

**Views expressed by individual directorate staff
of the Department of Justice
on the Consultation Paper of the Phase I Study
of the Review of Civil Service Pay Policy and System**

I. 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.)?
- (i) In the recent years, there have been a number of reforms in the civil service. While the need to keep pace with society is recognised, good planning and staff support is essential. The experience of other countries shows that such reforms will take a long time. It will be a major cause for concern if too many major changes touching fundamental principles are rushed through within a very short time.
 - (ii) Some consider that the consultation paper is not a comprehensive one as it mentions the latest developments in civil service pay administration in five countries but fails to provide an analysis of the results or achievements of their experiences. A series of questions are raised for public consultation but the implications of each proposed question are not touched upon.
 - (iii) While important aspects of the pay structure including performance-pay, clean wage policy could be reviewed, it is questioned whether such a review exercise should be termed "major overhaul", as the term itself could cause uneasy feelings, which does not assist in maintaining the stability of the civil service.
 - (iv) In order to maintain stability, any change in the system should be designed for future civil servants and implemented first for new recruits. Serving officers should be given a choice to opt into the new system. If no agreement can be reached, the government should offer to resolve the existing agreement. Otherwise, litigations are anticipated.

- (v) The current pay policy and system in the civil service is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an efficient and effective service. Some think that the changes being considered may diminish the job security of the civil service and the attractiveness of joining the civil service as a long-term career. There could be difficulties in retaining expertise and loyalty of competent civil servants in the long run.
 - (vi) Some consider that the reform is aimed at developing a civil service which is more responsive to the initiatives of the Principal Officials, but that the insecurity that may arise from the possible changes may discourage civil servants from giving objective advice to the seniors since that may offend the seniors and cause an adverse impact on their careers.
 - (vii) The notion of performance-pay may lead to difficulties where performance results are not quantifiable. This must be clearly thought out before it is applied to the grades of legal service. It is also difficult to achieve total "fairness" in the distribution of duties. It would not be possible, for example, to allow staff to choose any type/piece of work in which they can best perform.
 - (viii) Some officers support a clean wage policy, as it makes pay package simpler, more transparent and reduces administrative costs. Others however, consider that one of the major motivations for those considering to join the civil service is the "package". They do not consider it appropriate to dispense with the fringe benefits.
 - (ix) Some support the clean wage policy which should help reduce government expenditure on various allowances and also achieve administrative savings. Others consider that an option should be given to serving officers to retain the existing allowances.
- (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?
- (i) Civil servants, irrespective of their ranks, are not politicians. The duty is to serve the community for a just reward. Unlike commercial enterprises, which are profit-orientated, it is not appropriate to place risk/award factors on civil servants.

- (ii) If the risk/award factor is going to be introduced at all, it should only apply to the Head of Departments level. It is expected that officers at this level are able to lead and do in fact have the necessary power to determine policies.
 - (iii) Unless the so-called “risk/award factors” can be clearly spelt out, the notion has no prima facie application to the provision of legal service in the public sector.
 - (iv) Some officers doubt whether senior civil servants in the Department should be subject to a pay policy different from that of the middle-ranking and junior ranks. Others however consider that there should be a differentiation to reflect the assumption of responsibility.
- (c) Should the disciplined services’ pay be treated differently from the rest of the civil service?
- (i) Some officers are of the view that the scopes of duty of disciplined services are certainly different from those of non-disciplined services. Accordingly, their pay should be treated differently. Likewise, professional civil servants should be treated differently, in line with the private market for their respective professions.
 - (ii) Some officers do not see why the disciplined services pay should be treated differently if the rationale is “morale”, which seems to be relevant across the board.
- (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?
- (i) The principle of broad comparability with the private sector should be adhered to. Note that it is “broad” comparability and not strict job-for-job comparability since the latter is not possible especially for grades which provide services not available in the private sector.
 - (ii) Variations from private sector pay conditions are justified to the extent that the services provided, or aspects of such services, are not available in the private sector.

