

GOVERNMENT PAY POLICIES AND THEIR ATTENDANT PROBLEMS

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Abstract

This paper provides an overview of the main elements of the pay system used to remunerate Government employees. Though the analysis primarily focuses on Barbados, the main features of pay systems highlighted are common to many Civil Services around the world. This paper also seeks to compare, in so far as this is possible, the remuneration of the public and private sector. Finally the paper concludes with a look at an agenda for change.

JEL Classification: J 31; Key words and phrases: government, pay policies, public sector reform

1. Introduction

For many years in Barbados there has been ample speculation on the vexing question "are government workers paid enough?" but unfortunately there have only been a few classifications² of the posts in the Civil Service³ in order to assess whether or not they

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² In 1948-49 a comprehensive classification of offices in the public sector was done. The next occurred in 1968-69 followed by another in 1975. The most recent reclassification exercise took place in 1989.

³ "Government workers" in this paper will be Central Government workers. Some passing reference will be made to workers of statutory corporations. A separate study on the statutory corporations will be forthcoming.

are adequately compensated. Furthermore no consistent attempt has been made to compare the wages in the non-government sector with those in the government. Oftentimes the Government is treated as a monolithic entity, and it is assumed that all Government workers are poorly paid and that their level of output is far inferior to that of the private sector.

This debate has been ongoing simultaneously with increased scrutiny of the government wage bill as a source of fiscal imbalance. In Barbados, the wages and salaries bill accounts for 50% of all government expenditure (Government of Barbados (GOB, 1997)). No time has the debate been more intense than during the period 1991-1993 under the International Monetary Fund (IMF) supported stabilization programme; nominal wages and salaries were cut by 8%, there was a subsequent reduction of employment levels in the public sector and there was a general freeze in pay increases (GOB, 1991).

The perception of low wages in Government coupled with wage cuts and freezes has discouraged many competent persons from entering the Civil Service. Schiller(1990) notes that in such situations some Government workers increased their level of

absenteeism which ultimately impairs productivity⁴. In Barbados, government's sick leave provisions are quite generous (21 days for permanent and 14 for temporary officers) compared with the private sector's 6 days a year and this can skew the analysis of absenteeism in government.

Against this backdrop, this paper seeks to address some of the problems related to Government pay policies in Barbados. Specifically it will seek to assess, based on available evidence, if Government workers are paid enough vis-a-vis the private sector. We define pay policies to include not only wages and salaries but also allowances that constitute a compensation package to the employee. As a necessary precursor to any discussion on remuneration the conditions of service and work must factor prominently.

The paper will be structured as follows: Section 1 introduces the paper. In Section 2 there will be some discussion of wages and salaries policies of Government workers. Section 3 what Civil Servants are actually paid including a discussion of pay levels and productivity. Section 4 reviews some of the problems of rewarding merit in the system especially at this time of Public Sector Reform and of efforts to remunerate

See Schiller (1990)

staff at supervisory, professional and managerial level. Section 5 compares public sector output with that of the private sector workers. Finally Section 6 - looks at the New Zealand Public Service as a model and discusses a futuristic look at the Civil Service and Section 7 concludes the paper with some specific recommendations.

2. Government Pay Policies in the Civil Service

Background

Most colonies around the world have inherited Civil Services of their past rulers (see Adamolekun, de Lusigan and Atomate, 1997). There are an increasing number of studies world wide that deal with Civil Service pay systems and Civil Service reforms (see Nunberg (1987); Schiller (1990); Chaudry, Reid and Malik (1994); Nunberg and Nellis (1995); Evans, Grimes Wilkinson and Teece (1996); Kim (1996); Scott (1996) and Adamolekun, de Lusiganan and Atomate (1997). Most Civil services have been rigid and characterized by a set of rules and regulations governing the operation of the system⁵. Barbados has been no different. In fact much of the system bears striking resemblance to the British Civil Service.

⁵ See the Government of Barbados: General Orders for the Public Service of Barbados 1970. Revised General Orders have been approved by Cabinet in June 1997.

