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Date: 2002/06/28 Fri AM 10:22:39 CST

To: jsscs@jsscs.gov.hk

Subject: Task Force on Review of Civil Service Pay Policy and System

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To : Secretary General, Joint Secretariat for the Advisory Bodies  
on Civil Service and Judicial Salaries and Conditions of Service

In response to your letter of 2.5.2002, we would like to forward to you the following comments from the departmental management on the consultation paper -

"Pay Policies, Pay System and Pay Structure

The management supports modernising rather than reforming the established civil service pay policy and system. The introduction of clean wage policy is definitely worth considering as it would bring about savings in administrative costs and help prevent technical breach and/or abuse in the granting of the various allowances.

There are justifications and merits for the senior civil servants to be subject to a pay policy which is different from that for middle-ranking and junior ranks. At present, the general impression is that directorate staff salary adjustments just relate to lower private sector salary movements. The adjustments should more appropriately take into account movements in salaries and overall packages in the private sector at similar levels of seniority and responsibility. Given the relatively small number of staff involved, changes to the pay policy for senior civil servants may be more readily implemented and accepted.

Having regard to the special nature of their work, the management does not object to a more favourable pay policy for the disciplined services which will to some extent help prevent corruption. However, it may be opportune to review whether some of the disciplinary departments e.g. Immigration Department should be more appropriately included in the core civil service.

If possible, a formal weighting system that takes into account results of the pay level and pay trend surveys as well as the financial situation of the government, should be drawn up and made known to all civil servants and the public.

To ensure stability and morale of the civil service, the relatively attractive starting salary and well-structured pay system adopted presently by the civil service should be maintained.

## Replacing Fixed Pay Scales with Pay Ranges

If flexible pay ranges were to be introduced, there must be in place an objective and transparent appraisal system which can ensure individual staff performance be assessed impartially and fairly. Based on past experience, there will always be staff who query the fairness of the appraisal system and do not agree with the assessment made on their performance. While the introduction of flexible pay ranges may help foster a performance-based culture in the department, it could give rise to a possible spate of staff's appeal and complaint cases involving dispute on different pay adjustment rates.

Flexible pay ranges would be more applicable to the senior staff but it is noted that the pay scales of the senior ranks are usually quite short, with some directorate ranks having only one pay point.

## Pay Adjustment System and Mechanism

The principle of broad comparability with the private sector should continue to be adhered to.

The public sentiment at the present moment is that the existing pay adjustment system/mechanism has enabled civil servants to enjoy an over generous pay package. However, it is difficult to suggest whether another mechanism could serve the same purpose or better because different mechanisms have different costs and benefits which cannot be easily compared.

Decentralisation of pay administration to departments will result in fragmented pay systems within the government, leading to chaos and confusion.

## Introducing Performance-based Rewards

There is no objection in principle to the incorporation of performance pay elements in civil service salaries. However, the same management concerns associated with the introduction of pay ranges as mentioned above will also apply to performance-based rewards.

To motivate staff who are on the maximum pay point of their ranks, consideration should be given to introduce some form of bonus to reward outstanding performance from those staff who have reached the maximum point of their pay scale.

The management have reservations on the practicability of introducing team-based performance rewards.

There are merits in introducing Individual performance rewards for senior staff at the directorate level.

We agree that improvement to the staff appraisal system is an essential

factor in the successful introduction of performance-related pay. But more importantly, we feel that any revamping of performance pay system should go hand in hand with a complimentary easy exit system to facilitate the departure of non performers and problem staff.

#### Simplification and Decentralisation of Pay Administration

The department does not support any large scale decentralisation of civil service pay administration due to lack of expertise and resources. Furthermore, the measure will give rise to many fragmented pay systems within the Government.

To enable departments to respond promptly to market changes and meet operational demands, they should be given the autonomy to stipulate any shortlisting criteria regarding the recruitment/promotion of staff and decide on the incremental credit granted to new recruits for past experience without seeking the endorsement of CSB and/or PSC.

The departmentalisation of some general/common grades staff (e.g. clerical grade and secretarial grade) is supported from the management point of view as it would enable the staff to have a sense of belonging and ensure continuity of service. Moreover, the management will be given greater flexibility in the deployment of resources. However, such arrangement would only be feasible if the department's establishment is large enough to provide them with the job rotation and promotion opportunities, it is worth noting that the salary of the majority of the existing clerical and secretarial grades staff in the department have reached their maximum pay point and the scope for encouraging them to improve their performance through incentive pay system(e.g. pay ranges) is quite limited. For the Executive Officer grade, its members should continue to be given postings in different departments to enable cross fertilisation of skills and knowledge. With the increasing devolution of responsibility and authority from CSB to departments, it is important that the Executive Officers should remain a General Grade and continue to conduct departmental management activities in an impartial, fair and consistent manner.

If civil service pay administration were to be decentralised, both the management and the staff side should be thoroughly consulted.

The department welcomes a simple grading structure which allows more flexibility in the deployment and promotion of staff. A centrally operated job evaluation system should be in place to look into the those grades that have potential for merging or restructuring.


#### Other comments

The issues raised in the consultation paper are far too wide and general for focussed/meaningful consideration by the management, staff side and the public. Furthermore, the objective of the Review does not seem to be very clear. With so much emphasis placed on the affordability of the government, civil servants may have the wrong (?) perception that the main aim of the exercise is to reduce cost.

The department feels that while the government may make reference to the pay system of the private sector in reviewing/modernising its pay policy, it should bear in mind the difference in the job nature of the civil service, which is primarily service oriented, and that of the private sector, which is predominantly profit based. We must also not lose sight of the changes that the civil service has already undergone during the past few years due to the civil service reform. Any further drastic changes will likely erode into the integrity and unique attributes of the civil service. "


2. The department has also received comments on the paper, as set out in the attached file, from one of its Departmental Consultative Committee members.

(See attached file: Comment from DCC representatives.pdf)

  
Departmental Secretary  
Environmental Protection Department

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