

invited to read the consultant's report in its original form as attached to the Task Force's own interim report (at www.info.gov.hk/jsscs).

15. After going carefully through the consultant's findings, the Task Force has decided that at this point in time, it would like to maintain an open mind.

16. However, having seen the development in the five countries studied, there seems to be a case that while the present pay system, among other things, has provided Hong Kong with a stable, clean and efficient civil service, some serious thinking is needed to ensure that the pay system is appropriate under the current socio-economic circumstances in Hong Kong. It has to be a system that can meet changing expectations from all quarters as well as challenges in the future.

17. From what the Task Force could perceive, the community would like to see a thorough re-thinking of the basic principles of the existing pay system. Piecemeal review on specific areas may no longer suffice.

18. To prepare itself for the final report, the Task Force would like to seek views from all quarters on the following questions, grouped under the five specific areas of study.

19. **On Pay Policies, Pay System and Pay Structure –**

- (a) Should there be a major overhaul of the civil service pay policy and system, should more emphasis be put on performance-pay, clean wage policy (i.e. paying "all cash" wages in lieu of allowances, housing and medical benefits, etc)? *Yes, As close to 'clean wage policy' as possible*
- (b) 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? *Yes, depending on job nature eg. specialized vs. all-rounders. There should be a very strict hurdle to cross to advance from middle to senior ranks*

- (c) Should the disciplined services' pay be treated differently from the rest of the civil service? *Yes, varying according to physical risk demand of job.*
- (d) Should we continue to conduct regular pay level, pay structure and pay trend surveys to ensure that civil service pay remains comparable with that of the private sector? *Yes, must move with current moves on skills demand.*
- (e) Or should Government's affordability to pay be an over-riding consideration in pay adjustments? *Yes, absolutely.*
- (f) What features of the existing pay policy and system should be retained to ensure stability and morale of the civil service? *The existing system is too complex to understand & comment*

20. **On Replacing Fixed Pay Scales with Pay Ranges -**

- (a) Would the introduction of flexible pay ranges bring benefits in terms of better rewarding performance and enhancing a performance-oriented culture in the Hong Kong context? *Yes*
- (b) Would flexibility in pay progression lead to potential divisiveness among civil servants? *Not if the system is simple to understand & with good reasons to support.*
- (c) Should flexible pay ranges be applied to the entire civil service, or only to senior civil servants, who typically have heavier management responsibilities? *Should apply to whole service so as to identify those non-performers*
- (d) Should flexible pay ranges apply both to civilian grades and the disciplined services? *Can apply to both, with wider ranges to civilian grades*
- (e) Would changes be required to the existing performance measurement and appraisal systems to support the introduction of flexible pay ranges? *Apparently yes. make reference to large local corporation practices.*
- (f) Would a performance management system directly linked to pay be the most effective way of nurturing a performance culture? *It will be closer to the most effective way. On-going monitor & reviews are also important*

21. On Pay Adjustment System and Mechanism -

- (a) Should the principle of broad comparability with the private sector continue to be adhered to? *Yes. The civil servant cannot survive outside the general community.*
- (b) 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? *Do not know of what alternatives are available. Can always explore.*
- (c) Is there a need for changing or introducing more flexibility in the existing adjustment mechanism? *-11-*
- (d) Should fiscal constraints be an over-riding factor in determining pay adjustments? *Yes. No doubt. Resources are always limited & must be put to the best use.*
- (e) Depending on whether, and to what extent, pay administration should be decentralised to departments, what would be the right balance for Hong Kong in terms of central control/guidance versus autonomy/flexibility for individual departments? *The overall bigger framework has to be centralized but the minor details & lower ranks can be autonomous. But prime services can be ~~not~~ require more rigidity.*

22. On Introducing Performance-based Rewards -

- (a) Do we see the merit for Hong Kong to incorporate elements of performance pay in civil service salaries? *Yes. very obvious.*
- (b) Apart from pay ranges which already have performance-related elements, do we need to consider other forms of performance-based rewards? *On exceptional occasions only. Promotion or transfer to broader career development can also apply.*
- (c) 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? *Never thought teams should be horizontal. Teams also mean units or vertical sections to me.*

- (d) 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? *Can apply to all groups or be introduced gradually accord to job nature.*
- (e) Some improvements to the staff appraisal system have been introduced in recent years. What further changes are needed to support the introduction of performance-related pay? *Cross-departmental transfers & experience should count. Versatility is a must in this modern age.*

23. On Simplification and Decentralisation of Pay Administration -

- (a) Should consideration be given to introducing decentralisation of civil service pay administration for a city like Hong Kong? *HK is too small to have full decentralization & standards will only diverge.*
- (b) If decentralisation of civil service pay administration is to be introduced, how much pay and grading responsibility should be devolved to departments? *Not more than 40%. Holistic planning & maneuvering is necessary.*
- (c) Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management? *Not very practical in civil service if flexibility of manpower planning is desired.*
- (d) 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? *Can decentralize only in specialize skills. Broad centralization is inevitable.*
- (e) 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? *It is up to each service unit to come forward with suggestion under broad guideline to flatten up to, say, 5 grades.*
- (f) Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level? *It will be better to have such a system. But govt must first categorize by several broad functions & the system should be controlled broadly by central govt be refined to appl in detail by depts.*

24. The questions being asked above are extracted from the Task Force's interim report. It is not possible to repeat here all the relevant factors which gave rise to the questions being asked. The factors are

depicted in the interim report and readers may wish to take them into consideration when responding to our questions.

25. Having considered all views expressed during the consultation period, the Task Force will produce its final report in July 2002. Thereafter, the three advisory bodies on civil service pay and conditions of service will make recommendations to the Administration in the second half of 2002 on the conduct of the second-phase review.

Public Consultation

26. We welcome views from all quarters of the community on the Task Force's interim report and on the questions raised in this consultation paper (paragraphs 19-23 above).

27. Please forward your views and comments to us on or before 25 May 2002 at –

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Task Force on the Review of Civil
Service Pay Policy and System

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*On the whole, the civil service pay system must be
unitized & simplified, not moving too far away from
private sector & current fiscal situation. There must be
built-in flexibility to expand & contract. Any extreme
centralization or decentralization is not desirable. The broad
framework & overall move should remain centralized. 230*