The structure of the Civil Service involves five building blocks ⁶:

- a) a hierarchy of grades
- b) salary scales attached to various grades
- c) regulations governing the individuals progression up the pay scale
- d) regulations governing promotions
- e) a system of non-wage allowances and fringe benefits

A Hierarchy of Grades

In the Civil Service of Barbados there are 4 scales: S (Executive and Senior Management); Z (Middle Management, Supervisory and Support; included here are entry level graduates); P (Police, Prison and Fire services); C (Category that is, weekly paid workers. Although, teachers are quoted in their own scale, their grades correspond to the Z-scale.

Individuals can be assigned to grades in two ways - the rank-in-job and the rank-in-man ways. The rank- in-job system which dominates in the Barbados Civil Service allocates individuals to reflect the content of the job. The officer is paid to do a job and

⁶Schiller (1990) op.cit.

the characteristics of the persons including “excess” qualifications for the grade are accorded low priority in determining suitability. On the other hand, the rank-in-man system grade is determined by the characteristics of the individual such as education and length of service. It is clear that whilst the rank-in-job approach predominates, some traits of the rank-in-man are also used⁷. A rank-in-job system requires a job evaluation to be successful and hence the Barbados Civil Service is implementing an enhanced system⁸. Such evaluations commonly assess know-how, problem solving ability, accountability and adaptability to their working environment (see International Labour Organization, 1984)

Salary Ranges Attached to Various Scales

A system of salary ranges goes together with a scale and the range simply runs from the highest wage or salary to the lowest. It is established that there is a salary range for most grades. Very rarely is a single salary rate attached to a grade. Where such occurs, usually it is at the higher S scales, these are deemed fixed e.g S4 - \$63,000 p.a.

⁷The Barbados Civil Service is in fact a hybrid of the rank-in-job and rank-in-man system. There are problems associated with a pure rank-in-man system especially in the context of large organizations like Civil Service. Morale problems can arise from the rapid, although in some cases deserved, promotions of few in the organizational structure.

⁸Traditionally, the Civil Service have evaluated staff via the Confidential Staff Report. In other cases, there have been evaluations done for classification purposes, setting qualifications and for determining salary increases, duties, internal and external relativities.

Regulations Governing Individuals Progression up the Pay Scale

Within each salary range an officer is granted an increment on an annual basis until he or she reaches the top of the scale. No movement is possible beyond this point unless the officer is promoted to a higher salary grade. These increments are not tied to productivity but are, in fact, automatic⁹. They are usually awarded on the anniversary of the date the officer enters the Civil Service. However, the Ministry of the Civil service is currently reviewing the performance appraisal system with a view to linking the grant of increments to performance.

In the S scales there are some scales that are separated by a colon, for example S2:S1. This means that there is a period of time (usually 5 years) that the officer must spend at the lower salary scale that is, the one before the colon) before moving to the higher salary scale (that is, the one after the colon). This phenomenon is not unique to administrative grades but is also pervasive among the professional ranks of the civil service. For example, some medical officers are designated S5:S4:S3:S2. This means that they will spend 5 years at each grade. Therefore, the salary of the officer is pre-determined. In some cases this method is a recognition of longevity in the system.

⁹This was not always the case. In the 1970s, these increments were only awarded on the basis of merit and on the recommendation of the officer's supervisor.

In some scales there are Qualification Bars (QBs) and no movement is permitted beyond the QB unless the specified qualification is attained. In the Civil Service, the post of Microbiologist II and Radiographer are two such examples. In the recent past, Efficiency Bars (EBs) existed as well. Two tests were administered - one written and the other oral. The latter proved to be quite unpopular since the sole arbiter of good performance was the individual's supervisor. As a result of this perceived bias, in evaluation and given that many persons stagnated in the system, EBs were abolished.

Apart from these details, the number of scales and their diversity appears excessive and need some rationalization. For example, there are some grades that contain numerous posts, for example Z 23-17 (91 posts) and other like Z 3-1 (5 posts); Z 22-2 (1 post) ; Z 5-2 (1 post) and Z 15-2 (1 post). This may indicate that there is need for another reclassification. The 1975 reclassification exercise focussed on the principle of broad-banding, that is grouping comparable levels into a smaller number of grades. It further suggested that future regradings should only be conducted if substantial changes in job context and level of responsibility were made.

