

## **CHAPTER 4**

### **PAY POLICIES, PAY SYSTEM AND PAY STRUCTURE**

(This chapter examines a number of key issues on pay policies, pay system and pay structure, and identifies possible improvement initiatives for further study in Phase Two of the review)

4.1 As discussed in Chapters 2 and 3, there is the need to consider a comprehensive approach to modernising the civil service pay system in Hong Kong. In considering the appropriate scope and pace of change, we start with a look at some common features of the reforms conducted over the past 15 to 20 years in the surveyed countries.

#### **COMMON FEATURES IN SURVEYED COUNTRIES**

4.2 The Consultant has indicated in its Interim Report that different policies and systems have evolved in the countries studied to meet their specific needs. The important common features are clearly identifiable. They include –

- (a) devolution of more responsibility for pay policy and administration to individual departments and agencies with a view to improving flexibility, accountability and overall performance and efficiency, but retaining central control of pay arrangements for the senior civil service (decentralisation);<sup>1</sup>
- (b) a belief that in certain areas (e.g. equal opportunities, training development and merit-based approaches to appointment and promotion) the civil service has a leadership role to play as a

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<sup>1</sup> Consultant's Interim Report, Pages 3 & 16

“good” employer, with associated implications for pay policy and structures (comparability);<sup>2</sup>

- (c) an emphasis on affordability and paying appropriately to recruit, retain and motivate staff, with correspondingly less importance given to formal pay comparability with the private sector and internal relativity (comparability and affordability);<sup>2</sup>
- (d) ongoing efforts to link pay more closely to performance (performance pay);<sup>3</sup>
- (e) a drive to replace rigid central systems with more flexible approaches including the adoption of pay ranges, particularly for the senior management levels (replacing fixed pay scales with pay ranges);<sup>4</sup>
- (f) an initiative to consolidate and remove allowances (i.e. either abolish or consolidate them into base pay) in order to improve transparency and accountability and to reduce administrative costs (clean wage policy);<sup>5</sup> and
- (g) providing separate pay arrangements only for limited groups broadly equivalent to the Hong Kong disciplined services where special provisions apply (e.g. where the right to take industrial action has been removed).<sup>6</sup>

4.3 Item (a) of the above list will be discussed in Chapter 8, item (d) in Chapter 7 and item (e) in Chapter 5. The rest will be covered in paragraphs 4.11 – 4.65. Before going into details, however, we would like to consider first the general issue of the extent and pace of change that would be appropriate for Hong Kong.

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<sup>2</sup> Ibid., Pages 3 & 17

<sup>3</sup> Ibid., Page 4

<sup>4</sup> Ibid., Pages 4, 17-18

<sup>5</sup> Ibid., Page 18

<sup>6</sup> Ibid., Page 19

## **EXTENT AND PACE OF CHANGE**

### **Experience in Surveyed Countries**

4.4 The Consultant has pointed out that all the countries studied have implemented wide-ranging pay and grade reforms over the past 15 to 20 years, as part of their long-term public sector reforms, to keep up with changes in the socio-economic and political circumstances. By taking a long-term view and adopting a phased approach to implementation (rather than a “big bang” approach), they have been able to modernise their pay policies and systems.

### **Results of Public Consultation**

4.5 Most departmental management who responded do not consider it necessary to have a major overhaul of the current pay policy and system as they have merits and have stood the test of time. Where improvements are necessary to keep up with the pace of development, the changes should be carefully thought through and introduced incrementally. Time and effort should be devoted to designing, testing and adjusting the changes to the current system. These should be complemented by other human resource management initiatives such as the development of an objective performance-based appraisal system and a more structured job evaluation system. Full consultation with the staff side is necessary at all stages of the changes. Drastic changes with insufficient consultation and time for buy-in will only lead to a deterioration in the quality of service and adversely affect staff morale. They point out that civil service is not a commercial organisation and in many cases is difficult to adopt objective criteria for performance measurement. The difference in the nature of work of the two sectors should be duly recognised.

4.6 A few departments prefer an overhaul of the current system to piece-meal improvements as the latter would not be able to achieve the desired level of change necessary to modernise the Hong Kong system. They propose a long-term plan with phased short-term implementation targets to ensure smooth progression.

