CHAPTER 3

PERFORMANCE-RELATED REWARD AND INCENTIVE SCHEME

3.1 Annual Increments provided in Salary Scales

3.1.1 The PRB has, in its 2013 Report, recommended at paragraph 8.22 of Volume 1 that “annual increments provided in salary scales to various grades should be awarded based on open and recorded performance assessment ratings and that no increments should be earned in case an officer is unfavourably reported upon”.

3.1.2 During consultations with the Trade Unions, the attention of the Committee was drawn to an award by the former Permanent Arbitration Tribunal in the case of State Informatics Ltd Staff Union vs State Informatics Limited (RN 854) of 21 September 2005 where the Tribunal held that “a yearly increment in an employee’s salaries, in the opinion of the Tribunal is something due to him at the beginning of each year. The Tribunal does not appreciate the terms “merit increment” used by the employer as it considers that, from a moral and equitable point of view, a yearly increment is due to an employee after a 1 year of loyal and efficient service. In case of dishonesty, disloyalty or inefficiency on the part of an employee, the employer has always the alternative of applying disciplinary sanctions or dispensing with his services for valid reasons………..to the extent that annual increment in the present case had been given constantly and specifically on a fixed scale, we can say that it is an acquired right subject to adverse reports”.

Recommendation EOAC 5

3.1.3 The Committee recommends that the Ministry of Civil Service and Administrative Reforms should seek the advice of the State Law Office as to the applicability of the principles guiding the above ruling to the Public Service. While examining the issue, consideration may also be given to the development focus of the Performance Management System as highlighted by the Pay Research Bureau at paragraph 7.32 of its 2013 Report as opposed to the punitive measure of withholding the increment under the PSC Regulations.
3.2 Two-tier Remuneration Package

Recommendation EOAC 6

3.2.1 The Committee recommends the introduction of new performance-based pecuniary benefit over and above the normal salary for public sector employees. The two-tier remuneration package system comprising of a fixed and a variable component would provide greater pay flexibility for uplifting performance standards and rewarding high performing employees. The fixed component will include salary and end-of-year bonus. The variable component would essentially depend on performance or special circumstances specific to Ministries/Departments/Parastatals and Local Authorities. The variable component would be in the form of a non-pensionable one-off productivity bonus.

3.3 Operationalising the Performance-Related Reward and Incentive Scheme

3.3.1 The Performance-Related Reward and Incentive would be payable taking into account the performance of the organisation as well as the employee for the period under consideration. For any organisation to qualify for the Performance-Related Reward and Incentive Scheme it will have to attain a performance rating to be set by the Reforms Steering Council.

3.3.2 The Performance-Related Reward and Incentive Scheme would cover all the employees in an organisation. While incentives derived by Supervising Officers/Chief Executives would depend entirely on the organisation’s performance as may be assessed through performance indicators and rules set by the Reforms Steering Council, incentives paid to Heads of Section/Unit would depend on their unit/team performance. The Performance-Related Reward and Incentive of all other employees would depend primarily on individual performance based on the Performance Appraisal Report.
Recommendation EOAC 7

3.3.3 The Committee, therefore, recommends that –

(i) the Performance-Related Reward and Incentive Scheme should be effective as from 1 January 2014; and

(ii) the Ministry of Civil Service and Administrative Reforms and the Public Sector Re-engineering Bureau should work out the guidelines and methodology for the operationalisation of the Scheme by October 2013 and submit same to the Reforms Steering Council for consideration.

3.3.4 The Public Sector Re-engineering Bureau, the Office of Public Sector Governance and the Reform Cells should, in collaboration with parent Ministries, ensure the smooth implementation of the Performance Management System, adoption of the Programme-Based Budgeting and implementation of the Performance-Related Reward and Incentive Scheme in all parastatal organisations and local authorities reported upon by the PRB.

3.4 Allocation of Budgetary Provisions

Ministries/Departments

Recommendation EOAC 8

3.4.1 The Committee recommends that the Reforms Steering Council should determine the criteria for the allocation of the productivity complement to Ministries/Departments.

3.4.2 The Committee also recommends that the Ministry of Finance and Economic Development should make the necessary budgetary provision for the payment of the productivity bonus in line with the criteria adopted by the Reforms Steering Council.

Individuals

Recommendation EOAC 9

3.4.3 The Committee recommends that Ministries/Departments should expedite the implementation of the Performance Management System in their organisations. The Reform Cells at the level of Ministries/Departments should, under the guidance of the Public Sector Re-engineering Bureau
work out the criteria for allocation of the productivity component to teams and individuals based on their performance.

3.4.4 The Committee further recommends that the Reform Cells should also devise non-financial rewards (e.g. awards and certificate of recognition) to compensate high-performing officers.

Parastatal/Statutory Bodies and Local Authorities

Recommendation EOAC 10

3.4.5 The Committee further recommends that the Office of Public Sector Governance (OPSG) should assist parent Ministries in the timely implementation of the Programme Based Budgeting and the Performance Management System in Parastatal/Statutory Bodies and Local Authorities.

Payment of Allowances

3.4.6 The Committee considers that, for a fair and equitable Performance-Related Reward and Incentive Scheme, there is need to rationalise the payment of allowances in the Public Service.

Recommendation EOAC 11

3.4.7 The Committee, therefore, recommends that the MCSAR should issue fresh guidelines for the payment of allowances not covered in this Report.

Recommendation EOAC 12

3.4.8 In the light of the above provisions, the Committee recommends that paragraph 8.18 at page 66 of Volume 1 of the 2013 PRB Report should be deleted.

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