

CHAPTER 2

BACKGROUND

2.1 At the time of our appointment in January 1979 the class, grade, rank and salary structure of the civil service was largely based on recommendations made by the 1971 Salaries Commission. While some of the measures introduced have served the civil service well, others have proved less successful. In the eight years that have passed since the 1971 Salaries Commission produced its report, Hong Kong's social and economic circumstances have undergone rapid change. One consequence of this is that the civil service has grown larger and its duties and responsibilities have become more complex. This in turn has led to the formation of a large number of staff associations and representative groups, which have become increasingly active, thus placing a strain on the administration's capability of sustaining effective relationships with staff. The arrangements for settling problems connected with civil servants' pay and conditions of service have gradually become less effective, and a new approach was considered necessary. The Government therefore appointed us as an independent Commission with Terms of Reference requiring us to keep civil service pay and conditions of service under regular review and to advise on methods of improving consultation within the civil service.

2.2 We have noted with gratification in our work so far that most civil servants seen by the Commission have presented their views reasonably and responsibly, and appear to appreciate the difficult problems presented by any endeavour to adjust the pay structure of a large organisation such as the civil service which now numbers over 130,000 men and women and comprises more than 600 grades.

The period 1971 - 78

2.3 Following the Report of the 1971 Salaries Commission, Government adopted the present Master Pay Scale and occupational class system, in addition to new arrangements for providing housing, education allowances and other benefits for its staff.

2.4 In applying the occupational class system, which grouped together a number of grades related to each other by occupational criteria, the 1971 Commission's concept of fair comparison with the private sector as a primary principle was also accepted. The Pay Investigation Unit (P.I.U.) then started a programme of work to provide a basis for fixing civil service salaries in accordance with this principle. In 1973 it was agreed with the Senior Civil Service Council that there should be a two-year cycle of such surveys (that is, each occupational class would be examined by the P.I.U. every other year using either external comparison and/or internal relativity). Up to 1974 over 20 occupational classes were reviewed, but the main problem of the system was the difficulty of finding adequate private sector evidence for

all of the occupational classes and also, in some areas, of grouping grades into appropriate occupational classes.

2.5 Because of this difficulty, it was decided from 1974 onwards to replace these occupational class reviews with Pay Trend Surveys. These have been conducted on behalf of the Senior Civil Service Council to establish general movements in pay as a whole, without regard to particular jobs, and to keep overall civil service pay in line with private sector pay. Pay level surveys, like occupational class reviews, which seek to establish rates of pay in the private sector for work comparable with that of ranks in the civil service, have been undertaken on an ad hoc basis at the request of the Civil Service Branch and have become a management tool in helping to set new rates of pay or re-assessing existing ones.

2.6 As a result of the strains imposed on the basic framework of the civil service by the ad hoc amendments made to the pay structure of a number of grades in the years since the 1971 Salaries Commission, a number of staff associations felt it necessary during 1978 and the early part of 1979 to make demands for more pay and improved working conditions.

2.7 As some of these disputes remained unresolved, staff associations or the staff representatives were encouraged to submit their cases to the Standing Commission for consideration. Where it has been possible to do so we have given our advice on these grades.