

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

and the Staff Side of the Senior Civil Service Council, to develop an appropriate methodology to take into account fringe benefits in time for the 1983 pay adjustment exercise.

29. Shortly afterwards we received a report on the total pay package compiled by the Pay Investigation Steering Committee of the Senior Civil Service Council (a body consisting of representatives of both the official and staff sides of the Council). This report reached the conclusion that the value of fringe benefits can only be taken into account in the context of determining the pay scales of individual civil service grades (or groups of grades) through the use of pay level studies; in the Committee's view, it would be incorrect to take account of the value of fringe benefits by modifying the general civil service pay adjustments based on the pay trend survey results as proposed in our letter of 27 November 1981. This view was reiterated in a letter of 17 June 1982 from the Secretary for the Civil Service to our Secretary-General, which stated that while the Government continued to accept the total package concept, it now considered that the appropriate way of taking account of fringe benefits was by way of pay level surveys or by separate studies of fringe benefits.

30. As we have recalled in paragraph 26 above, we have already accepted the need for pay level surveys of comparable jobs in the civil service and the private sector to be carried out in the longer term. In addition our terms of reference have recently been amended to permit us to review and advise on fringe benefits to the same extent as on salaries; a copy of the revised terms of reference is at Appendix 1. This change will enable us to conduct reviews of individual benefits and recommend changes where appropriate.

31. However neither of these tasks can be achieved quickly. To undertake reviews of all the main fringe benefits will inevitably take several years, and a comprehensive series of pay level surveys of comparable jobs in both sectors will be an even more daunting task. Finding sufficient analogues in the private sector for this purpose will be difficult - the occupational class system recommended by the 1971 Salaries Commission had to be abandoned largely for this very reason - and before pay level surveys can be conducted it will be essential to determine which fringe benefits should be included in the total package and to construct an acceptable basis for valuing the various benefits.

32. We urge the Government to take steps to ensure that work begins without further delay on these tasks, possibly using the services of professional consultants if this would help to speed up the process. It will in our view be necessary to involve the staff in these discussions, since it is important that the composition of the total package and the methodology used for valuing the benefits should if possible be acceptable to the various parties concerned. We would also welcome an opportunity to advise on this question.