4.7 An overwhelming majority of civil service staff bodies which responded do not support a major overhaul of the current pay policy and system given that they have been working well for many years and have proven to be effective in maintaining a stable civil service. However, some of them agree that there is room for improvement. They suggest that changes should be implemented incrementally and be applied to new recruits only. Existing staff should be given the option to choose the old or new system. Only a few associations consider that a major overhaul is necessary, but given the current socio-economic situation, even this group consider it inappropriate to conduct such an overhaul at this stage.

4.8 Very similar views have been expressed in the responses from individual civil servants and departmental consultative councils. Some point out that as a number of civil service reform initiatives have been implemented in recent years and their effects have yet to be evaluated, it is inappropriate to introduce a major overhaul to the current system at this point in time.

4.9 Views expressed among the non-government sectors are mixed. A slight majority support a major overhaul of the current policy and system to make them more flexible and performance-based (as against what they perceive as seniority-based) and to prevent civil service pay from leading the market. Those who object to a major overhaul consider it important to maintain stability and to adopt an incremental approach. In their opinion, the present system has laid down the foundation for a clean, efficient and stable civil service. Any drastic change would affect the morale of civil servants and staff in the subvented organisations, in turn affecting the quality of service provided and the stability of the civil service as a whole.

### **The Task Force's Views**

4.10 Having carefully considered the issue in the light of the Consultant's findings and the views obtained in the public consultation exercise, we consider that instead of making drastic, abrupt changes to the current policy and system, a programme of progressive improvements should be introduced to address the latest management needs and different stakeholders' expectations. These improvements are essential in order to ensure the effective and efficient operation of the civil service, by better

empowering the managers to manage their resources flexibly and allowing them to distinguish further between performers and non-performers. Details should be examined in Phase Two of the review.

## **COMPARABILITY WITH THE PRIVATE SECTOR**

### **Experience in Surveyed Countries**

4.11 In the Consultant's Interim Report, it was pointed out that all the countries surveyed have continued to stress the importance of providing sufficient pay to attract, retain and motivate suitable staff. In doing so, they have often tried to maintain "broad comparability" with the private sector although any explicit link has usually been dropped. In other words, less importance has been attached to formal pay comparability with the private sector and care has been taken to avoid leading the private sector. However, all the countries surveyed believe that in certain areas not directly related to pay, e.g. equal opportunities policies, emphasis on training and development, and merit-based approaches to appointment and promotion, it is important for the civil service to lead as a good employer.

4.12 The Consultant has also observed that in line with the process of decentralisation of pay administration to departments and agencies, the surveyed countries have moved away from an over-emphasis on internal relativities.<sup>7</sup>

4.13 These policies have been successful in rationalising civil service pay in the face of public expenditure constraints. However, over time the senior civil servants' pay in Australia and the United Kingdom have lagged behind that of the private sector by a great margin.<sup>8</sup> There have been recent attempts to bridge this gap in those countries.

### **The Hong Kong Experience So Far**

4.14 In the case of Hong Kong, the 1965 Salaries Commission recommended that civil service pay should be based on the principle of fair

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<sup>7</sup> Ibid., Page 17

<sup>8</sup> Ibid., Page 17

comparison with the private sector. This was further recommended by the 1968 Salaries Commission and accepted by the Administration, which drew up an elaborate statement containing the following basic principles –

- (a) the Government subscribes to the principle of fair comparison with the current remuneration of private sector staff employed on broadly comparable work, taking account of differences in other conditions of service; and
- (b) the public service has a reasonable claim to the maintenance of real income on the evidence of cost of living indices, provided it can be demonstrated that this is also the experience of other employees.<sup>9</sup>

4.15 The principle of fair comparison has been reviewed regularly since then and has been invariably reaffirmed as the cornerstone for pay reviews. The idea is now well entrenched among civil service staff bodies and civil servants in general. The general public also accept this principle but they have recently cast doubts on some of the elements of comparison.

4.16 Comparability is in itself a complicated issue as there is no comparable activity (e.g. law enforcement, licensing etc.) in the private sector for many government activities. Whilst noting the difficulty, the following attempts have been made to address the issue –

- (a) conducting pay level surveys from time to time to assess corresponding pay levels for comparable work in the private sector; and
- (b) conducting annual pay trend surveys to ensure that civil service pay moves broadly in line with the general pay movements in the private sector.

