



法律援助署
Legal Aid Department

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26 June 2002

Joint Secretariat for the Advisory Bodies on Civil Service
and Judicial Salaries & Conditions of Service
Room 701, 7th floor,
Tower 2, Lippo Centre,
89 Queensway,
Hong Kong

Dear Sirs,

Review of Civil Service Pay Policy and System

In connection with your Consultation Paper, we submit our comments according to the 15 questions raised by the Task Force as follows :

- Q.1 Should there be a major overhaul of the civil service pay policy and system, putting more emphasis on performance-pay, clean wage policy (i.e. paying "all cash" wages in lieu of allowances, housing and medical benefits, etc.) etc., and building in more flexibility for adjustment?**

Although there may be room for an overhaul of the civil service pay policy and system as piecemeal review on specific areas may no longer suffice, we wish to point out that there will be tremendous difficulties in implementing performance pay. We are not commercial organisations and it is difficult to have objective criteria for performance as in the private sector. As the existing pay policy system is a product of evolution, a gradual phased approach is preferred to big bang approach to maintain the stability of the civil service. Full consultation with the Staff Sides is necessary at all stages.

- Q.2** 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?

Whilst we see the merits of this proposal, this may create diversity between the senior civil servants, as obviously, some and not all are eligible for risk/awards. It is difficult to design a pay scale that commensurates with the risk.

- Q.3** Should the disciplined services' pay be treated differently from the rest of the civil service?

As we are not a disciplined service, we have no comment on this.

- Q.4** Should we adhere to the principle of broad comparability with the private sector and continue to conduct regular pay level, pay structure and pay trend surveys to ensure that civil service pay remains competitive?

As the existing policy and system has been in place for decades, unless there is a better and fairer alternative, we should continue the existing practice.

- Q.5** Or should Government's affordability to pay be an over-riding consideration in pay adjustments?

As the government may face serious fiscal and public expenditure constraint, "affordability" may be taken as a new and one of the considerations, but not an over-riding consideration. Civil servants should not lose out vis-à-vis private sector employees, just because the fiscal policy is at stake. Staff morale and the ability to retain staff should also be taken into account.

- Q.6** Should flexible pay ranges be introduced into the Hong Kong civil service to replace fixed pay scales? If so, should they apply only to senior civil servants or the entire service, including both the civilian grades and the disciplined services?

Flexible pay ranges are sound in principle. However, Hong Kong civil servants are accustomed to the predictable incremental pay progression, the introduction of flexible pay ranges may be counter-cultural which will result in considerable resistance from staff in implementation. In addition, it is difficult to administer, as most of the civil servants might not know the market well enough or to have the expertise to turn the pay adjustment into an effective management tool. Should flexible pay ranges be introduced, they should initially focus on senior civil servants so as to set an example to the junior ranks.

- Q.7** 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?

From the civil servant's point of view, the existing pay adjustment system with reference to annual pay trend surveys and other relating factors are fair enough. At present, as there is no other mechanism in parallel run, we cannot judge which mechanism is better. From the management's point of view, it is easy to administer. In the long run, if the pay structure is modified to tally with that of the private sector, say in terms of pay package rather than pay plus allowances, the existing pay adjustment system would be fairer than before, as we would be comparing likes with likes.

- Q.8** Is there merit for elements of performance pay to be incorporated into civil service salaries?

Performance-based pay can improve efficiency and productivity; improve accountability; help generate a performance culture and increase flexibility. Thus, the success of the performance based pay system depends largely on the effectiveness of the staff appraisal and performance management systems. The power of the Head of Department to make decision on amount of performance pay as per staff should be compiled with the power to fire and hire, otherwise the mechanism of performance pay cannot be implemented effectively.

- Q.9** 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?

Team-based performance can be used to enhance efficiency and productivity. As the pilot scheme of team-based performance has been rolled-out in six departments in October 2001, it is better to await the evaluation results before deciding the way forward.

- Q.10** Should individual based performance rewards be used and, if so, to which group (senior, middle, lower or all levels) should they apply and on what basis?

Unlike private sector with clear performance indicators such as profit making or growth of business, fair and credible performance measures are difficult to develop to evaluate public sector performance across the board. If it were to be implemented, perhaps it should start with middle and senior level.

- Q.11** Should consideration be given to introducing decentralisation of civil service pay administration for a city like Hong Kong?

Hong Kong is a small city and unlike the 5 countries in the survey, there is little room for decentralisation of civil service pay administration. It will put burden on departments/bureaux, which may lack resources or expertise in pay administration management. If it is to be effective at all, this measure must be implemented together with one line vote.

- Q.12** Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?

From human resources point of view, departmentalisation is the global trend especially in those departments with large departmental establishment which provide adequate exposure and reasonable career structure. As LAD has general/common grades staff establishment of about 300, it would be quite difficult to departmentalize the general/common grades staff even for the largest group of clerical staff of about 200, not to mention those small grades such as Treasury Accountant and Executive Officer Grade etc as there will be lack of advancement opportunities and adequate exposure. Should departmentalisation be implemented, there should be a fair, reasonable and equitable transitional arrangements and prior consultation with staff should also be arranged. And there ought to be some mechanism to enable those

who have been departmentalised to seek for career advancement in another department. Departmentalization across the board for all general/common grades staff is not recommended for departments with professionals like civil engineers and lawyers who find it difficult to groom up professionals to become good administrators and executives. It would be desirable for a few of the general/common grades could be departmentalised e.g. Departmental Secretary so that there is some continuity of expertise at the management level.

- Q.13** If civil service pay administration is to be decentralized, there may be a rather long transition period. How can the standard of service and staff morale be maintained during that period?

Investment in resources and provision of additional funding are essential in transitioning to the new systems. Change management can be introduced to overcome the resistance to change in status quo and change mindsets. Training and skills development is also a must to equip staff to cope with the new initiative.

- Q.14** In terms of simplification, is there scope to amalgamate existing grades within broader occupational categories? Is there scope for having flatter organizations with wider span of management control and fewer rank layers?

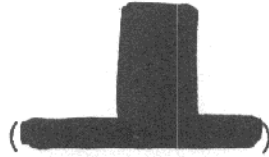
There is scope to upgrade APLAC (DL1) to ADLA (DL2) in line with Department of Justice to provide scope for flatter organizations with a view to streamlining and delayering the decision making process. As for general grades, with office automation and the development of multi-skills concept, amalgamation of clerical and secretarial grades can be considered.

- Q.15** Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level?

The present pay points for various grades/ranks were evaluated for more than 10 years ago in the previous Grade Reviews. It is a preferable time for another review to be undertaken centrally (because of lack of expertise and resources at departmental level). However, if undertaken at this point in time, there are concerns that there may be a downward adjustment of pay points for most grades/ranks in the present economic climate. Both departmental management and staff sides should be consulted at all stages of the Review.

We have also received a submission from a member of staff,
copy attached.

Yours faithfully,

A large black rectangular redaction box covering the signature of the Director of Legal Aid.

for Director of Legal Aid