

Development of an Improved Pay Adjustment Mechanism for the Civil Service

As part of our on-going efforts to modernise the management of the civil service and to address public comments on the existing civil service pay adjustment mechanism, in April 2003 the Civil Service Bureau (CSB) embarked on an exercise to develop an improved pay adjustment mechanism for long-term adoption in the civil service. CSB issued a report in November 2003 setting out the progress made with the exercise.

Background

On 25 February 2003, the Chief Executive in Council decided, among others, that the Administration should in consultation with staff develop, on the basis of the existing mechanism, an improved civil service pay adjustment mechanism which should comprise the conduct of periodic pay level surveys to compare civil service pay levels with those in the private sector, the conduct of annual pay trend surveys based on an improved methodology and an effective means for implementing both upward and downward pay adjustments. The aim was to complete this exercise, including the conduct of a pay level survey, within 2004.

To take forward the exercise of developing an improved civil service pay adjustment mechanism, we (i.e. CSB) have set up under the chairmanship of the Secretary for the Civil Service:

- (a) a steering committee comprising selected members drawn from the three advisory bodies on civil service salaries and conditions of service¹ to provide independent and professional advice for the exercise (the Steering Committee); and
- (b) a consultative group involving staff representatives from the staff sides of the four central consultative councils and the four major service-wide staff unions to provide staff input to the exercise (the Consultative Group).

In consultation with the Steering Committee and the Consultative Group, we have examined the relevant policy considerations and the broad framework for the improved pay adjustment mechanism as set out below.

Relevant policy considerations

The improved civil service pay adjustment mechanism should –

- (a) meet the long-standing objective of our civil service pay policy (i.e. to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service);
- (b) support our objective of upholding and nurturing the core values of the civil service²;
- (c) contribute towards a stable civil service comprising officers who will give of their best in serving the Government. At the same time, it should not constrain the flexibility of our civil service system to adjust itself in response to community needs;
- (d) abide by our established principle of maintaining broad comparability, rather than strict comparability, between civil service pay and private sector pay;
- (e) operate on the basis of the existing internal pay relativities among civil service grades/ranks pending any changes in this regard;
- (f) ensure that any changes to the existing civil service pay adjustment mechanism are consistent with the Basic Law and take full account of the contractual considerations, those international obligations which apply to Hong Kong and other legal considerations relevant to the employment relationship between the Government and civil servants; and
- (g) take into consideration the relevant factors under the prevailing annual pay adjustment mechanism, such as budgetary considerations, the state of the economy, changes in the cost of living, the views of staff as well as staff morale, for determining and adjusting civil service pay.

Broad framework

The improved civil service pay adjustment mechanism will comprise the following constituent components -

- (a) conduct of periodic pay level surveys to compare civil service pay with private sector pay;
- (b) conduct of annual pay trend surveys based on an improved methodology; and
- (c) an effective means for implementing both upward and downward pay adjustments.

Our proposals on these individual constituent components are set out below.

(a) Pay level survey

Under the improved civil service pay adjustment mechanism, pay level surveys will be carried out periodically

¹ The three advisory bodies are the Standing Commission on Civil Service Salaries and Conditions of Service, the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service.

² The core values include commitment to the rule of law; honesty and integrity; accountability for decisions and actions; political neutrality; impartiality in the execution of public functions; and dedication, professionalism and diligence in serving the community through delivering results and meeting performance targets.

every few years to ascertain whether civil service pay remains broadly comparable with private sector pay. We propose to adopt a combination of survey methodologies to facilitate pay comparison at different levels:

- (i) For pay at the entry level, we propose to adopt the education qualification benchmark method, as at present, to set the benchmark pay for each civil service qualification group by reference to the entry pay of private sector jobs requiring similar education qualifications for appointment.
- (ii) For pay above the entry level, we propose to compare the pay levels for a representative sample of civil service positions and private sector jobs at specified levels (such as junior, middle and senior levels) in a broadbrush manner.

We propose that the pay level survey should be carried out on the basis of the existing system of internal pay relativities. For those civil service grades/ranks which have experienced significant changes in their job nature and requirements with the result that adjustments to their pay scales may be warranted, individual grade structure reviews should be carried out at an appropriate time after the current exercise to bring their pay scales up-to-date. To ensure that the pay level survey will be carried out in a credible and professional manner, we shall develop a feasible and detailed methodology for the pay level survey and carry out the field work and data analysis for the survey with technical assistance from outside consultants.

(b) Pay trend survey

We shall examine whether the annual pay trend survey should continue broadly in its present form in future and if so, how the existing methodology of the pay trend survey can be improved having regard to the comments received and the methodology of the pay level survey to be developed so as to ensure that these two surveys will work in coordination within an integrated pay adjustment mechanism.

(c) Effective means for implementing upward and downward pay adjustments

We shall consider seeking the enactment of a piece of general enabling legislation to provide the necessary legal backing for adjusting civil service pay in future.

Work Plan

While the original intention was to complete the exercise in 2004, views have been expressed during the consultation process that adequate time should be allowed to examine the many complicated issues involved. We also consider it desirable to conduct more extensive consultation within the civil service and inform the public of progress from time to time so that different sectors of the community have an opportunity to express their views on this important subject. We now propose the following work plan:

4 th quarter of 2003	To proceed with the consultancy on the design of the detailed methodology of the pay level survey
2 nd quarter of 2004	To present proposals on the pay level survey methodology and improvements to the pay trend survey methodology and to put forward general ideas on the application of the results of the pay level survey for consultation
4 th quarter of 2004	To proceed with the field work for the pay level survey; and to complete the preparation for any necessary draft legislation for implementing both upward and downward pay adjustments for consultation within the civil service
End 2004/ Early 2005	To complete the field work for the pay level survey
2 nd quarter of 2005	To complete the analysis for the pay level survey data and present detailed proposals on the application of the pay level survey results as well as to introduce any necessary draft legislation for implementing both upward and downward pay adjustments into the Legislative Council

Next steps

The current exercise forms part of the ongoing development of the civil service management system. Our vision is to establish an effective mechanism for civil service pay adjustments, which will be more responsive to changes in the service needs of the community and the manpower situation in the market, for long-term adoption in the civil service. Based on the above proposals, we shall continue our discussion in the Steering Committee and the Consultative Group in earnest with a view to drawing up an improved civil service pay adjustment mechanism in the second quarter of 2005. In finalising the detailed arrangements for the improved mechanism, we shall give due consideration to the views put forward by all concerned parties (staff and members of the public included) and be guided by the overall interests of the community as a whole.