Notwithstanding the specific exhortation of the penultimate reclassification committee (1975), the 1989 re-classification committee noted that: there were many specific

upgradings of posts in 1979,1981, 1984; many outstanding requests for upgrading of posts; there was some tinkering with the pay structure and all this seemed to have affected the equilibrium of the Civil Service (see GOB, 1989)

Regulations Governing Promotion

On what basis is promotion granted? Seniority and or good performance. In many countries and Barbados is no exception, seniority carries a very large weight in the determination of promotion in the Civil Service. Good performance is generally a secondary reason for promotion. It must be added that the two (performance and seniority) should not be mutually exclusive.

The Public Service Regulations (see Service Commissions, 1978) allow for merit in the system. Clerical officers tend to be promoted on the basis of seniority since their jobs are more routine but promotions of senior staffers and management should be based on merit since more risk is involved. It is clear that the Regulations are not always adhered to.

When large numbers of persons join the Civil Service at the same time and stay for the majority of their working lives, promotion is slow. As a corollary at retirement, the

level of attrition is relatively high and affords the opportunity for others to be promoted. This however does not account for 'significant' promotion - that is only few posts along the way are filled as a result of these retirements.

Most of the entry level technical posts are bracketed within the promotional grade meaning that an officer can automatically progress from the lower to the higher grade. For example, Economist I is a post at Z 10-3 and this is bracketed with Economist II at Z 16-11 (Economist I being the higher grade). However, in the administrative stream, an officer must wait until a post is available for promotion. For example, an Administrative Officer I is at post Z 6-1 and the Administrative Officer II is at 16-8 and there is no bracketing.

Additionally technical persons have historically been allowed to cross over to the administrative stream over and beyond persons who have always been in this stream. Administrative persons are not allowed to cross over to the technical stream. Given the abundance of clerical staff and administrative staff, and the pyramidal nature of the system with a few Permanent Secretaries and Deputy Permanent Secretaries it is very difficult for persons in the administrative stream to get promoted quickly.

Non Salary Allowances and Fringe Benefits

Who gets what benefits?

In addition to the wages and salaries paid by government, some posts have additional non-salary benefits and fringe benefits. The rationale for such additional payments are to compensate workers for unusual expenses and for comfort in general befitting their post. It can also be argued that such allowances can be seen as inducements to retain staff which would be otherwise be lost to a high-paying, though less stable private sector. For a list of allowances of senior Civil Servants, see Table 3.

Among the major benefits are travel, telephone, entertainment allowances. Since 1980 leave passages were stopped for those appointed after that year. In the Civil Service, a small number of persons receive a housing allowance-- contract officers recruited from overseas and junior medical staff. On the converse, only one statutory corporation provides free or subsidized housing as a benefit. The Governor of the Central Bank of Barbados has a house maintained by the Bank.

Whilst it is not the general policy to provide cars for senior officers in the Civil Service, there are a few exceptions in Government, for example - Judges, the Director of Public Prosecutions, Commissioner of Police, Chief Fire Officer etc.. The

Government's policy on car allowances has fluctuated over the years. In the early 1980's heads of statutory boards received cars from government. This policy was discontinued in 1986. The statutory boards were ambivalent about the policy since some kept their cars and others disposed of them at that time. Today most of the Chief Executive Officers of statutory boards have cars.

Travel allowances¹⁰ as compensation for expenses incurred during the course of duty are granted. There is a provision for a car loan facility (a maximum of \$35,000 interest free) to assist in this regard. In some cases there is the provision of allowance on a commuted basis. The officers are designated in the schedule under POLTA.

Pensions is by far the most important kind of deferred payment in government¹¹ which is given at retirement. In Central Government there is a maximum mandatory retirement at age sixty-five. There are a few qualifications: all permanent secretaries

¹⁰The Public Officers Loan and Traveling Allowance Act (POLTA) Cap 31, S.I. 1989 No. 49 with its subsequent amendments, 1990:22; 1990:90; 1993:6; 1994:40; 1995:45; deals with traveling officers in detail.