4.17 In theory the two should complement each other. In practice, however, (a) has not been conducted since 1986 following an unsuccessful

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<sup>9</sup> Task Force Interim Report, Page 5

attempt. Adjustment of civil service pay on the basis of the results of (b), without (a), over the past 16 years partly accounts for the public call to review the pay adjustment system. (This will be examined in greater detail in Chapter 6.)

## **Results of Public Consultation**

4.18 The departmental management who responded generally consider that the principle of broad comparability with the private sector should be adhered to. Regular pay level reviews should be conducted in addition to the annual pay trend surveys. In order to recruit, retain and motivate the right people for providing quality service, there is a strong need to keep civil service pay competitive. Some point out that the principle of comparison is more important in pay level setting than in pay adjustment. Others consider that as the Government and the private sector firms are engaged in different activities, direct job-to-job comparison is difficult if not impossible. This is particularly the case in respect of the disciplined services as their job nature is unique and there are few comparable jobs in the private sector. For the purpose of broad comparability, one proposal is to make reference to the average earning of a worker with similar experience/qualification/skill levels in a comparable field.

4.19 All civil service staff bodies which responded share the view that the principle of broad comparability should be adhered to as this will enable the civil service to remain competitive in recruiting and retaining suitable staff. Most of them consider that the existing pay review system is effective and should continue to be adopted. A few of them suggest that the survey methodology should be modified and updated so that it could be more responsive to changes in the socio-economic environment.

4.20 Civil service respondents generally support the continued adherence to the principle of broad comparability with the private sector. Some of them suggest that benchmarking civil service pay at the upper quartile of the pay profile of the private sector should continue in order to maintain the stability of the civil service. Others opine that civil service pay should be slightly above the market rate to attract or retain staff of the

appropriate calibre. Where comparable counterparts cannot be found in the private sector, adjustments can be made through internal relativity.

4.21 Most views expressed among the non-civil service sector support the continuation of the principle of broad comparability with the private sector. However, there are clear divisions in opinion as to how this can be achieved. Some pointed out that the existing review system is unable to fully reflect rapid changes in the economic situation and the labour market and should be overhauled. Others are of the view that while some minor changes are required, the existing system (basing mainly on pay trend surveys) is generally in order. Recent problems mainly arise from the lack of a pay level survey to complement it. They therefore highlight the need for regular pay level surveys and formal job evaluations to remove the perceived pay gap between the civil service and the private sector.

4.22 Views expressed in press articles mainly support the principle of broad comparability with the private sector. However, there is a suggestion to sever the link between civil service salaries and the private sector pay as the goals of the two are different in that the former is to provide public services and the latter is to gain profits.

### **The Task Force's Views**

4.23 Having carefully examined the issue of comparability in the light of the Consultant's findings and the results of the public consultation exercise, we agree that broad comparability with the private sector should be maintained as a basic principle in setting civil service pay. In the absence of a competitive market for government products, comparability with the private sector enables the indirect operation of some "market discipline" on civil service pay and helps the Government to maintain competitiveness with the private sector.<sup>10</sup> We believe that the Government should, through regular reviews on pay structure, pay levels and pay trends, aim at establishing reasonable rates of pay that can be accepted as fair by

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<sup>10</sup> Anthony B.L. Cheung. "The Civil Service Pay System in Hong Kong: Implications for Efficiency and Equity", in *Asian Civil Service Systems : Improving Efficiency and Productivity*, John P. Burns (ed.) (Times Academics Press, Singapore) June 1994. Page 274

both its employees and the general public, and are sufficient to recruit, retain and motivate the right staff for delivering quality service to the public at large. As can be seen from paragraph 3.2(a) and (b) in the previous chapter, the above are basic elements in our vision of the civil service pay system going forward.

## **AFFORDABILITY**

### **Experience in Surveyed Countries**

4.24 In the Consultant's Interim Report, it was pointed out that as a result of serious fiscal and public expenditure constraints in recent years, affordability has become a dominant feature of pay policy in all the surveyed countries. This is particularly prominent in cases where pay responsibilities have been substantially devolved to departments and agencies and budgetary limits have become the key control mechanism. The tight expenditure control has also limited the ability to implement more performance-related pay systems and adversely affected the acceptability and perceived value of such schemes.<sup>11</sup>

### **The Hong Kong Experience So Far**

4.25 Locally, affordability had never been a prominent issue in the past few decades when Hong Kong experienced phenomenal socio-economic development underpinned by sustained economic growth. Since 1997, however, we have experienced a prolonged economic downturn. The prospects of a more volatile economy and recurrent budget deficits have prompted many to re-focus on the issue of affordability.