- (e) Or should Government's affordability to pay be an over-riding consideration in pay adjustments?
- (i) The Government's ability to pay depends on the policies it adopts in raising sufficient revenue to support the public service it wants to provide. The pay of civil servants should not simply be determined by reference to how much is left in the General Revenue after other expenditure has been made. Instead, the Government should decide what the appropriate size of the civil service is and what appropriate salaries to pay civil servants, and then adjust its finances so that these goals can be met.
 - (ii) Some officers consider that Government's affordability and the change of economic climate should be considered in pay adjustment, but they should not be overriding considerations. Stability and the provision of efficient service should be the prime concerns. Civil servants must be sufficiently motivated. Even in the good years, there were occasions in which the government did not follow result of surveys in pay adjustments.
 - (iii) Some officers are of the view that the civil service remains an absolute necessity irrespective of the state of the economy. It is not for the civil service to bear the brunt of economic downturn. Cost of living adjustments remain an absolute necessity otherwise pay scales are constantly eroded.
- (f) What features of the existing pay policy and system should be retained to ensure stability and morale of the civil service?
- (i) The existing pay policy is "to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an efficient and effective service". This objective is widely accepted and should not be changed. The same applies to the two most important principles in determining remuneration, "fair" and "broad comparability with private sector". All the regular pay level, pay structure and pay trend surveys are means to ensure that the civil service pay is really comparable to the private sector. Without these surveys, it is difficult to keep up with the private sector.

- (ii) Medical, dental, housing and education allowances form part of the package which attracts the appropriate candidate to join the civil service. If these are removed that competitive edge is undermined.
- (iii) "Stability and morale" stems from sense of security and just reward. Therefore, parts of the existing relatively rigid pay policy and system like MPS and other pay scales should be retained.

II. 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?
 - (i) It is never the intention of the Government to disregard the actual performance of an officer and just to grant annual increment automatically. In the normal course, an officer's ability to perform grows with his experience. Flexible pay range sounds attractive, and is likely to bring benefits in terms of better rewarding performance. When increment is not the norm but recognition for outstanding performance, it is a useful management tool. However, the root of the current problem lies with the supervisors. It is the unwillingness and/or the lack of ability on the part of supervisors to take up the responsibility of making proper performance appraisals.
 - (ii) A system of pay rewards should be simple and easy to administer, and one that commands confidence and respect. The expression "vigorous approach to performance measurement and management" in paragraph 3.29 of the Interim Report sounds good. If such an approach had been achieved, no civil service reform would have been necessary. Until a detailed regime has been worked out, the so-called "use of flexible pay ranges" being accompanied by a vigorous approach to performance measurement and management will generate abuse and controversy.
 - (iii) A note of caution is that an officer who goes about performing his/her responsibilities in a quiet and uncontroversial manner is just as effective as one whose responsibilities attract considerable attention.

- (b) Would flexibility in pay progression lead to potential divisiveness among civil servants?
- (i) Some officers consider that if the system is open, transparent and fair and the public have more confidence in senior civil servants, flexibility in pay progression would not lead to potential divisiveness among civil servants.
 - (ii) Some officers consider that it will lead to potential divisiveness among civil servants. This is not a contradiction to (a) above but merely reflects the realities. The simple fact remains that very few people underrate their own abilities.
- (c) Should flexible pay ranges be applied to the entire civil service, or only to senior civil servants, who typically have heavier management responsibilities?
- (i) Some think that insofar as this is relevant to the Department, the answer is yes – across the board, i.e. all Government Counsel and Directorate grades.
 - (ii) If flexible pay ranges only apply to senior civil servants, divisiveness is inevitable.
- (d) Should flexible pay ranges apply both to civilian grades and the disciplined services?
- (i) The same system should apply to the whole civil service, including the disciplined services.
 - (ii) The applicability of flexible pay ranges to disciplined service must be carefully considered. Divisiveness within disciplined services is the last thing we want to see.
- (e) Would changes be required to the existing performance measurement and appraisal systems to support the introduction of flexible pay ranges?
- (i) The recent changes to the staff appraisal system has generated an enormous amount of additional, non-productive work. The forms are far from satisfactory. Changes in the existing performance measurement and appraisal system are essential before the introduction of flexible pay ranges.