¹¹ There are a plethora of rules and regulations governing Pensions. See the Pensions Act Cap. 25:1947 (with accompanying regulations) amended 1947-20; 1951-54; 1953-3; 1953-7; 1952-23; 1961-27; 1962-3; 1962-36; 1963-23; 1966-19; 1967-17; 1968-4; 1968-30; 1969-5; 1970-18; 1971-3; 1973-18; 1975-31; 1978-41; L.N. 168/ 1967; 1979-37; 1984-19; 1985-18; 1989-9. In addition to this act there are pieces of subsidiary legislation relating to Public Employees Pensions Regulations, 1961 (Cap. 30); Widows and Children Pensions 1964-5 (Cap 37); Teachers Pensions (Primary Schools) -1944 (Cap.55); Teachers Secondary Schools) -1962-47 (Cap.56); Judges Remuneration and Pensions 1969-39 (Cap. 115A); Statutory Boards Casual Employees Pensions 1969-33 (Cap. 383); Statutory Boards Pensions 1969-32 (Cap.384) and there are many other categories as well.

must retire at age 60; if an officer was appointed on June 1, 1984 or before, that officer was given the option of retiring at age 55 or 60; after June 1, 1984 the mandatory retirement age is 65. In addition there is an option of retiring after thirty-three and a third years of service once the age of retirement is reached.

Other social benefits include contributions to invalidity and health insurance schemes. In Barbados there is the National Insurance Scheme which is a public scheme that deals with the above social benefits. Some statutory corporations have health schemes with private insurance companies.

Classification

The system of allowances is complex and often there is not a clear and consistent rationale why certain individuals are granted certain allowances and not others. Intuitively one could argue that the nature of one's job is a natural and obvious pointer to who gets what allowances. However there are glaring anomalies which can cause problems. Whether such allowances are adequate or not is subjective in many cases. The issue of standardization is a more critical issue to be addressed. There are cases where there is inconsistency in the award of some allowances.

Distinctions are made on the basis of permanence in the Civil Service. Such distinctions are not always the direction that should be adopted as there are instances where temporary or contract workers may have expenses incurred on the job not dissimilar to those on the permanent establishment.

In some cases there is an ongoing debate as to whether some staff should be paid better wages and salaries rather than increased allowances. There would be the need to build in risk and hazard in the job description of police and fire officers.

3. What exactly are Civil Servants Paid?

Since the re-grading and re-classification exercise of 1989¹², a new structure of wages and salaries of Civil servants has been set. There have been ad hoc re-gradings as well as salary amendments (both increases and decreases) as well. This section examines the grade to which civil servants are attached and their basic salary according to the statutory provision.¹³ It will also ascertain how certain jobs are classified and the rationale for their classification.

¹² See the Report of the Committee on the Reclassification and Grading of Posts in the Barbados Public Service

¹³ For full details see The Civil Establishment Act Cap.21 - The Civil Establishment Order, S.I. 1995 No. 99 1995 and the "Schedules of Personal Emoluments 1996-97" The first document is prepared by the Ministry of the Civil Service and is the legal statutory document. The second document is an annual document produced by the Ministry of Finance as a supplement in preparation for the estimates of revenue and expenditure.

In fiscal year 1996/1997 the Central Government employed approximately 16,714 persons. In addition 7,116 persons were employed at statutory corporations. The wages and salaries bill of the Central Government totalled approximately \$434.2 million¹⁴ - 14% of this went to senior Civil Servants in the super scales (see Table 2); 10% to the police and fire service as a whole; 14.7% C- Scale workers (Category workers) and the remaining 61% to the remaining scales in the general Civil Service.

In recent times, and as part of the thrust towards public sector reform, an informational system database has been set up by the Ministry of the Civil Service detailing the specific conditions of service of each Civil Servant. Under these conditions are hours of work, conditions of service and allowances. That different jobs have different schedules is acknowledged, for example, though normal hours are between 8.15 a.m. and 4.30 p.m., other jobs are outside this period and are designated as jobs where "the officer is required to work on a shift system". With respect to conditions of service, vacation leave, sick leave, pension, eligibility for a car loan and other *sui generis* conditions are noted.

¹⁴ These figures were compiled by the Ministry of the Civil Service and uses the average salary by grade which underestimates the figure of \$450.9 million given in the approved estimates.

