

**Legislative Council Panel on Public Service
Meeting on 2 May 2002**

**Interim Report of the
First-Phase Review of Civil Service Pay Policy and System**

PURPOSE

1. The Task Force on Review of Civil Service Pay Policy and System published on 25 April 2002 an interim report of the first-phase review for public consultation. The Task Force's interim report, together with the supporting report prepared by the consultant engaged by the Task Force, is at the Annex. This paper briefs Members on the background of the review and the Administration's response on the publication of the interim report.

BACKGROUND

2. The Administration announced on 18 December 2001 its decision to carry out a comprehensive review on the civil service pay policy and system with the assistance of the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission), the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) and the Standing Committee on Directorate Salaries and Conditions of Service (Directorate Committee). The three advisory bodies subsequently set up a Task Force under the chairmanship of Mr YEUNG Ka-sing, Chairman of the Standing Commission, to take forward the review.

3. Through the comprehensive review, the Administration seeks to identify ways and means to improve our civil service pay system with a view to modernising it and bringing it more in line with the best practices elsewhere, making it simpler and easier to administer; and building in more flexibility to facilitate matching of jobs, talents and pay.

4. This is a highly complex exercise with far-implications for the civil service and beyond. To facilitate an informed discussion on this complex subject and to prepare the ground for the comprehensive review,

the Administration is taking forward the review in two phases. Under the first phase of the review, the three advisory bodies will carry out an analytical study on recent developments in civil service pay administration in other Governments and identify best practices that are of particular relevance to Hong Kong. The study findings under phase one will be submitted to the Administration by the middle of 2002.

5. Based on the findings of the analytical study and taking account of the ensuing discussions with the concerned parties, the three advisory bodies will make recommendations to the Administration in the second half of 2002 on the scope of the detailed review under phase two, the factors which may need to be taken into account in conducting this exercise, the methodology to be adopted, as well as the timing and timeframe for completing the second-phase review. The Administration will decide on the best approach to take forward the second-phase review after considering the recommendations from the advisory bodies.

TASK FORCE'S INTERIM REPORT OF FIRST-PHASE REVIEW

6. As part of the first phase of the review, the Task Force has conducted an analytical study on the latest developments in civil service pay administration in Australia, Canada, New Zealand, Singapore and the United Kingdom. Through the public consultation exercise which will end on 25 May 2002, the Task Force solicits views from interested parties on the preliminary findings of its study. In the light of the views received, the Task Force will finalise its first-phase review report for submission to the Administration by the middle of 2002.

THE ADMINISTRATION'S RESPONSE

7. Civil service pay is a very complex issue with wide implications. The two-phase approach adopted for the comprehensive review is intended to allow time for thorough deliberations on all relevant issues. The publication of the Task Force's interim report is a very early step in the review process. The Administration encourages all civil servants and interested parties to study the Task Force's preliminary findings and submit their views to the Task Force so that the Task Force can take them into consideration in finalising the report of the first-phase review.

8. The preliminary findings on recent developments in civil

service pay administration in other Governments provide useful information on how other Governments have responded to changing circumstances and the outcome of their efforts. However, in considering the directions of the future developments of our civil service pay policy and system, it is important that while making reference to overseas experience, we also have due regard to the history of development of our current system as well as our particular needs and requirements. We should also bear in mind the need to continue to offer an attractive and worthwhile career for people with a mission to serve the community while taking due account of the wider costs and benefits to the community.

9. A stable and motivated civil service is a cornerstone for the stability and prosperity of Hong Kong. Any changes to the civil service system must be conducive towards maintaining the stability and development of a clean, trustworthy, quality and efficient civil service.

10. The Administration has an open mind on how the civil service pay policy and system should be improved. We shall take full account of the views of civil servants and members of the public before taking a decision on the advisory bodies' review recommendations in due course.

Civil Service Bureau
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