- (f) Would a performance management system directly linked to pay be the most effective way of nurturing a performance culture?
 - (i) This appears to be assumed but is not established beyond peradventure. There will always be those who are prepared to do the minimum and receive the minimum without reservation. There is also an underlying assumption that the civil service is not generally performing to its optimum level.

III. On Pay Adjustment System and Mechanism

- (a) Should the principle of broad comparability with the private sector continue to be adhered to?
 - (i) For staff morale reason, the principle of board comparability with the private sector must be adhered to. Pension is no longer available for new recruits. It will be difficult to retain staff if the pay is not comparable and job security is no longer an advantage.
 - (ii) As many civil service jobs do not have analogues in the private sector, the principle of broad comparability with the private sector is adhered to in the conduct of regular pay level, pay structure and pay trend surveys, and a method of job evaluation is employed. Such arrangements should not be applicable to some professional grades in the civil service such as the Government Counsel grade, as comparable occupational classes do exist in the private sector. The pay level of lawyers in the private sector should be taken on board when the government considered the pay for the Government Counsel grade. Some also consider that direct comparison with the private sector should be made for other grades in the civil service as far as possible.
- (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?
 - (i) Some officers consider that it is time to review. Civil servants and members of the public expect the government to do more. A more flexible system may be the way out.

- (ii) Some consider that the criticisms made of the existing system are not valid. Generally speaking, senior civil servants are paid considerably less than their counterparts in the private sector.
 - (iii) Some are of the view that although the existing pay adjustment system is reasonably fair, there are always rooms for improvement.
- (c) Is there a need for changing or introducing more flexibility in the existing adjustment mechanism?
- (i) While we take the view that there is no pressing need for change in the existing pay adjustment mechanism, it is worthwhile introducing some flexibility. However, wholesale change is not considered necessary.
- (d) Should fiscal constraints be an over-riding factor in determining pay adjustments?
- (i) Fiscal restraints must be a factor, but it should not be an over-riding factor. Other factors like fairness, morale and stability of the civil service are also important.
 - (ii) Some officers are of the view that the work still has to be done and it is not for the civil servant to bear the brunt of economic downturn.
- (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?
- (i) One of the main reasons behind Hong Kong's success was the stability of the civil service. Describing the civil service in Hong Kong as one of the most outstanding at least in the Asia Pacific Region is not at any rate an overstatement. Accordingly, the Government must be extremely careful when major changes like decentralising pay administration and departmental autonomies are to be implemented. Such major changes to the civil service could have a profound effect on Hong Kong.

IV. On Introducing Performance-based Rewards

- (a) Do we see the merit for Hong Kong to incorporate elements of performance pay in civil service salaries?
- (i) There is some merit but it must be proportional. A wholesale performance based pay scale will generate more problems than it resolves.
 - (ii) While performance-pay is generally supported in principle, some officers have reservations on its implementation in view of the practical difficulties in measuring performance objectively. Similar difficulties are expected if flexible pay ranges, team-based performance rewards and individual performance rewards proposed in the consultation paper are to be introduced.
 - (iii) Performance is different from productivity. Some consider that where performance does not depend on the turning out of the number of work units, but on abstract qualities such as fairness and appropriateness of the work, it is difficult to see how it can match with pay rewards without becoming a subjective and arbitrary exercise.
- (b) Apart from pay ranges which already have performance-related elements, do we need to consider other forms of performance-based rewards?
- (i) Yes, it would be unwise to rule out other possible forms of performance-based rewards.
- (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?
- (i) Not in the Department of Justice. It is recognised that the job nature of different Divisions are different. Their achievements are neither capable of measurement nor comparable. Even for the work within the same Division, the same rationale applies. Staff have made it clear in the Departmental Consultative Committee that they would not support this. The main reason is that they are not given a free choice of postings and they have to suffer for other's inefficiency.