Nunberg (1987) notes that “a pervasive irony” characterizes countries around the world, whilst “the total Government bill is too high, the individual compensation is too low”. The below data on the Barbados Civil Service corroborates the observation of Nunberg. As many as 8,300 workers in Central Government are bunched in just more than 6 specific grades and are paid as follows:

<u>Scale</u>	<u>Average Salary</u>	<u>Number</u>
Z 15-2	\$34,159.34	1080
Z 23-17	\$24,307.80	891
Z 38-24	\$18,275.51	1550
Z 38-30	\$16,385.80	1086
P 35-31	\$21,249.30	977
> C 3	\$16,385.80	2728

It is noteworthy that some of these scales have workers that are well qualified. Any scale of Z 15-2 and above require some type of formal qualification. The P- Scales contain Police and Fire Officers who are also well qualified and trained but more

importantly are under severe risk of injury on the job¹⁵. The other categories contain many clerical officers and general workers.

The compression of the basic salary structure is a critical issue in the Civil Service. It is too compressed. In Barbados the difference between the highest paid and the lowest paid is a factor of approximately 5.5. It is noted that in 1960 the compression ratio was 15¹⁶. This has occurred because during trade union negotiations there has been a tendency to bargain for and secure more generous salary increases for those at bottom than at the top. Since 1990s, the bottom of the scale in the Civil service has kept pace with inflation whilst the top has not.¹⁷ A small attempt to rectify has been made by granting allowances and perquisites at the top levels of the Civil Service.

In the case of clerical officers and general workers, “given the financial constraints the only solution is the reversal of the ill-conceived policy of restraining compensation and maximizing job creation in the Government sector.”¹⁸ Not being insensitive to the politicians and the unions, this issue has to be broached on a number of fronts. It is clear that the labour absorptive capacity of Government is limited. It is also clear that

¹⁵There are no hazard allowances granted. (See above section on allowances)

¹⁶The Ministry of the Civil Service

¹⁷The Ministry of the Civil Service Interoffice Memorandum

¹⁸Schiller (1990) op.cit pp.85

angst of costly union strikes which ultimately impair productivity. At the same time, it monitors prices with a view to ensuring, in an objective manner, that the real wage of the worker is not eroded. These issues are equally important to trade unions as to Government and the private sector. Government in particular understands that government pay is a critical part of aggregate demand and any impairment of productivity will lead to an imbalance.

Productivity has long been a function of not only pay but working conditions. It is a matter of public record that the conditions under which most Civil Servants work range from deplorable to spartan. A small proportion can truly state that they are completely satisfied with their work environment²⁰. It is noted from the state of most Government buildings that a programme of preventative maintenance is not conducted. Tanzi (1987b) explains that lack of routine maintenance of existing infrastructure is a pervasive spinoff of stabilization and structural adjustment. In the case of Barbados the period 1991-93 only exacerbated an already bad situation, when government expenditure was curtailed.

²⁰In recent times there has been an attempt to improve the physical working environment of Civil servant. The Ministry of Education, the impending construction of the Warrens Complex and refurbishment of other ministries and agencies support this thrust.

the existing excess capacity needs to be better utilized before expanding further. Most would agree that the recent spate of downsizing in the private sector has not helped the unemployment situation, but it is clear that this sector holds the key to expanded employment, not government.

Pay Levels and Productivity

If a case is to be made for insufficient remuneration for some employees of the Civil Service, the corollary is: what is Government getting in return? The Government of Barbados has established a National Productivity Council (formerly Board) to analyze productivity gains in the economy, by sectors and assist in devising methodologies to measure productivity.

In addition, the Protocol for the Implementation of a Prices and Incomes Policy, which came into effect in 1993 and subsequently renewed in 1995, is a novel way to bring the Unions, Government and Private Sector together around the same table. The Barbados model is now enjoying wide and popular recognition worldwide as a method of social partnership¹⁹. In most cases this tri-partite approach avoids the acrimony and

¹⁹ In a recent address to the International Labour Organization, the Managing Director of the IMF referred to the Barbados model as a good example of social partnership, especially for developing countries. The Scandinavian countries have been the leaders in this and have practised it for some time.

4. Can there be a Fair and Meritocratic Civil Service in Barbados?

This is a critical question at a time of Public Sector Reform. The resolution of this question will depend on the eradication of a number of problems, the updating of procedures and the implementation of new regulations.