### **Results of Public Consultation**

4.26 The departmental management who responded generally agree that affordability is an important factor but not an over-riding one in determining pay adjustments. The prime consideration is to maintain Government's ability to recruit and retain quality staff and to minimise fluctuations in civil service pay in order to maintain the stability and

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<sup>11</sup> Consultant's Interim Report, Pages 16-17

morale of the civil service. In their opinion, fiscal problems are normally caused by factors (e.g. economic downturn, revenue generation and allocation of resources) beyond the control of the civil service. It would be unfair for the civil service to bear the responsibility for deficits. Moreover, Government's affordability is difficult to determine. Adopting this as the over-riding consideration in pay reviews could render the process vulnerable to external considerations and ultimately affect the morale and stability of the civil service.

4.27 A few departments consider that more emphasis can be placed on affordability in pay adjustments, especially in departments and agencies which are operating on a trading-fund set-up.

4.28 An overwhelming majority of the civil service staff bodies which responded share the view that affordability should be an important but not over-riding consideration in pay adjustments. The general view is that Government's expenditure is made up of many components and its affordability should not be directly linked to the civil service pay adjustment. They consider it unfair to blame civil servants for the structural deficit and to force them to bear the consequences. This will only affect staff morale and lead to a drain of talent, especially at times of a booming economy.

4.29 Responses from individual civil servants and departmental consultative councils also agree that affordability should be a factor of consideration but not an over-riding one in determining pay adjustments. Some point out that the stability and morale of the civil service should be the prime consideration. Others consider that factors such as staff morale, cost of living, findings of pay trend surveys and the state of the economy should all be taken into account.

4.30 Views expressed among the non-civil service sectors are divided. A slight majority consider that Government's affordability to pay should be an over-riding consideration in pay adjustments as this would help the Government exercise some financial discipline over a significant part of its recurrent expenditure and contain the deficit problem. Those

who are against this view generally share the arguments of the civil service bodies.

4.31 The views expressed in press articles generally support the proposal to make Government's affordability an over-riding consideration in civil service pay adjustments.

### **The Task Force's Views**

4.32 We have considered carefully the Consultant's findings, the feedback from the public consultation exercise, and the changing circumstances which we have discussed in Chapter 2 (see paragraphs 2.13 – 2.15). We are convinced that while affordability should be taken into account as a very important factor in determining pay adjustments, it should not be an over-riding factor. In this respect, we take affordability to mean the ability of Government to pay its staff in a way that is acceptable to society as a whole. Other factors such as staff morale, the cost of living adjustment, comparability with the private sector on pay level and pay trends and the performance of the economy should continue to be taken into account.

## **CLEAN WAGE POLICY**

### **Experience in Surveyed Countries**

4.33 In the Consultant's Interim Report, it was pointed out that all the surveyed countries have taken various initiatives to consolidate and remove allowances in order to improve transparency and accountability and to reduce administrative costs in processing them. In the United Kingdom, allowances have now been largely eliminated. In Singapore, a "clean wage" policy in which many allowances and perks have been abolished or consolidated into the basic pay, has been adopted. In others, only a small number of allowances have been retained for specific reasons such as undertaking particularly difficult or unpleasant tasks, working in remote or expensive locations, working overtime or beyond normal requirements and attracting or retaining particular skills which are in short supply temporarily. In general, such allowances will not exceed 10% of the total remuneration. This policy appears to have been welcomed by the staff side

as encashment or consolidation of allowances has provided them with greater freedom to make use of what they earn.<sup>12</sup>

### **The Hong Kong Experience So Far**

4.34 In Hong Kong, while allowance rates are regularly updated, there have only been a few major reviews. A comprehensive review of job-related allowances was conducted by the Standing Commission on Civil Service Salaries and Conditions of Service from 1983 to 1985 and another one was conducted from 1999 to 2000. The Review Committee on Disciplined Services Pay and Conditions of Service (Rennie Committee) and the Standing Committee on Disciplined Services Salaries and Conditions of Service have also reviewed job-related allowances for disciplined services in 1988 and 1999 respectively. The continued need for individual allowances, the eligibility criteria, the rates and the payment arrangements were reviewed. The feasibility of a “clean wage” policy, *per se*, has not been studied.

