

LegCo Panel on Public Service
Meeting on Monday, 17 June 2002 at 11:00 am
in the Chamber of the Legislative Council Building

Agenda Item III: Review of Civil Service Pay Policy and System

Views of the Police Force Council Staff Side on
Review of Civil Service Pay Policy and System

There has been wide consultation on this document. The ongoing discussion on the 2002 Pay adjustment has created a number of emotive responses to the whole issue of pay.

2. The review seeks to address the basic policy governing how Civil Servants are paid as well as the procedures and mechanics of any evaluation of pay levels and future annual adjustments. Members are clearly concerned that the Government will misuse any comments on the policy aspect as tacit agreement that conditions of service may be altered.

3. Staff are quite willing to discuss and consider different methods of evaluating job responsibilities, associated pay levels and methods of adjustments but do not wish to see any deterioration in the protection of their current policy rights afforded by the employment laws on this subject.

Policy

4. The concern is the apparent desire of the Hong Kong government to drastically reduce salaries and allowances. This review may give the Government the opportunity to achieve this through the assumption that if all staff agree in principle that the current policy needs to be changed then they can proceed to dilute the Basic Law through legislation.

5. Prior to 1997 there was no mechanism to cut civil service pay. Fact - We have a contract on pay and conditions of service with the Government that does not permit salary cuts. Fact - in 2002 the Government is intending to legislate to get round these rights. Fact - we shall then be on terms less favourable than before the change of sovereignty. Fact - this must breach the Basic Law, (Articles 100 and 160).

(a) Article 100

"Public servants serving in all Hong Kong government departments, including the police department, before the establishment of the Hong Kong Special Administrative Region, may remain in employment and retain their seniority with pay, allowances, benefits and conditions of service no less favorable than before."

(b) Article 160

"Upon the establishment of the HKSAR, the laws previously in force in Hong Kong shall be adopted as laws of the Region except for those which the Standing Committee of the National Peoples Congress declares to be in contravention of this law, they shall be amended or cease to have force in accordance with the procedure as prescribed by this law."

6. The Task Force conducting this review should recommend that all current legal protection afforded to civil servants should be maintained. Additionally, any recommendation from the Task Force that has any bearing on policy must be accompanied by a caveat that as policy, further detailed consultation with staff is vital.

Procedures and Questions raised by the Task Force

7. The Task Force has built its initial findings for Phase I around a consultation document prepared by 'PWC Consulting'. The pay policy and procedures in five countries have been examined. This consultative report is considered to be weak. There is a disproportionate section on Singapore and there is no real analysis on procedures within the selected countries. The majority of the information supplied is readily available on the internet and in Government publications from those countries. This was a disappointment; in that the Task Force is now relying on HK Civil Servants to propose the way forward instead of the other way round.

8. Based on the study of the five other countries, the Task Force proposed a number of questions that address the various aspects of pay policy, job evaluation and pay adjustment procedures. Comments on these are contained in the attached table, Annex 'A'. They did not propose any answers themselves and hopefully will correct this in Phase II. The Consultants proposed a few questions of their own and these are addressed in Annex 'B'.

9. The views expressed in response to each question are the majority view. The general overview here is that disciplined services, particularly the Hong Kong Police Force cannot be treated in the same manner as other Government Departments and that no real benchmarking with other countries or professions can adequately address the job evaluation or pay levels for police officers.

10. It is felt that no definitive conclusions can be drawn until Phase II of the study is completed. However, the Task Force needs to do a great deal more in studying the requirements of the HKSAR rather than making general comparisons with other countries or simply packaging the comments of staff. If Phase II is simply our own comments thrown back at us with inappropriate conclusions that favour an already established Government master plan, then the end result will be unacceptable to Civil Servants.

