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Joint Secretariat for the Advisory Bodies  
on Civil Service and Judicial Salaries and Conditions of Service,  
Room 701, 7/F, Tower Two, Lippo Centre,  
89 Queensway, Hong Kong.

May, 2002

Dear Sir/Madam,

**Public Comments on the Review of Civil Service Pay Policy and System**

In response to the Secretariat's public invitation, my comments about the Review are as follows. However, I need to stress and declare that the comments are only my personal views and do not represent the views or standing of any group or organization.

**1. Is major over-haul necessary?**

1.1 The existing civil service pay system has been able to bring about a stable, clean and efficient civil service. It can maintain a public service organization that provides continuous, customer-oriented services to the community needs. Major over-haul on the existing pay system is, according to my view, not necessary. The public service sector is not profit-making and should be risk-averse in its policies and operations. It is not appropriate to follow the management philosophy of the private sector of which profits, growth and short-term results are its major concerns. If the civil service adopts the private sector's management

philosophy, it will lose its neutral position in the political environment and bias on the interests of the government and individual official. Private sector's management philosophy may cause cyclical disruptions to the civil service pay and instabilities to the public service, given the uncertainties and economic turbulences of the business environment.

## **2. Performance-related pay system**

2.1 Performance-related pay in the private sector generally goes with performances that are easily measurable, for example, sales figures and profit levels. These numbers are not popular in the public sector. The civil service is only a service agent that totally financed by public monies. It has an imperative duty of providing quality, continuous and efficient services to the needs of the community while its financial risk should be kept to minimal.

2.2 The review suggests that individual government employee may be rewarded for his/her achievement of having attained a certain service goal or standard. However, it is argued that individual employee's performance is, to a large extent, dependent on the factors, such as government's policies and resources; its operating system and procedure; its culture and norms; and employee's working relationships with his/her internal and external customers. It therefore follows that reward may be more appropriate for giving to team than to individual. For example, monetary reward may be given to a project team that has accomplished its goal.

## **3. Clean wage policy**

3.1 This proposal is supported. More freedom could be given to employees for choosing their doctors and arranging their insurance and accommodation policies. Related administrative procedures can be simplified.

## **4. Risk/award factor in civil service pay policy**

4.1 It is desirable that the civil service should minimize its risk in its operations and not be after profits. Risk/award factor should not be a

factor in formulating civil service pay policy. It is not that the senior rank officials would bear the risks but it is the society and those stakeholders that would bear the consequences and the external or social costs. Many parts of the government's income are protected by law. Public servants do not own the capital or resources of the government other than using the public monies for achieving those socially approved objectives or for regulating the interests among stakeholders. Different pay policies should not be adopted for senior, middle or low level public servants if they are to be treated equally. Every civil servant is treated equally that each is required to perform his/her public duties according to his/her competency and experience.

## **5. Disciplined services' pay**

5.1 Some objectivity measurement or comparability should be established in determining their pay than biased on subjective judgement. For example, the pay may be compared with those of other foreign countries or to workers in those high-risk work environment, such as hospital or construction site.

## **6. Comparability with private sector**

6.1 This policy should continue as some form of objectivity measurement is desirable in determining civil service pay. The scope also needs to be expanded for including those pay systems and trends in third-sector organizations. Cost of living factor should continue to be taken into account. Government's affordability should be an influential factor.

## **7. Flexible pay range**

7.1 This pay range system is, to certain extent, similar to the present incremental pay system that government employees of more experience and higher seniority will be rewarded with higher pay. However, the existing civil service pay system seems lack of a mechanism for promoting workers' professional development. There is also concern that flexible pay system may generate more room for inviting biased artificial

judgement about the performance and behaviour of a particular individual or group of employees while objective audit system is lacking. Given the government's staff appraisal system been effective in managing civil servants' performances from average to above-average level, do we need to intensify the system by adding pay-raise consideration in it? Would this imply more stress to the employees and more arbitrary judgements?

7.2 It is arguable whether senior civil servants would have heavier management responsibilities if the government wants to uphold its decentralization policy. It has been before argued that government's policies or public actions should be risk-averse. Also, government officials do not own the government capital that the issues, such as return on capital (ROC) and equity shares, are simply irrelevant in the public sector. However, every government employee should have the obligation to contribute to the financial viability of the public service.

## **8. Team-based performance reward**

8.1 It has been argued that rewards are more appropriate to be given to the accomplishment of a project team than to an individual. Project team refers to a small group of people of different expertise for a clearly defined goal operating within a certain time frame. It does not necessarily consist employees of all ranks. Team-based reward could foster teamwork culture in government.

## **9. Decentralization of civil service pay**

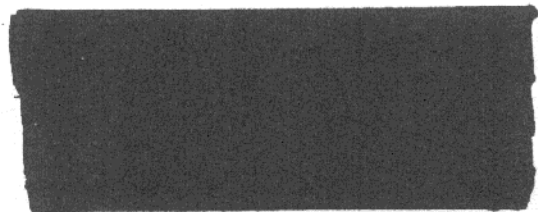
9.1 The civil service pay system has been under centralized policy control that it has been open and not of much controversy. Most importantly, the existing pay system gives civil servant a self-esteem. A centralized control has the strength for running up-to-date researches and data that allow extreme disparities of pay among employees to be detected quickly.

## **10. Concluding remarks**

10.1 This section generally summarizes the main points of above comments for easy reading :-

- (a) The existing pay system has been able to bring about a stable, clean and efficient civil service that over-haul on the existing pay system is not necessary. The public sector should not adopt the management philosophy of the private sector.
- (b) Performance-related pay may apply to specific project team but not to individual employee.
- (c) Clean wage policy is supported.
- (d) The risk/award factor should not be the major factor in determining civil service pay. The civil service should be risk-averse. It is argued that it is the society and the stakeholders that ultimately bear the consequences and social costs of those risk-taking public policies and actions. It is arguable whether senior civil servants would have higher management responsibilities than other civil servants as they are merely employees of a service agent and without vested investment interests in government's operations.
- (e) Some form of objectivity measurement needs to be established in determining disciplined services' pay.
- (f) Civil service pay should be comparable to pay in the private sector and the third-sector as well.
- (g) Flexible pay range system is begging the question whether the existing performance appraisal system is effective for its designed purpose. Could an effective audit system be available to guard against any abuses? It is also necessary to establish mechanism for promoting civil servants' professionalism.
- (h) A centralized civil service pay policy is preferable than a decentralized one if it is to maintain its open and equal treatment policy.

Yours sincerely,

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