**Summary of Comments by Treasury Grade Staff Members
on Departmentalisation of the General/Common Grades**

- Treasury grade members who support departmentalisation consider that it will provide management with more power and flexibility in selecting the most suitable staff to meet business and operation requirements. It facilitates department-based management and the implementation of an accountability system when Heads of Department are given the power of hire and fire.
- Departmentalisation may also promote better sense of belonging for staff working in the department. It may encourage departments to devote more resources to their accounting and finance functions.
- However, while supporting the principles of departmentalisation, some of the supporters are of the view that it should only be applied to clerical grades and not the general/common grades with professional responsibilities, such as the Treasury grades. Their grave concerns are largely the same as those against departmentalisation, which are summarised below: -
- A paramount concern from the grade members is that departmentalisation would lead to loss of job rotation opportunities and thereby limit the exposure and career development of Treasury grade staff.
- The present general grade system ensures consistency in the setting and application of common professional standards, and more importantly, ethics and integrity in the provision of professional services to bureaux/departments. It serves as an internal control under the present dual reporting system. That is, a Treasury grade staff on one hand provides advice to his posting department on various financial and accounting matters; and on the other hand ensures the quality of his work meets the standard required by the Director of Accounting Services. The same officer working in a post for a long period of time may increase the chance of malpractice or corruption.
- Since there are only a few numbers of Treasury grade staff in each department, departmentalisation may limit the promotion prospect of our staff unless all promotional ranks would be open for competition across departments. However, the economy of scale currently obtained through support from the Head of Grade on recruitment, training, etc. may diminish.
- There is a comment that departmentalisation is a fundamental departure from the terms of employment and the staff expectation when joining the service. The morale issue would need to be considered and addressed.

**Summary of Comments by
Treasury Departmental Consultative Committee Members**

General Comments

- For the following reasons, DCC members generally consider it to be difficult to provide answers/views on the fifteen major questions raised by the Task Force: -
 - ✧ they have little knowledge about the background and socio-economic development of the five selected countries in the Task Force's study; hence, they could hardly compare their civil service pay system and administration with that of Hong Kong;
 - ✧ the questions raised in the consultation paper are rather conceptual in nature and too broad for comments; and
 - ✧ as no concrete proposals have been made by the Task Force, it is quite difficult for them to think of any pros and cons for the revised system.

- DCC members are of the view that if changes are introduced to the civil service pay policy and system eventually, it would be more prudent to select some pilot departments for implementation first to ascertain whether there are practical problems/difficulties involved. It would not be desirable to implement any changes across-the-board at the same time.

Comments on Some of the Questions

- These are summarised as follows: -
 - ✧ If senior civil servants are to be subject to a pay policy which is different from that of the middle-ranking and junior ranks (i.e. with more risk/award elements accorded to the former), the pay disparity between "senior" officers and "middle/junior" officers will become greater and greater. The staff morale of the "middle/junior" officers will be adversely affected.
 - ✧ If affordability to pay is adopted as an over-riding factor in determining pay adjustments, the term "affordability" should be clearly defined, i.e. whether our fiscal reserves should be included as a pre-requisite to determine the Government's ability to pay.

- ✧ As the existing pay adjustment system has been running quite smoothly for a long period of time, it should still be regarded to be a fair system.
- ✧ Although in theory, there should be merits in incorporating the elements of performance pay into civil service salaries, great difficulties are envisaged in putting the proposal into practice. To ensure the successful implementation of the proposal, there should be a proper, fair and consistent performance assessment system throughout the service.
- ✧ Departmentalisation of general grades staff is seen to be a fundamental departure from the terms of employment of the staff concerned. However, if departmentalisation is proceeded with eventually, individual staff should be given the chance to choose the department in which they will continue to work.
- ✧ If civil service pay administration is decentralized to individual departments, there may be a significant change in the pay scale/point of a general grades staff when he/she is transferred from one department to another, especially from a "rich" department to a "poor" department. Under such circumstances, unfair treatment and inconsistency in pay may arise.