

**Legislative Council Panel on Public Service
Follow-up to Meeting on 21 June 2004**

**Request for information in respect of the progress on the development of an
improved pay adjustment mechanism for the civil service**

Introduction

At the meeting of the Legislative Council Panel on Public Service held on 21 June 2004, Members requested the Administration to provide information on the proposals presented to the Consultative Group on Civil Service Pay Adjustment Mechanism (Consultative Group) and views exchanged between the Administration and the Consultative Group at the meetings/sessions held to discuss the various issues relating to the exercise to develop an improved pay adjustment mechanism for the civil service.

Discussion in the Consultative Group

2. During the period from January to June 2004, the Consultative Group held three meetings and four technical sessions with the Consultant engaged to provide professional advice on the detailed methodology of the pay level survey. The discussion in the Consultative Group concerned mainly the following two subjects -

- (a) the Consultant's initial proposals on the detailed methodology of the pay level survey; and
- (b) initial general ideas on the application of the pay level survey results.

The initial proposals and ideas presented to the Consultative Group were set out in the paper entitled "Progress on the Development of an Improved Pay Adjustment Mechanism for the Civil Service" presented to the Legislative Council Panel on Public Service (LC Paper No. CB(1)2118/03-04(03)). The views expressed by the staff side members of the Consultative Group are summarised in paragraphs 3 to 8 below.

Consultant's initial proposals on the detailed methodology of the pay level survey

3. On the approach to the pay level survey, the staff side members generally opined that any pay level survey had to take full account of the inherent differences between the civil service and the private sector in terms of job nature and characteristics, nature of operation and appointment and remuneration practices. They also held the view that regardless of which job comparison method was to be adopted, the survey should be conducted objectively with a thorough, rational and objective analysis of the pay data. Some staff side members suggested that there should be in-depth discussions on various fundamental principles, including the positioning of the civil service pay policy, the principles guiding the development of an improved civil

service pay adjustment mechanism and other important issues relevant to the conduct of the pay level survey (e.g. the core values and the special work nature of the civil service), before the Administration made a decision on the detailed methodology of the pay level survey.

4. On the scope of the survey field, the staff side members were generally of the view that civil service benchmark jobs to be included in the survey field should be representative of the civil service and that staff should be fully consulted on the selection of these benchmark jobs before the field work of the survey commenced. In response to the suggestion that the results of the pay level survey would be applied to all civil service grades and ranks, and for those grades and ranks which were not covered by the survey field such application would be on the basis of the existing system of internal pay relativities, some staff side members commented that the work nature and job requirements of certain civil service grades/ranks/jobs might have been changed over the years and this might not have been reflected in the existing internal pay relativities. Staff representatives from the disciplined services, for example, expressed the view that the pay level survey results should not be applied to disciplined services grades based on the existing system of internal pay relativities before a separate pay review was conducted for them in view of their special work nature.

5. As regards the proposed criteria for selecting private sector organisations for inclusion in the survey field, the staff side commented that the selected organisations should be of a reasonable size and should have a sound pay administration system. There was a suggestion that as with the pay trend survey, the organisations to be surveyed should have at least 100 employees.

6. On data collection and analysis, the staff side members generally held the view that there should be a clear definition of pay for comparison purposes. Some staff side members commented that consideration should be given to the pros and cons of covering employee benefits in addition to pay for a comprehensive comparison between civil service pay and private sector pay.

7. On the implications on the pay trend survey, the staff side members had discussed whether pay trend surveys should continue to be carried out with the conduct of periodic pay level surveys and if so, whether and how the pay trend survey methodology would need to be modified to align with that of the pay level survey.

Initial general ideas on the application of the pay level survey results

8. We have discussed with the staff side members some preliminary ideas on the application of the results of the pay level survey. These include the relevant policy, legal and other relevant considerations regarding the application issue as well as the scope of application of the survey findings to new recruits and serving officers respectively. The staff side members were generally of the view that the

Administration should ensure that any decision on the application issue should not affect the protection afforded to civil servants under the Basic Law.

Next steps

9. The above paragraphs serve to reflect, at a broad level, some of the views and suggestions raised by the staff side members of the Consultative Group over the past six months and should not be taken as an exhaustive account of their comments. In the course of the discussion in the Consultative Group, the staff side members had provided feedback and/or written submissions on various aspects of the survey methodology, which will be taken account of by the Consultant in formulating his recommendations. The Administration will also continue discussions with the staff side in the next few months on general ideas on the application of the pay level survey results. The discussion in the Consultative Group is still ongoing and no conclusive views have yet been reached on the various issues under discussion.

10. Based on the Consultant's final recommendations on the methodology of the pay level survey and taking account of the views of concerned parties including the staff side members of the Consultative Group, we shall present proposals on the pay level survey methodology and put forward general ideas on the application issue for extensive consultation, before the field work of the pay level survey commences.

Civil Service Bureau
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