



Subject: Review of Civil Service Pay Policy and System

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I have the following comments and observations:

- 1) Separate treatment of civilian and discipline personnel is justified which reflects the difference in their job requirements. For civilians, there should be fewer pay levels.
- 2) Many of the job allowances should largely be included in the basic pay. But the payslips should be able to identify the allowance element such that in the event there were a tax reform later on to have different tax treatments for allowances, the two elements can be separated for tax computation purposes.
- 3) There is no need to make reference to private sector pay movements. Govt should consider its own ability to pay.
- 4) Each Minister should have some flexibility to set their own pay policies within a framework/boundary. This may result in people doing more or less the same job with small (say less than 10%) difference in pay. To augment this arrangement and to enable staff to move to a slightly higher pay job, open recruitment of all civil service positions is the answer. As a start, open recruitment of directorate officers will definitely promote cross-fertilization of ideas and bring in better ways of doing things.
- 5) I believe whatever changes along the lines of the 5 foreign countries would be difficult, if not impossible, to implement, given that civil servants have been under the protection of the pay policy and enjoyed the benefits for so many years. What Govt must do, if she wants to be really competitive, is to stop recruiting civil servants and start employing solely contract staff. Housing Authority has been a testing ground of this change for some years and the general performance of contract staff is impressive.
- 6) HA's contract staff have their own pay policy and system which the Task Force may wish to make reference to. Such a study may give you some real life examples of success.