

For information

**LEGISLATIVE COUNCIL
PANEL ON PUBLIC SERVICE**

**Progress Update on the Pay Level Survey
and the Development of an Improved Pay Adjustment Mechanism
for the Civil Service**

Purpose

This paper updates Members on the latest progress on the development of an improved pay adjustment mechanism, in particular the Pay Level Survey (PLS).

Background

2. The PLS consists of two phases –
 - (a) Phase One focused on the methodology for the survey. We commissioned a consultant firm, i.e. our Phase One Consultant, to develop a feasible and detailed methodology for conducting a PLS in a credible and professional manner. Its recommendations for the survey methodology are set out in its Final Report published in November 2004 and its Report on Refined Recommendations published in March 2005. These recommendations were drawn up having regard to the views of the Consultative Group on Civil Service Pay Adjustment Mechanism (CG), which is an established forum for the Administration and staff side representatives to exchange views and discuss issues relating to the development of an improved pay adjustment mechanism for the civil service, as well as to the views gathered during the public

consultation held from November 2004 to January 2005; and

- (b) Phase Two is the actual conduct of the PLS, for which we commissioned another consultant firm as our Phase Two Consultant. The work includes -
 - (i) the selection of private sector organizations that will participate in the PLS;
 - (ii) the job inspection process that will provide detailed job-related information on the civil service benchmark jobs;
 - (iii) the job matching and data collection process under which civil service benchmark jobs will be matched with their private sector counterparts under the principle of broad comparability, and private-sector pay data will be collected using 1 April 2006 as the reference date; and
 - (iv) the data analysis stage where private-sector pay data will be consolidated and analyzed in accordance with the methodology recommended by the Phase One Consultant.

3. Members have been informed of the progress of each milestone of the PLS. At the meeting held on 19 June 2006, we gave an account of the progress in respect of the job inspection process and the selection of private sector organizations.

Latest Progress

Job Inspection Process

4. The job inspection process was completed in September 2006. During the process, the Phase Two Consultant conducted more than 200 job inspection interviews with around 1 400 post-holder representatives from 61

civil service benchmark grades, and drew up a total of 360 job descriptions after extensive consultation with CG members, post-holder representatives, departmental consultative committees, the relevant grade management and the staff associations concerned. The job descriptions, each of which corresponds to a civil service benchmark job, provide detailed job-related information of the relevant civil service benchmark job, including its role, typical responsibilities, typical requirements on qualification and experience for appointment, other less common responsibilities, service targets, etc. These job descriptions provide a solid basis upon which job matching with the private sector organizations under the principle of broad comparability can be carried out.

Selection of private sector organizations

5. At the meeting held on 19 June 2006, we informed Members, vide LC Paper No. CB(1)1746/05-06(04), that invitation to participate in the PLS had been sent to 208 private sector organizations. Members may wish to note that around 100 among these 208 organizations have agreed to take part in the PLS.

Job Matching, Data Collection and Data Analysis

6. The Phase Two Consultant commenced survey fieldwork in late September 2006, matching civil service benchmark jobs with their broadly comparable private sector counterparts and collecting private sector pay data as at 1 April 2006 in accordance with the methodology recommended by the Phase One Consultant. Job matching is the sole responsibility of the Phase Two Consultant. It will decide whether a private-sector job is broadly comparable to a civil service benchmark job with necessary inputs/contributions from the private-sector organizations participating in the PLS. To date, the Phase Two Consultant has already conducted interviews with around 80 private sector organizations and scheduled meetings with another 20 or so in the coming weeks, briefing them on how the job matching would be done and the private sector pay data that will be collected through the PLS. It expects to complete the job matching and data collection work around end 2006. It will then consolidate and analyze the private sector pay data in accordance with the methodology recommended by the Phase One Consultant.

Next Step

7. Once the PLS results are available later this year or early next year, we will discuss with the staff sides through the CG as to how the survey results should be applied to the civil service having regard to the inherent differences between the civil service and the private sector, and policy considerations such as upholding and nurturing the core values of the civil service. We will also consult the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission), the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service.

8. In parallel with the conduct of the PLS, we have started discussions with the staff sides through the CG on the annual pay adjustment mechanism for the years in-between two PLSs. We aim to complete discussions on this issue and consult the Standing Commission around the end of the first quarter of 2007.

9. We will continue to keep Members informed of the progress on the development of an improved pay adjustment mechanism for the civil service and will report to the Panel when the PLS results are available and discussions with the staff sides on the application of the results have been completed. We will also report to the Panel when discussions on the annual pay adjustment mechanism for years in-between two PLSs have been completed.

Civil Service Bureau
November 2006