The pervasiveness of “politics”²¹ and its attendant problems afflicts small societies like the Caribbean and the perception or the practice of this in the determination of recruitment and promotion has been a problem and must be eradicated or least be minimized. This is even more important in cases where the average Civil Servant is academically qualified and will expect to be rewarded on the basis of merit. To minimize the doubt associated with such problems, objective criteria must replace current systems of subjective assessment and length of service. In this regard an appraisal system is the only way forward.

Under a system that favours seniority after certain years of service and with automatic increments, promotion is almost secured. Under a merit system, increments should be tied to the outcome of the performance review and should depend on personal

²¹Politics is used in the broadest possible way, i.e. not only party political but institutional political as well.

performance. This would obviate the need for Government to pay a productivity bonus on the basis of total country-wide productivity, to which some persons have not contributed.

In the era of automatic increments the concept of productivity was not addressed with any great urgency. Now with the advent of productivity based schemes, it is opportune that an appraisal system be put in place to deal with rewards in the system.²²

5. Comparing the Public and Private Sectors

Some will argue that it is impossible, others undesirable, to compare the work of the private sector with that of the public sector since there is an obvious objective function of profit maximization in the private sector whereas in Government no such objective function exist. It is important to recognize that the management of a large allocation of taxpayers dollars is a significant task and that the public sector does not have a monopoly on inefficiency and laziness and the private sector on efficiency and profitability.

²² After engaging the services of a consultant, the Ministry of the Civil Service is now actively seeking to implement such a system.

Whilst also acknowledging that there are certain jobs in the private sector for which no comparable jobs exist in the public sector and vice versa, the debate should be broached at the level of qualifications and on productivity.

From preliminary evidence, three conclusions can be drawn:

At the bottom of the pay scale of the country, the private sector pays poorly compared to the public sector

In the middle of the pay scale of the country, the private sector pays moderately well and the public sector pays poorly.

At the top of the pay scale of the country, the private sector is extremely well paid and the public sector poorly.

The Bottom of the Pay Scale of the Country Compared

In Government, on average, the lowest paid category worker (weekly paid)²³ is \$274.65. These workers are usually general workers, cleaners, caretakers, parking

²³ A category worker though weekly paid is not necessarily poorly paid. In fact, some such workers, if converted to an annual rate of pay can surpass the pay of an established worker. For example, the highest paid category worker at \$469.42 a week will earn \$24,409.84 a year; similar to that of a Z 23-17 officer.

attendants etc. No one is paid below \$13,000 per year - the minimum taxable limit. The private sector, though having a much broader range of economic activities over which wages can be spread, shows greater dispersion in wages. A maid in the private sector on average get paid \$240 a week compared to a maid in the public sector who earns \$290 a week.

The Middle of the Pay Scales of the Country Compared

In the public sector, the middle of the pay scale is determined to be the upper levels of the Z scales. This therefore involves the Z1 to Z6 officers as the upper middle whilst the Z 7 to Z16 would be categorized as lower middle. The salaries in the middle range of the private sector can easily double those of the public sector in absolute value. In many cases the qualifications are exactly the same or the Civil Servant is more qualified! The amount of work involved in the job outlined above is similar in some cases or in others the work of the Civil Servant may be more onerous. The case of the accountant and computer analyst are the most comparable examples. It is noteworthy that incentives for middle management in the private sector are much more extensive than those in the public sector (see Appendix A- Table 1).

The Top of the Pay Scales of the Country Compared

The top levels of the Civil Service can be differentiated as top management - S1 to S4. and senior management - S5 - S9. When compared with the private sector, CEOs of major companies are top management whilst support management will be senior management.

The annual salary of S1 officers in the Civil Service is \$78,567.67 plus entertainment, (\$9,000), travelling (\$7,860) and a few other miscellaneous allowances, for example telephone. All Permanent Secretaries are S1 and they are the chief executive officers of the ministries and advise and report to the Ministers. They are the final authority on all matters- financial, administrative and technical- in that ministry. They have to undertake a significant risk in the execution of their duties and in the management of human and physical capital.

In the private sector, many of the Chief Executive Officers of major corporations and companies gross over \$100,000 in salary alone and there are also very generous allowances - many of which are not even provided by Government. Among the best paid are in the Banking, Insurance, Hospitality and Telecommunications sectors.