### **Results of Public Consultation**

4.35 The civilian departmental management who responded are generally in support of a “clean wage” policy as it will reduce administrative cost and allow more flexibility for the staff to use their take-home pay. It can also achieve the principle of equity through equal pay for the same rank and job. They agree that the out-dated allowances and fringe benefits should be removed and the justified ones should be incorporated into the respective salaries. Some of them point out that there should be no net reduction in the take-home pay due to tax implications. Care should also be taken not to allow the “clean wages” to inflate the pension liabilities.

4.36 Whilst some are skeptical of the benefits of a “clean wage” policy, the majority of the responses from the management of the disciplined services do not support such a policy. In their view, it will incur additional cost on pension and result in staff having to pay more tax. The increased “clean wage” may distort the picture and give an impression

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<sup>12</sup> Ibid., Page 18

to the public that civil service pay is becoming higher and higher. They prefer to retain the current system of fringe benefits, in particular the provision of departmental quarters.

4.37 Views from civil service staff bodies are divided. The majority are opposed to the idea of a “clean wage” as it may lead to misallocation of resources in cases where officers who have exhausted their fringe benefit entitlements will receive the benefits again in the form of “all cash” wages. The inclusion of benefits may also jack up the pay level, making civil service pay unduly high. Many are worried that this policy will be used as an excuse to abolish some of the existing benefits. They therefore favour maintaining the status quo.

4.38 Those bodies which support a “clean wage” policy consider that it would help save costs in administering the various benefits and allowances, allow more flexibility for staff to make use of their benefits and make entitlements more post-tied which, in their opinion, is a better alternative than the current arrangement of setting some of the rates according to factors not related to the job, e.g. family size in the case of private tenancy allowance.

4.39 Submissions from individual civil servants also reflect mixed views on this issue. The arguments advanced in support of the proposal or against it are very similar to those offered by the staff side bodies.

4.40 The feedback from the general public and the non-civil service interest groups overwhelmingly support a “clean wage” policy. They consider that civil servants are receiving too many allowances and the outdated ones should be abolished. They believe that a “clean wage” policy will not only save administrative costs, but also increase the transparency of civil service allowances.

### **The Task Force’s Views**

4.41 Having examined the issue in the light of the experience of the surveyed countries, we consider that the “clean wage” policy is conceptually desirable in terms of improving transparency/accountability and reducing administrative costs. As such, there are merits in applying it

to the Hong Kong civil service. However, we note the divided feedback from stakeholders. Before the proposal is further considered, a lot needs to be done to address doubts and to facilitate the buy-in of staff side bodies and individual civil servants. Given the unique operational need of the disciplined services (see paragraphs 4.63 – 4.64), some flexibility should be allowed for retention/consolidation of allowances to meet specific requirements.

4.42 In Phase Two of the review, the feasibility of consolidating job-related allowances into base pay should be examined as a medium-term target. The feasibility of incorporating other benefits into base pay should be examined as a long-term target.

## **SEPARATE ARRANGEMENTS FOR SENIOR CIVIL SERVANTS**

### **Experience in Surveyed Countries**

4.43 As reflected in the Consultant's Interim Report, whilst adopting decentralisation as a key, long-term thrust of pay reform, all five of the surveyed countries have continued to centrally manage most or all of their "senior civil service" (ranging from 750 to 3,000 top civil servants in each case) for pay and broader human resource management purposes. Many have introduced new pay-related initiatives such as flexible pay ranges, performance pay, "clean wages" among this group. Experience shows that this approach is an effective way of maintaining a ceiling on public sector pay levels and ensuring that the civil service operates in a coherent way with flexibility for staff mobility between departments/agencies at the most senior level.<sup>13</sup>

### **Hong Kong Experience So Far**

4.44 The directorate staff (comprising some 1,300 officers) in the Hong Kong civil service, more or less the local equivalent of the "senior civil service" of the surveyed countries, have a separate pay scale and are entitled to some fringe benefits not available to other officers. About 340 of this group are generalists (i.e. Administrative Officer Staff Grade C and

