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Tel. : 

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Secretary General
Joint Secretariat for the Advisory Bodies on Civil Service
and Judicial Salaries and Conditions of Service
Room 701, 7th Floor
Tower Two, Lippo Centre
89 Queensway
Hong Kong

Dear *Lap-sun*,

Task Force on Review of Civil Service Pay Policy and System

I refer to the letter of 25 April 2002 from the Chairman of the Task Force on Review of Civil Service Pay Policy and System inviting views on the consultation paper of their Phase I Study. I append below our views on the five areas mentioned by the Chairman.

Pay Policies, Pay System and Pay Structure

This Commission is a multi-disciplinary organisation with around 200 civil service staff. Arising from our management and operational experience, we agree that for better efficiency in the utilisation of valuable human resources, a review of the pay policy and system with emphasis on performance-pay and clean wage policy is necessary. When staff performance is bearing a direct and observable relationship with pay, the management will have at its disposal a more effective means in motivating and rewarding the staff. At the same time, the staff will also have an incentive to strive for higher standard of performance. To save administrative time, effort and cost, a clean wage policy putting all fringe benefits and allowances into a single wage for the staff is supported.

We need a pay policy to attract and retain quality staff. Therefore, a pay policy which can keep pace with the private sector pay level through regular review is essential. In addition, due to the intrinsic differences in the duties and responsibilities of senior and junior staff, we agree that it is beneficial to introduce a different pay policy for senior staff emphasising on risk/award factors.

Replacing Fixed Pay Scale with Pay Ranges

The introduction of flexible pay ranges throughout the whole civil service will provide a useful tool in performance management, both in motivating staff in general and in rewarding those outstanding performers in particular. A visible difference of able performers getting higher pay and less capable performers getting lower pay should not result in divisiveness amongst civil servants. On the contrary, this would encourage staff to strive for improvement. The prerequisite is that there must be a vigorous approach to performance measurement with strong staff buy in. Moreover, a fundamental cultural change will need to be instilled in all ranks to accept a fair and realistic performance appraisal system capable of differentiating the real good performers.

Pay Adjustment System and Mechanism

As for the pay adjustment system, we consider that the principle of broad comparability with the private sector should continue to be adhered to. The annual pay adjustment can be coupled with more regular pay level reviews so that the market situations can be more quickly reflected in the civil service pay system.

Introducing Performance-based Rewards

We accept that there are merits to incorporate elements of performance pay in civil service salaries. The availability of a mechanism for management to reward good performers is useful in performance management. Apart from pay ranges, other non-cash rewards such as merit trips, staff functions involving immediate family members, formal recognition from senior Government officials etc. may be considered. Both team-based and individual performance rewards have their own merits and demerits and therefore can be used selectively for different level of civil servants according to circumstances.

A fair and reliable performance assessment mechanism has to be in place before introducing performance-based rewards. Alongside with the power to administer rewards through a more flexible performance-based pay and reward system,

we consider that management should be given greater flexibility in hiring and firing. The availability of sticks and carrots in a timely manner will be essential to effective performance management by departments.

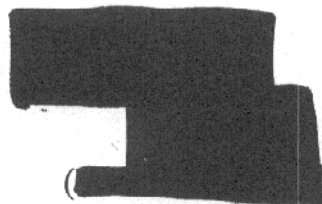
Simplification and Decentralisation of Pay Administration

We support a greater degree of decentralisation of pay administration of departmental grade staff to departments. This can enable the departmental management to decide the appropriate level of pay for its staff, thereby achieving the best use of financial resources in meeting its operational needs and priorities. Departments should be provided with broad guidelines, such as pay level changes, market rates, etc. for reference. We see some merits to departmentalise some of the general/common grades staff such as the Clerical and Secretarial Grades staff as this can help to retain the experience they gained in the departments. However, this would be more appropriate for those departments with a sufficiently large establishment of general/common staff so as to ensure a fair career development opportunity. For management grades staff such as the Administrative Officer Grade and Executive Officer Grade which require more exposure to develop their versatility, adaptability and breadth of experience to meet different and changing job demands, departmentalisation would not be most conducive to staff development.

We support the amalgamation of some existing grades, such as the different streams of Engineering grades, within broader occupational categories. This would facilitate staff management, development, deployment as well as succession planning. We support having flatter organisations with wider span of management control and fewer rank layers.

Staff Views

I enclose the views of my staff on the consultation paper collected through the Departmental Consultative Committee meeting for your reference.



for Commissioner for Innovation and Technology

c.c. Secretary for the Civil Service

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Encl.