Remuneration packages range from \$150,000 to \$500,000 per annum (see *Compensation, 1992*)²⁴.

It is often argued strenuously by the private sector that the remuneration is strongly tied with productivity and the generation of profits for the firm as a whole. Therefore from a positive economics perspective, those persons are being paid a wage equal to the level of their marginal product. In other words, they are being paid for their net worth to the company.

We also have to examine the turn-over rates in the Civil Service compared with the private sector. At the three levels being compared, what are the rates of turnover of staff? From anecdotal evidence the rates in the private sector are greater than in the civil Service. If we use the same taxonomy as above the highest level of the private sector tends to be quite volatile and based on performance. The converse is true in the public sector where the turnover rate amongst top Civil Servants is quite low. Whether or not salaries increase at the top it is highly unlikely, given the job security, that Permanent Secretaries will leave.

²⁴See *Compensation (1992)*. This study though dated still is relevant as it provides the trends in remuneration and allowances. The increases in the remuneration packages therefrom were obtained from anecdotal evidence.

Is it fair therefore to castigate the top civil servant and determine that he /she is not worthy of higher remuneration because they are not responsible for generating profits? Does not managing a large portion of government revenue (largely generated by tax dollars) count for something?

6. Unfinished Business?

The New Zealand Public Service: Case Study

It is clear that a paradigm shift must take place in the Barbados Civil Service for Barbados to be run more efficiently in the future. Significant changes have to be made to reach goals set. Public Sector reform is designed to do this. It is always helpful to examine the experience of others and if possible, use some as examples for emulation. In this context therefore the New Zealand experience is instructive.

Around 1984 the process of serious and radical reform ("big bang") of the New Zealand economy was started. In dealing with the human resource issues confronting the economy, they focused on the quality of the top management of the Civil Service with all the attendant problems of recruitment, remuneration, training, and development. Professional management was sought from the private sector to run the Civil Service.

The reformers acknowledged that it was not easy and that most of the unsatisfactory management policies resulted from old Civil Service systems and structures which they determined were unsuitable to take the Civil Service into the next millennium (see Scott (1996)). They determined that if the public service was to rise above the stipulated, it was essential to recruit and develop senior management with technical skills²⁵ and personal attributes to inculcate values of integrity and excellence and lead the departments to superior levels of performance (see Scott, 1996). This, for them, has proven to be one of the effective ways of transforming departments in Government.

If one were to use the New Zealand Public Service model in the Barbadian context we must issue a number of caveats. Not unlike the New Zealand case, where there were difficulties in the execution of the big bang approach, Barbados a smaller society would undergo more trauma from such radical change. There are a number of proposals that arise from the New Zealand Model which are worthy of debate and thorough discussion.

²⁵Technical skills are defined the New Zealand context as a skill or profession in which the individual is extremely proficient. If the individual is the Chief executive in the Ministry of Finance then they will be required to have a strong background, academically and practically, in Economics and Finance.

A major departure from traditional Civil Service tradition was the abolition of the post of Permanent Secretary and its replacement post of Chief Executive (see Appendix B)

One controversial feature of this move towards chief executives was the abolition of permanent tenure and its replacement with tenure for a maximum five-year term with no automatic right of renewal. However, those who perform well are usually given three year extensions or are encouraged to apply to another government department.

Under such a system, the career stream of the Civil Servant would end at Deputy Permanent Secretary and the aspirant to the post of Permanent Secretary could be reappointed on contract from those pool of persons as well as private sector candidates.

Unlike Barbados, the Chief Executives in New Zealand are paid at various salary levels, depending on the relative importance of the respective Ministry or Department and the level of responsibility involved.

Research in New Zealand shows that apart from the pay differential, the absence of a supportive performance environment in which to work was a major disadvantage. In addition, the entire public sector culture, that is, uncertain and slow promotion;

accountability to Parliament and overruling by Ministers was a major hindrance to the assimilation of private sector managers into government.

The implementation of such a system in Barbados would likely be met with resistance on a number of fronts not least of all cultural. If the persons currently at deputy permanent secretary are not perceived as the calibre for Chief Executive they would either stagnate or if recruited on contract can be discarded after one contract. In addition given the lack of a mobility among institutions in Barbados would tend to indicate that the market for ex-civil Servants is not good.