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<sup>13</sup> Ibid., Page 16

above, and Principal Executive Officer and above) who are subject to posting across bureaux and departments. The rest are professionals/technocrats who are normally tied to the departments they serve and may only be cross-posted to the related departments on a limited basis. The grading and ranking of such posts and their pay and conditions of service are looked after by a dedicated advisory body, namely, the Standing Committee on Directorate Salaries and Conditions of Service. However, in terms of the annual pay adjustments, they normally follow the level recommended for the upper band of the Master Pay Scale.

### **Results of Public Consultation**

4.45 A majority of civilian departmental management who responded agree that senior civil servants could be subject to a different pay policy with more emphasis on risk and award factors as they are required to cope with higher levels of management responsibilities, accountability and stress. They believe that changes in pay policies and systems for this group can be more readily implemented, given the relatively small number of staff involved. However, a few management respondents consider that all civil servants, irrespective of their ranks should be subject to the same basic pay principles. To do otherwise would only increase the divisiveness among different groups of civil servants. Some of them suggest that the term “senior civil servants” should be clearly defined. Others caution against the inclusion of an unnecessarily high element of risk in the pay system as this would jeopardise the stability of the civil service.

4.46 The views from the disciplined services departmental management are divided. Some agree that more risk/award factors should be incorporated into the system. Others prefer maintaining the status quo, citing the divisive effects of different pay policies for different ranks of staff.

4.47 As regards the staff unions/associations which responded, the majority do not support a different pay policy for the senior civil servants as its divisive effect would bring disharmony and disparity to the civil service, and ultimately affect staff morale. In their opinion, the current pay

arrangements have already reflected the differences in responsibilities and accountability. Over-emphasis of risk/award factors will only destabilise the civil service. Those who support a different pay policy for senior civil servants mainly do so on the basis of the unique and demanding role of this group of civil servants.

4.48 Views from individual civil servants are divided. The reasons for supporting the proposal or rejecting it are very similar to those offered by the departmental management.

4.49 The feedback from the general public and non-civil service interest groups overwhelmingly support a different pay policy and system for senior civil servants, as this group of officers are required to shoulder greater responsibilities and accountability, have more discretion in process management and in problem-solving and can be more closely aligned with their private-sector counterparts in terms of recruitment, motivation and retention. Some even suggest that consideration be given to including similar risk/award factors in the pay for middle-ranking officers as a long-term target, given that they are part of the management team.

4.50 Press reports consider that the pay for senior civil servants should reflect higher risk and award factors.

### **The Task Force's Views**

4.51 We note that in Hong Kong, the current pay and human resources management arrangements for directorate officers are already different from their non-directorate counterparts. This is in line with the continued central management of the senior civil service in the surveyed countries, notwithstanding the decentralisation of management functions in respect of the rest of the civil service. We believe such separate arrangements should be maintained for directorate officers here.

4.52 We have highlighted in the previous chapter our vision of a pay system that is conducive to a performance culture with emphasis on ownership of responsibility (see paragraphs 3.4 – 3.7). Given the higher level of management responsibilities and accountability of directorate officers, we believe that it should be useful to consider introducing to this

group pay initiatives that would better reflect responsibilities and accountability, increase the risk/award factors and the performance element. In this regard, securing the buy-in of this group of some 1,300 stakeholders should also be a useful starting point for new pay initiatives. We will consider specific areas in subsequent chapters.

4.53 In the course of our study, we have also considered the suggestion to extend the above arrangements to cover the senior professionals (i.e. officers on Master Pay Scale (MPS) Point 45 and above). This will increase the size of the population from 1,300 to some 6,300. In view of our conviction that reform should be introduced progressively, we intend to limit our definition of “senior civil servants” to the directorate in Phase Two of the review. The matter may be revisited in due course after experience has been gained with the progress of reform.

