

Responses to the questions raised by the Task Force's Consultation Paper on the Review of Civil Service Pay Policy and System

Pay Policy, Pay System and Pay Structure

19(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)?

- There should be a major overhaul in civil service pay policy and system.
- A lesson learnt from the Consultant's study of the five countries (Australia, Canada, New Zealand Singapore, UK) is that pay and grading reform cannot and should not be implemented in isolation from broader, complementary Civil Service reform such as broader delegation of human resource management responsibility and development of supporting performance measurement and management framework (para 4 of Report). This lesson must be heeded.
- Clean wage is preferred because it is easier to administer and involves less administrative cost.
- There should be emphasis on performance pay as a management tool to motivate staff.
- Implementation of changes should be phased or evolutionary.

19(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?

Senior civil servants should be subject to different pay scale because of the importance of motivating and rewarding them.

19(c) Should the disciplined services' pay be treated differently from the rest of the civil service?

Disciplined services should be treated differently to take into account the special nature of their jobs.

- 19(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?**

Broad comparability with the private sector should be maintained, in terms of pay level and pay trend, in order to compete with the private sector for, attract and retain talents. But there is scope for improvement of the present rigid system of adjusting pay as dictated by pay trend survey results. That it does not take into account factors like ability to pay and public expenditure constraints is a major flaw.

- 19(e) Or should Government's affordability to pay be an over-riding consideration in pay adjustments?**

Yes.

- 19(f) What features of the existing pay policy and system should be retained to ensure stability and morale of the civil service?**

The features of staff having a clear knowledge regarding the prospect of salary increment/adjustment and promotion in the existing system should be maintained.

Replacing Fixed Pay Scales with Pay Ranges*

* Pay range : A pre-determined upper and lower pay level that applies to a particular job/role/grade. The range is from the minimum to the maximum point and any part of the range is accessible (ie no fixed steps or pay points).

- 20(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?

Yes.

20 (b) Would flexibility in pay progression lead to potential divisiveness among civil servants?

Flexibility in pay progression should be viewed as a management tool. As long as the system for implementation is fair and transparent it should not cause divisiveness among civil servants.

20(c) Should flexible pay ranges be applied to the entire civil service, or only to senior civil servants, who typically have heavier management responsibilities?

Flexible pay ranges should be applied to the more senior civil servants. Flexible pay ranges will involve management input and administrative costs, the lower the rank, the less justification for such administrative work.

20(d) Should flexible pay ranges apply both to civilian grades and the disciplined services?

Whether flexible pay ranges should be applied to disciplined services should be considered in the context of the overall pay system for these staff groups.

20(e) Would changes be required to the existing performance measurement and appraisal systems to support the introduction of flexible pay ranges?

Yes. The Consultant's observations (para 64 of Report) on international experience in adopting good practices in performance measurement and management in order to attain an effective and fair flexible pay range system should be studied.

- 20(f) Would a performance management system directly linked to pay be the most effective way of nurturing a performance culture?**

Yes, a performance management system directly linked to pay will be an effective way of nurturing a performance culture. But equally or more important is a management framework that allows effective control over staff, eg, hire and fire.

Pay adjustment system and mechanism

- 21(a) Should the principle of broad comparability with the private sector continue to be adhered to?**

- 21(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?**

- Broad comparability with the private sector should only be one of the considerations in awarding pay adjustment. The other considerations are ability to pay and public expenditure constraints.
- Broad comparability with the private sector should be maintained in order to compete with the private sector for/attract/retain talents.
- Pay trend adjustment system of maintaining broad comparability with the private sector is fair if the pay level of civil service jobs are broadly comparable to jobs in the private sector of the same **value**.

- 21(c) Is there a need for changing or introducing more flexibility in the existing adjustment mechanism?**

Yes.

21(d) Should fiscal constraints be an over-riding factor in determining pay adjustments?

Yes.

21(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?

Pay administration should not be too fragmented; there should be an overall set framework providing guidelines and principles within which departmental management can exercise flexibility.

Performance-based rewards

22(a) Do we see the merit for Hong Kong to incorporate elements of performance pay in civil service salaries?

There are merits in incorporating elements of performance pay.

22(b) Apart from pay ranges which already have performance-related elements, do we need to consider other forms of performance-based rewards?

The pay reward system should remain simple for ease of administration and there should not be too many different forms of pay reward.

22(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?

Team-based performance rewards appears to be more suited to the lower or middle levels, on a one-off, project-based exercise, especially when a set target needs to be achieved. Even if introduced, it should only be a minor feature in the overall pay system.

- 22(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?**

There does not appear to be a need to introduce individual performance pay rewards.

- 22(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?**

Improvements to the existing staff appraisal system are needed to support the introduction of performance-related pay. The Consultant's observations at para 64 of the Report, eg, the need to develop sophisticated staff appraisal techniques, are useful guidance.

Simplification and decentralization of pay administration

- 23(a) Should consideration be given to introducing decentralisation of civil service pay administration for a city like Hong Kong?**

- 23(b) If decentralisation of civil service pay administration is to be introduced, how much pay and grading responsibility should be devolved to departments?**

- 23(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?**

- Decentralisation of pay administration may be considered but the objective to be achieved should be clearly defined.
- Decentralisation should not be considered in isolation from the overall reform of pay policy and system.

- International experience is, according to the Consultant (Para 4, 34, 35 of Report), successful pay and grading reform cannot be implemented in isolation from broader, complementary civil service reform such as delegation of human resources and financial management responsibilities. Concluding from the international experience, a comprehensive multi-faceted overall civil service evolutionary reform including pay, grading and effective performance measurement and management framework should precede decentralisation of pay administration. Comments under para 21(e) are also relevant.

23(c) Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?

The junior general grades (clerical and secretarial grades) can be departmentalized; department should be given authority to hire and fire to facilitate effective control. The senior general grades, especially the Administrative Officer grade and the more senior ranks of the Executive Officer grade should continue to be centrally managed.

23(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?

- There is scope to amalgamate existing grades within broader occupational categories.
- The civil service should work towards a flatter organisation with wider span of management control and fewer rank layers.

23(f) Should a formal job evaluation* system be introduced and, if so, should this be operated centrally or at department level?

*Job evaluation : A systematic process for establishing the relative value/worth of jobs within an organisation (or internal relativity). The process by which the 'size' of the job is determined usually be defining the jobs according to certain agreed factors (such as know-how, span of control, complexity etc) and applying a score to each factor. Usually, the greater the evaluation score, the larger and more accountable the job and the higher the salary.

- Formal job evaluation should be introduced and done centrally.
- Should move away from educational qualification for determining pay.