Recruitment from the private sector in Barbados should only be attempted if the low level of remuneration in the public service discussed in the previous chapter comes on par with that of the private sector.

Barbados like New Zealand, with strong unions as a part of their industrial landscape must continue to treat the Prices and Incomes Protocol as critical to the functioning of a favourable public sector environment.

7. Conclusions

Specific Recommendations

1. A proper reclassification exercise must be done. If proper placement of officers in grades with better salaries is done, this will obviate the need for frequent periodic reclassifications.
2. Specifically, there needs to be a rationalization of grades since there is a clear trend of “packing” certain grades with posts whilst others have very few posts.
3. Reporting structures will have to be re-examined. It may no longer be desirable for senior technical staff to report to senior administrative staff. A more suitable arrangement may be to have a collaborative joint arrangement where both advise the Minister highlighting their respective specialties.
4. Revert to a differentiation among the Permanent Secretaries (or their new title) based on level of responsibility and oversight. This proposal has to be decided on the basis of what is required from the system. Is there a requirement that the productivity and merit be rewarded by a more hierarchical structure? What are

the implication for rotation of Permanent Secretaries in an already pyramidal system. These are but a few caveats arising.

5. Make salaries of the middle and top Civil Servants more comparable to and competitive with some areas in the private sector. This will have to be done gradually by carefully analyzing the differential between the private and public sectors. Whilst radical, this would provide some “cross- fertilization” between the public and private sectors. As a precursor to this, equivalency in qualification requirements would have to be set as well as the requirement of continued education.
6. The full introduction and functioning of the comprehensive appraisal system is a matter that should be addressed urgently with a view to making promotion merit based.

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APPENDICES

Appendix A

Table 1: Non-Salary Allowances and Fringe Benefits of the Executive Staff of the Private Sector in Barbados

	Lower	Middle	Upper
Benefits			
Group life	•	•	
Health Care	•	•	•
Pension	•	•	•
Perquisites			
Club Membership	•	•	•
Company Car	•	•	•
Company House			•
Loans			
Security services			
Subsidized Meals		•	•
Subsidized Utilities		•	•
Other			
Allowances			
Bonuses	•	•	•
Entertainment	•	•	•
House			
Loans			
Local Travel	•	•	•
Other			
Overseas Travel	•	•	•

Legend:

Lower - Accountants
Middle - Sales Managers
Upper - Bank Managers

Source: Ernst and Young - Compensation Survey '92 - A Summary of the Salaries of Executive Staff of Barbadian Companies

Table 2: Salary of Senior Civil Servants: The Super Scales
(as at the December 1996)

Scale	Average Salary	Number	Total Cost
S1	78,576.67	38	2,985,913.46
S2	73,930.68	13	961,098.84
S2:S1	76,253.68	5	381,268.38
S3	68,271.82	32	2,184,698.24
S3:S2	71,101.25	8	568,810.00
S4	63,126.05	73	4,608,201.65
S5	58,399.02	173	10,103,030.46
S5:S4	60,762.54	33	2,005,163.66
S5:S4:S3:S2	65,931.89.89	49	3,230,662.73
S6	54,077.17	199	10,761,356.83
S6:S5	56,238.10	79	4,442,809.51
S7	50,025.44	87	4,352,213.28
S8	46,311.41	68	3,149,175.88
S9	42,013.80	119	4,999,642.00
Total		976	54,734,045.11

Notes:

S refers to a Super Scale - a Senior Civil Servant.
a “ : ” between scales indicate that the officer must spend a certain period of time at the grade preceding the colon.

Source: Ministry of the Civil Service, 1997

Table 3: Allowances of Senior Civil Servants: The Super Scales

(\$)

(as at the December 1996)

Scale	Entertainment	Travelling
S1	9,000	7,860
S2:S1	9,000	7,860
S2	9,000	7,860
S3	-	4,980
S4	4,800	4,980
S5	-	-
S5:S4:S3:S2	-	4,960 (S4 or S3) 7,860 (S2)
S6	-	
S7	-	-
S8	-	-
S9	-	-

Source: Ministry of the Civil Service

