

Review of Civil Service Pay Policy and System

Below is my response to the questions listed in the consultation paper on the captioned subject, enclosed in the letter from the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, ref. JS/CSP/TF dated 25 April 2002, following the numbering system in paragraphs 19 to 23 of the consultation paper.

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)?

- Thorough review and consultation is required to maintain openness and fairness.
- Clean wage policy is supported. Benefits such as medical, death insurance & pension/retirement fund are fundamental rights of employees & all employers should provide these basics.
- Performance-pay is fine in theory, but a fair system needs to be worked out which is difficult in practice.

(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?

- It depends on the job nature.
- Yes, if senior civil servants are required to take more risks. However, if just 'pass the buck' to middle/lower ranks (which often happens now) then all should share risks/ rewards.

(c) Should the disciplined services' pay be treated differently from the rest of the civil service?

- May have to be considered differently, as have different working conditions, factors & risks.

(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. Of course, we need to know that salaries in public sector are comparable to private sector.

(e) Or should Government's affordability to pay be an over-riding consideration in pay adjustments?

- No.
- If Government can't afford to pay for staff then what happens? If no or low salary then the best staff will leave the civil service leaving only the worst/no staff. This is the fundamental of a free market system.

(f) What features of the existing pay policy and system should be retained to ensure stability and morale of the civil service?

- Some important aspects are; recognition of experience (both in & outside of Govt.), career path, stable employment, equity for staff. Otherwise why join the civil service as on the other hand there are many frustrations & hinderances to achieving good work.

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 in theory, if a fair assessment system can be developed. However as dealing with human beings nothing can be 100% fair.
- (b) Would flexibility in pay progression lead to potential divisiveness among civil servants?
- Yes, particularly if the system is not completely transparent. Mechanisms would be needed for appeal & review.
- (c) Should flexible pay ranges be applied to the entire civil service, or only to senior civil servants, who typically have heavier management responsibilities?
- There should be some pay range (the size of the range depends on many factors) for all grades to encourage/reward good performance & to encourage more flexibility, innovation and reasonable risk taking.
- (d) Should flexible pay ranges apply both to civilian grades and the disciplined services?
- Why not, to a certain degree. It depends on the job & level of responsibility.
- (e) Would changes be required to the existing performance measurement and appraisal systems to support the introduction of flexible pay ranges?
- Changes are unavoidable if there is introduction of new system.
 - Yes, more objective and transparent assessment systems are required. Quotas are ridiculous. Seniority & only looking at experience within the Govt needs to be updated. Promotion positions should be applied for and all short-listed candidates interviewed & assessed.
 - Appeal systems should be more transparent.
- (f) Would a performance management system directly linked to pay be the most effective way of nurturing a performance culture?
- Not necessarily. It depends on the individual, grade, level of responsibility, etc.
 - Pay is not the only reward. More recognition & feedback is important to some people. Also there should be more opportunities for promotion and movement as some grades & professions have very limited opportunities to move up through the Govt. structure & to cross-over into management streams, no matter how brilliant and/or experienced. There is a ceiling limiting the potential of some high performers.

21. On Pay Adjustment System and Mechanism -

- (a) Should the principle of broad comparability with the private sector continue to be adhered to?
- Yes. If too high then the community will be jealous and complain why civil servants are paid so much. However if lower than private sector many of the best staff will migrate to the private sector.
- (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?
- The existing system is slow as has to see the trends of the private sector before following. Therefore civil servants pay adjustments are always a year or so behind.
- (c) Is there a need for changing or introducing more flexibility in the existing adjustment mechanism?
- Yes, as mentioned the system is too slow & rigid.

(d) Should fiscal constraints be an over-riding factor in determining pay adjustments?

- No, fiscal constraints or the general market will be played out/reflected through the free market. If the economy is poor & wages in private sector go down, then this will also affect Government revenue and salaries. If economy is good then Govt. must match salaries to retain good staff.

(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 central control could set salary bands & ranges based on minimum qualifications & experience and then leave the rest to individual departments to determine & arrange.

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, but it is difficult to achieve in a fair way. Always some level of subjectivity, but needs to be reduced to a minimum.

(b) Apart from pay ranges which already have performance-related elements, do we need to consider other forms of performance-based rewards?

- Good idea but difficult to achieve in a fair way.

(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?

- Difficult to apply fairly.
- A team usually comprises different levels working together. If only the senior staff are rewarded then the lower ranks will not bother to put in extra effort, as they get nothing out of it except more work & stress.

(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?

- It depends on job nature rather than just the rank.
- It is always difficult to set fair performance measures as many factors are outside the control of individual officers, that may affect their performance achievement.

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?

- Appraisal systems still need to be more transparent. Some departments, grades use quotas for assessment, which is not fair or flexible. Decisions & the reasons are made at grade assessment panels may not be logical & definitely not transparent enough. Grading criteria is not given to officers or even reporting officers.

23. On Simplification and Decentralisation of Pay Administration -

(a) Should consideration be given to introducing decentralization of civil service pay administration for a city like Hong Kong?

- Yes. too much control at CSB restricts Departments to quickly resolve their own staffing issues. e.g. recruitment. Even employing contract officers is a long-winded & inflexible process.

(b) If decentralisation of civil service pay administration is to be introduced, how much pay and grading responsibility should be devolved to departments?

- The range & basic conditions set by CSB and the rest devolved to departments or grade managers.

(c) Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?

- This would build greater loyalty to departments, but on the other hand will be less flexible in the ability to move staff to different posts & departments.

(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?

- Clear guidelines and appeal system should be in place to maintain openness and fairness.
- Change should be undertaken on a step by step process.

(e) In terms of simplification, is their scope to amalgamate existing grades within broader occupational categories? Is their scope for having flatter organisations with wider span of management control and fewer rank layers?

- Yes. HK Civil service has far too many grades and management is too top heavy. The message is often lost from the top to the one who actions it. There should be opportunities to move from various grades into management roles, but for some professions without a D1 post in the grade this is impossible.

(f) Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level?

- What is a job evaluation system exactly?
- Generally the principles & broad system should be set centrally but the details & operation left to the departments or grades to run it as these people know what works best for their situation.

End


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