- (ii) For some departments, team-based performance rewards could be applicable. Depending on the type of service provided by the relevant department, such rewards could apply to all levels.
- (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?
 - (i) Individual performance rewards is certainly an option that deserves consideration. For certain departments, such an option could apply to all levels. For certain type of services, the performance could be quantified, and such quantification could form the basis of performance rewards. However, extreme care must be taken before such an option is implemented.
- (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?
 - (i) Our appraisal system only envisages appraisals by supervising officers. Some think that other appraisal systems like appraisal by peers or even by subordinates could be an option.

V. 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?
 - (i) It seems that the existing system, which is centralized, is relatively simple and easy to administer. It is easy to understand and civil servants know clearly what they can expect under the applicable pay scale. It is not clear whether another mechanism will not bring in uncertainty and controversy.
 - (ii) Some limited decentralization may however be appropriate but the emphasis is on "limited". It has to be done very carefully as divisiveness is a likely consequence.

- (iii) Some generally supported the decentralisation of civil service pay administration. Decentralisation of civil service pay administration give more flexibility to the department/bureau in determining and adjusting the pay for their staff with due consideration to the pay changes of the comparable grades in the private sector.
- (b) If decentralisation of civil service pay administration is to be introduced, how much pay and grading responsibility should be devolved to departments?
 - (i) Some limited decentralization may be appropriate but the emphasis is on "limited". Such responsibility could increase gradually.
 - (ii) Decentralization of pay administration will result in a multiplicity of pay scales and packages within the Government. In the interest of coherence of the civil service, it seems that only junior ranks within the general grades should be decentralized and departmentalized.
- (c) Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?
 - (i) The departmentalisation of general/common grades staff is generally supported. It allows the department/bureau to have greater control over the development of specific skills of the staff in such a way that the service needs can be met and the support service can become comparable to that in the private sector. As to the staff, they would compete with a smaller pool of grade members for promotion and acquire more marketable and specific skills.
 - (ii) The experience in employing NCSC staff is helpful in addressing this issue. Every department has its own characteristic and unique features. Both the department and the staff would not welcome the frequent movement of general grades staff. The department can be run more efficiently when general grades are departmentalised. It is apparent that clerical grade staff, typists, secretaries and calligraphists can be grouped together to provide better supporting service.

- (iii) Some suggest the possibility of departmentalising general/common grades staff in all legal-related 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?
 - (i) The potential for a significant impact on morale cannot be overstated.
 - (ii) Assurances from the employer, namely, the HKSAR Government would be the most important tool to maintain the standard of service and staff morale. Assurances in terms of action rather than plain talk would be relatively more effective.
- (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?
 - (i) The amalgamation of existing grades within broader occupational categories does not fully address the problem. The need of different departments should be looked into. It is the experience of both the trading fund and one-line vote departments that they can achieve more if they have fewer constraints.
 - (ii) Some officers are satisfied with the existing hierarchy of the Government Counsel grade. Some suggest the possibility of amalgamating SGC and GC in view of the little distinction between the two ranks. However, others have reservations about this.
 - (iii) Assuming that the Department has control over pay administration, there are different suggestions on the future aspects to be explored in the development of the grade. These include a review of the maximum pay of GC and the starting pay of SGC, taking note of the downward adjustment of the starting salary of GC by 5 points on the pay scale in the last benchmark review, the introduction of omitted points for GC and double increments for exceptionally good performers.
 - (iv) Amalgamation of junior clerical staff will help to simplify existing grades and cut costs.

- (f) Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level?
- (i) If a formal job evaluation system is to be regarded as part of the "overhaul", certainly it could be introduced. However, some wonder whether it is necessary to do so many things all at one time. Formal job evaluation of the existing grades and ranks would be a time-consuming exercise. It could be introduced gradually. If it is to be introduced, co-operation between the central government and departmental level would be essential. Accordingly, it could be operated centrally with the assistance at departmental level.