Police Force Council Staff Side

Review of Civil Service Pay Policy and System
Comments by Questions Raised

Questions Raised by the Government Task Force in Phase I	
Item	Comment
Should there be a Major overhaul of the Civil Service Policy and System with more emphasis on performance-pay, clean wage policy and building more flexibility for adjustment.	<p>Yes in principle there should be. The employer rather than the employee should indicate what the adjustment should be and justify it.</p> <p>It is appreciated that in HKSAR there may be difficulties in absorbing or eliminating separate allowances, but where possible the 'clean' wage idea should be pursued, without any overall diminution of the position of civil servants.</p>
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?	<p>In principle this could work, but with so many Departments in the HKSAR this may be too complex to achieve. Where could the line be drawn demarcating this level of seniority? Divisiveness would set in and undermine the image of a "performance-orientated culture" in HK.</p> <p>Perhaps this should only be considered for the very top echelon of posts.</p>

<p>Should the disciplined services' pay be treated differently from the rest of the civil service?</p>	<p>As stated above and as stated by the 'Rennie Committee' on Pay in 1988, the police force <u>must</u> be treated totally separately from other disciplined services and indeed the ordinary civil service.</p> <p>It is abundantly clear that because of the job nature and the fact that the Police Force is the first and last line of resort for the Government, it must therefore be considered a special case and the Police Pay Scale should be maintained.</p> <p>To protect the political neutrality of the police force it should not only have a separate police pay scale but also one that is decided by a totally independent pay review mechanism. This is mentioned in the 'interim report'; and requires to be explored further.</p>
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<p>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?</p>	<p>As has been stated on many occasions, in various reports and deliberations it is extremely difficult to equate civilian workers to those of the police service. That stated some comparison and review mechanism is required. It is suggested that the PTS be reviewed and updated to allow it to responsive to fluctuations in comparable pay policies that may impact the pay of police officers.</p>
<p>Or should Government's affordability to pay be an over-riding consideration in pay adjustments?</p>	<p>Affordability should be a factor and this is directly linked to the employer making the first offer rather than the employees.</p> <p>It should not be the over-riding factor. In particular when it comes to questions over security, law and order.</p>

<p>What features of the existing pay policy and system should be retained to ensure stability and morale of the civil service.</p>	<p>As stated the police service should have its own pay scale (PPS) and linked review mechanism.</p> <p>Chapter Two of the ‘Interim Report’ outlines the difficulties experienced in formulating the current system, which appears to be based on concepts and expectation rather than scientific/measurable data.</p> <p>We need:</p> <ul style="list-style-type: none"> - An agreement not to go outside the system; - Fair evaluations of grades/ranks; - Benchmarking with the private sector to achieve competitiveness; - Legal guarantees
<p>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?</p>	<p>This may work in the private sector but it would be very dangerous for the police service.</p> <p>Favouritism, corruption and elitism must be avoided and variable pay ranges for different units, formation or officers of the same grade – doing slightly different jobs would result in serious conflicts. In any event experience overseas suggests pay ranges are difficult to manage, are divisive and do not bring improvements in efficiency.</p>
<p>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?</p>	<p>It is fair but slow. As it does not take immediate effect the public does not see it as being fair. The 2001 pay rise was two years behind the private sector slow down and the readjustment downwards in 2002 demonstrates that the system needs to be modified.</p>

<p>Is there merit for elements of performance pay to be incorporated into civil service salaries?</p>	<p>Not many and perhaps only at the very senior levels.</p> <p>The current increment system works well. Imposing a disciplinary method to revert an individual to a lower increment may be possible but would be complex, time consuming and therefore not cost effective.</p> <p>Cash bonuses would be too different and dangerous to control within the context of the police service.</p>
<p>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?</p>	<p>No - not within the police service</p>
<p>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?</p>	<p>No – again too dangerous in the police service.</p>
<p>Should consideration be given to introducing decentralisation of civil service pay administration for a city like Hong Kong?</p>	<p>Yes. For the police service, ICAC and Judiciary – all of who are independent and have special roles in the administration – they must have their pay, conditions and policies on such - decided by independent and accountable systems.</p> <p>Only by so doing will the cornerstones of the ‘Rule of Law’, their neutrality in politics and Hong Kong’s integrity be protected by these bodies and therefore allow a clean administration to survive.</p>

