

civil servants who do not receive them, would, we consider, be a reasonable means of arriving at an equitable comparison with the awards which have been given in the private sector.

#### Late Adjustments

23. Until 1981, when a company's pay award was announced too late for inclusion in the pay trend survey for a particular year, the company was regarded as having given a nil increase in that year and the level of the award was added into the following year's figures. This arrangement could and sometimes did lead to the civil service pay adjustment in a particular year being either artificially low or artificially high. We therefore proposed last November that in the 1982 survey, companies which had not announced a pay adjustment by the cut-off date should be excluded from the overall weighting of the survey result, thus avoiding the need for any subsequent adjustment. We recommend that this arrangement should be continued in future pay trend surveys. There may also be cases in which a company has given two increases in one survey period merely because of a change in the effective date from one year to the other. In such cases the increase made on a date which is out of line with the company's previous normal practice should be ignored.

#### V. THE PAY INVESTIGATION UNIT

24. The Pay Investigation Unit was set up in 1968 following the adoption of the principle that fair comparison of civil service remuneration (i.e. pay) with that of comparable employment in the private sector, taking account of differences in other conditions of service, should be adhered to as closely as possible in setting civil service pay. The Unit's task is to collect, analyse and present information on private sector pay and conditions of service, on the basis of which decisions can be taken on what adjustments to civil service pay are required. Since its establishment, the Unit has formed part of the Civil Service Branch of the Government Secretariat, although it has operated independently in the conduct of its surveys and has always carefully safeguarded the identity of the individual companies with which it deals.

25. In the course of our consultations on civil service pay policy it was suggested to us by a wide variety of organisations, both inside and outside the civil service, that

the Pay Investigation Unit should be separated from the Civil Service Branch in order to enhance its independence and impartiality. We share this view, and in a letter dated 30 September 1982, a copy of which is at Appendix 3, we recommended to H.E. the Governor that the Unit should be brought under the administration of the Standing Commission and should be retitled the Pay Survey and Research Unit. This recommendation has recently been accepted by the Government.

## VI. THE TOTAL PAY PACKAGE

26. The report of the consultants employed by the Commission last year to examine the pay trend survey system illustrated the fact that the value of fringe benefits in the civil service was substantially higher than that of those enjoyed by private sector employees earning the same basic salaries. On the basis of these findings we said in our letter of 27 November 1981 that we had reached the preliminary conclusion that it was essential that future arrangements for determining the general levels of civil service pay should take into account the total package of pay and other benefits in both the civil service and the private sector. We went on to point out that in order to develop this policy further it would be necessary to carry out surveys of the actual levels of pay and benefits of comparable jobs in both sectors. However we also stated that although we accepted that it would not be practicable to introduce major changes immediately, we felt that it was essential that some account should be taken of the differences between the total private sector and civil service pay packages in the 1982 pay adjustment exercise. We recommended that this should be done, and suggested one possible method of achieving this objective.

27. We were subsequently informed that although the Government accepted the concept of the total pay package in relation to future civil service pay policy, it felt unable to implement our proposal within the context of the 1982 civil service pay adjustment, on the grounds that there was insufficient time to devise an appropriate methodology.

28. We were very disappointed that our proposal that steps should be taken to ensure that the gap between the value of fringe benefits in the civil service and the private sector did not widen as a result of the 1982 civil service pay adjustment, was not accepted. We understand however that the Executive Council was informed that it should be possible for the Administration, in consultation with the Commission