## **SEPARATE ARRANGEMENTS FOR THE DISCIPLINED SERVICES**

### **Experience in Surveyed Countries**

4.54 The Consultant has pointed out that there is no consistent model for handling pay arrangements in each of the surveyed countries for the broad equivalents to the Hong Kong disciplined services. The general trend appears to be providing separate arrangements for those disciplined services equivalents where the right to strike or take industrial action has been removed and/or where there is a perceived need to ensure that pay determination is independent of government and undue political interference.<sup>14</sup> With the exception of Singapore, all the countries in question have established separate pay arrangements for the Police Force. However, most of the other disciplined services equivalents are (with some exceptions such as the United Kingdom Prison Service) managed in the same way as other civilian departments within the civil service or the broader public sector.

4.55 The different pay arrangements for uniformed and non-uniformed, or civilian, officers in the same organisation have created some efficiency and human resource management problems. Measures are being

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<sup>14</sup> Consultant’s Final Report, Page 27

taken by some of the surveyed countries to better integrate all staff within a single pay and structure.

### **Hong Kong Experience So Far**

4.56 The disciplined services in Hong Kong comprise six uniformed departments, namely, Correctional Services, Customs and Excise, Fire Services, Government Flying Service, Hong Kong Police Force and Immigration Department (collectively employing some 52,000 disciplined services staff) and the Independent Commission Against Corruption (which we have not been asked to cover in this review). Officers in the six disciplined services are remunerated under two independent pay scales, i.e. the Police Pay Scale (for the Police Force) and the General Disciplined Pay Scale (for the rest), with a pay advantage over their civilian counterparts. Their pay and conditions of service are looked after by a dedicated advisory body, i.e. the Standing Committee on Disciplined Services Salaries and Conditions of Service.

### **Results of Public Consultation**

4.57 A significant majority of civilian departmental management who responded agree that the pay in the disciplined services should be treated differently from that in the rest of the civil service, citing the special nature of work, exposure to high risks, irregular working hours, high stress and strict disciplinary rules as their main considerations.

4.58 The management of all six disciplined services departments are in favour of separate pay arrangements for the disciplined services. The Police Force further suggest that an independent pay review mechanism should be established for the Police and the separate Police Pay Scale should be retained to keep the pay differential against the other disciplined services.

4.59 Views from the civil service staff bodies are divided. Those with a disciplined background are unanimous in that the pay in the disciplined services should be treated differently from that in the rest of the civil service, giving similar reasons as their management counterparts to support their argument. The majority of those with a civilian background

do not support special treatment for the disciplined services as they regard this as highly divisive.

4.60 As regards individual civil servants who responded, the majority support the proposal to treat the pay in the disciplined services differently from that in the rest of the civil service because of the unique work nature. Those who do not support the proposal are mainly concerned about potential divisiveness among civil servants.

4.61 Views from the general public are divided. The reasons for supporting or rejecting the proposal are very similar to those offered by civil servants. On the other hand, the majority of the non-civil service organisations which responded are in favour of a different treatment for the disciplined services.

### **The Task Force's Views**

4.62 We note that under existing arrangements, the pay and conditions of service for the disciplined services are already treated differently from the rest of the civil service. The arrangements have worked well, and we do not see any reason to depart from them. Given that there are too few comparable jobs in the private sector for a meaningful comparison with posts in the disciplined services, we consider that the determination and adjustment of the pay in the disciplined services should continue to be based on internal relativity with the rest of the civil service.

4.63 In response to the Consultant's suggestion to review, for pay administration purposes, the definition of the disciplined services in the Hong Kong context, we have re-visited the list of departments grouped under the disciplined services. We note that the disciplined services personnel are required to meet specific demands in terms of physical fitness, resilience and ability to work under pressure. Factors such as shift duty requirements, operational posting effects on family life, etc. may not exist in other jobs, either inside or outside the civil service.

4.64 We have also been informed that the job nature of the Hong Kong disciplined services is more complex than those in the surveyed countries. An example of such added complexity is that immigration and

customs responsibilities in Hong Kong include investigations, arrests and prosecutions, whereas in some other countries such cases are referred to the police or other law enforcement agencies for follow-up action. Apart from that, some of the Hong Kong disciplined services are required at times to take on some para-military roles.

4.65 Having regard to the above, we do not see a need to revise the existing list of departments grouped under the disciplined services, which was recommended by the Rennie Committee. As an on-going initiative, however, we suggest that the management of the disciplined services should continue to streamline the front-line services and explore room for civilianisation of some of the support services within their respective organisations.