

Joint Secretariat for the Advisory Bodies on
Civil Service and Judicial Salaries and Conditions of Service

(By fax: 2877 0750)

4 June 2002

Dear Sir,

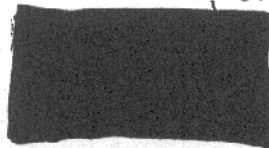
**Review of Civil Service Pay Policy and System
Phase I Study**

I refer to the consultation paper on the above subject and submit the following views in my personal capacity of a Labour Officer of the Labour Department: -

- I support that more emphasis should be placed on performance-pay in order to better motivate staff and enhance the reward power of supervisors. For performance-pay to be effective, it should be individualized and applied to all levels of staff instead of team-based. Moreover, its implementation should be underpinned by an objective and fair system of performance assessment. To this end, measures to enhance the objectivity and consistency of the existing performance management system should be introduced.
- On pay policy, while the factor of comparability with the private sector should be taken into account, the Government must not leave out other factors including the need to attract and retain talented and committed staff, the unique and comparatively static job nature of the Civil Service, and fluctuation in rewards to employees of private sector during ups and downs of the economy. Above all, the Government has a societal obligation to demonstrate itself to be an enlightened and responsible employer.
- The Government's affordability to pay should only be one of the considerations, rather than an overriding one, in deciding pay adjustments. In times of budgetary constraint, the government should adopt a balanced approach to tackling the financial problem rather than asking Government employees to bear the brunt.

- Whether a different pay policy with more risk/award factors should be applied to 'senior civil servants' depends first of all on the ambit of the term 'senior civil servants'. If it means officers at MPS 34 or above, I would say that the majority of them in reality are just implementing policies decided by the senior management. Nevertheless, given their higher managerial responsibility for ensuring effective delivery of services, a gradation approach to incorporating risk/award factors (i.e. emphasis on risk/award factors increases in line with the ranking of staff) in the pay structure may be explored.
- As for the pay structure, there are at least two fundamental issues to be considered, namely (i) levels of starting salary and (ii) the progression of salary in the course of employment. For (i), greater emphasis should be attached to the factor of comparability with the private sector because the effect of offering above market salaries to new recruits is short-lived. The levels of starting salary should thus be competitive enough to attract new recruits but not grossly excessive.
- For (ii), it is more complicated because it deals with, among others, retention of talented staff. Given the limitations on job switching within the Civil Service and the generally reduced prospect of promotion, the pay structure should be able to differentiate long service employees with exemplary performance from ordinary performers. One possible approach is to lengthen and segregate the pay scale of a rank into several bands, each band comprises a number of incremental points and the minimum point of a higher band should exceed the maximum point of a lower band by a clear margin. When an officer reaches the maximum point of a band, his past performance needs to be critically evaluated (detailed criteria to be worked by the Administration) before his salary can be progressed to the next band.

Yours faithfully,



Labour Officer

c.c. Departmental Secretary

1280