<p>Should some or all of the current general/common grades staff be departmentalised to facilitate department-based management?</p>	<p>No comment</p>
<p>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?</p>	<p>Decentralisation is already apparent for the Judiciary (separate pay policy), ICAC (separate pay considerations) and Police (separate PPS). For further changes to be affected, they must be done over the long term in a careful and reasonable manner.</p>
<p>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?</p>	<p>There is scope to amalgamate a number of the civilian grades.</p> <p>A flatter organisation within the Police Force is possible but the financial implications will require further exploration.</p> <p>Neither of these aspects is relevant to the methodology of a Pay Review Mechanism.</p>
<p>Should a formal job evaluation system be introduced and, if so, should this be operated centrally or at department level?</p>	<p>Formal evaluation in terms of a “performance management system” to set the standards and criteria should be in place for all posts.</p> <p>Only the relevant Department is qualified to do this.</p> <p>The Police Force has been developing core responsibilities and behavioural indicators for each rank group and for specific job types.</p> <p>Again this helps with the quality of staff and helps set the initial level of reward but is not relevant to Pay mechanism methodology.</p>
<p>Reducing the weighting attached to educational qualifications as the primary determination of rank or grade in favour of a broader assessment of job demands</p>	<p>The Police Force has been doing this for many years.</p>

**Principal Observations from the Consultant
(Price Waterhouse Coopers)**

Observation	Comment
Pay and grading reform cannot and should not be implemented in isolation from the broader civil service reform agenda.	<p>Agreed.</p> <p>The pay structure is interlinked with concepts of flattening the organisational structure, amalgamating grades and reassessing the performance management of each rank/grade.</p> <p>This should not be confused with the methodology of the pay assessment mechanism.</p> <p>A trimmer civil service will be cheaper but it does not mean that you pay them less, especially the police service that is always open to corruption creeping in on both an organisational and individual basis.</p>
A long-term view needs to be taken.	<p>Agreed.</p> <p>However the Government's, and particularly the Financial Secretary's, way of communicating possible scenarios to the public and seeking changes through legislation is destabilising the whole process in that that the long term view developing is for the Government (the employer) to have total control rather than a fair employer/employee relationship.</p>
Gaining buy-in and commitment to change from key stakeholders is critical	<p>Agreed.</p> <p>However, as above the Government continues to engineer an unfair advantage for the employer. Stakeholder's views are requested but ignored.</p>

<p>A major investment of resources is necessary to build the capacity and commitment required to implement major pay reforms</p>	<p>This is meaningless consultancy jargon.</p> <p>It only seeks to have the consultancy Company involved in the ongoing development. We should not be seeking such a long-term development process.</p> <p>The initial consultancy document is weak. It contains general research that is available through other documents and the internet. The disproportional amount of material on Singapore is clearly drawn from the large commitment that PWC has there and does not help us to gain any meaningful insights into the pay mechanisms used in other countries.</p>
<p>Making significant changes to pay and grading arrangements, within the context of wider reform, inevitability involves pain as well as gain.</p>	<p>Agreed.</p> <p>We are prepared to go through the pain if there is valuable gain to be achieved. In fact it can be argued that with CS Reform, new recruitment packages, VR and EPP we have done so already.</p> <p>Again there is concern here that the whole process is being undermined by Government to achieve an unfair advantage for the employer. The employee will suffer the pain and the employer will receive the gain.</p> <p>The overall image of Hong Kong will deteriorate in the eyes of overseas investors if this continues.</p>

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<p>Making significant changes to pay and grading arrangements, within the context of wider reform, inevitability involves pain as well as gain.</p>	<p>Agreed.</p> <p>We are prepared to go through the pain if there is valuable gain to be achieved.</p> <p>Again there is concern here that the whole process is being undermined by Government to achieve an unfair advantage for the employer. The employee will suffer the pain and the employer will receive the gain.</p> <p>The overall image of Hong Kong will deteriorate in the eyes of overseas investors if this continues.</p>