

CHAPTER 11

GENERAL REMARKS

11.1 At the request of members of the PLSAC, the following written statements from certain members on general comments on the Consultants' report are reproduced here in full.

11.2 Employers' Federation of Hong Kong

The Federation questioned the accuracy of and basis for the statement in the letter from the Senior Civil Service Council dated 29 December 1986 that "employer representatives have spoken publicly about the report findings, giving the impression that these were accurate and agreed".

11.3 Hong Kong General Chamber of Commerce

The Chamber believed that the survey was properly conducted according to a valid methodology and had produced meaningful results, in which the Standing Commission, the Administration, the private sector and the civil service might have confidence.

Although surveys of this type were common in Hong Kong's private sector, the Chamber was conscious of the fact that this was the first time such an exercise had been attempted in Government, and considered it likely that in the fullness of time the methodology used in the present survey could probably be refined in future surveys to produce results of increasingly improved precision and detail. In the meantime, it believed the findings of the 1986 survey had provided a not-misleading general comparison of the overall remuneration of jobs within the private and public sectors; and might be used by Government as an aid to policy making. The Chamber would have no hesitation in using the results of the survey in appropriate circumstances as a guide in the formulation of its own views and policies.

11.4 Chinese Manufacturers' Association

The Association considered that the survey was carried out properly and fairly. However, it had to be pointed out that the companies in the private sector under survey were of the top 1% of the private enterprises and their employees were being paid substantially higher than the average companies in Hong Kong and therefore the public

should be duly informed that the remuneration of the Government employees were compared with employees in the largest companies in Hong Kong.

11.5 Model Scale 1 Staff Consultative Council

Paragraph 28 of Standing Commission Report No. 1 published in 1979 stated, "in following the lead in the private sector, we consider that Government should set an acceptable standard and be among the better paying employers in relation to the lowest paid". The statement was reiterated in Report No. 5 published in 1980. However, this was not the case as proved by the findings of the Pay Level Survey. The Model Scale 1 staff were not being better paid, but were, as far as the total package was concerned, actually worse off than the low-salaried employees in the better paying companies in the private sector.

The Council had gained a good deal of enlightenment from the results of the Pay Level Survey. All along, both the Administration and the Standing Commission had been advocating as their long term objective the minimization of the gap between the benefits of the Master Pay Scale and the Model Scale 1. But when the Council tried to discuss with the Administration how to improve the benefits of the Model Scale 1, the Council was given the impression that the Administration was all the time using stalling tactics. As a result, little progress had been made over the years. In view of this, the Council had little faith that the Administration and the Standing Commission would take any concrete steps to enhance the pay and benefits of the lower-paid staff.

As for the overall situation of salaries in the civil service, the Council would like to reiterate that the job evaluation results should be disclosed. The Consultants' report indicated that job points in Model Scale 1 ranged from 65 to 178 while job points in the similarly paid lower band of the Master Pay Scale ranged only from 73 to 132. The Consultants explained that these figures were obtained by comparing the job sizes in the civil service with those in the private sector, and did not have any direct relevance to internal relativities. The Council appreciated that the Administration might wish to avoid the trouble of dealing with the subject of internal relativities, but was such an attitude correct? If the Administration still used confidentiality as an excuse for withholding information, the Council could not but doubt whether the evaluation of civil service jobs was done properly. Moreover, would this be fair to the employees who had long been in the lower-paid category? The Council hoped the authorities would give some thoughts to the matter. The Council disagreed that

information on job evaluation results and fringe benefits in the private sector should be withheld on grounds of confidentiality. We considered that at the least, a report in the form of the Fringe Benefit Survey Report produced by the Pay Survey and Research Unit should be provided.

In the area of fringe benefits, the Council had found something extremely unfair to the lower-ranking civil servants. According to the Consultants' report, the fringe benefits enjoyed by the lowest-paid civil servants only represented 12.9% of the value of the total package, whereas in the high-salaried stratum, the highest percentage is 45.8%. Fortunately, such an inequitable situation did not exist in the private sector. This clearly indicated that the lower-paid civil servants were not being treated favourably by their employer.

In the valuation of fringe benefits, the Council was always of the opinion that it would not be fair unless all fringe benefits were included in the calculation. A standard should also be set and followed throughout for determining utilization rates so that the Pay Level Survey would be carried out fairly. The utilization rates for certain fringe benefits such as the Overseas Education Allowance varied a great deal between pay bands. The overall utilization rate for the whole civil service should not be used as the basis for calculation because most of these generous benefits were available only to high-ranking civil servants. The only fair way, therefore, was to breakdown the utilization rate by individual pay bands. Similarly, the Council recommended that separate figures for each pay band should be used in respect of civil service wastage rate. The Administration explained that most officers passed through more than one pay band during their whole career, and it would not be meaningful to look at a breakdown of the wastage rate by different pay bands. However, the Council gathered from past experience that owing to the more attractive salaries and fringe benefits, higher-ranking officers were more satisfied with their present situation and were more likely to work in the civil service until retirement. They had a greater chance of receiving pensions. It was therefore not appropriate to use the overall wastage rate in the calculation because this would deflate the actual wastage rate of the lower-ranking civil servants and lead to an undervaluation of the pension benefits enjoyed by the higher-ranking officers. Previously, only those Model Scale 1 staff with five years' service or more were eligible for personal loans, which meant 40% of the total strength of the Model Scale 1 were not eligible for this benefit. A policy decision was made only on 22 September 1986 to extend this benefit to all Model Scale 1 staff. The Council therefore suggested that in view of the restrictive nature of this benefit, an adjustment should be made taking into

account this 40% when calculating the value of personal loans for the Model Scale 1, similar to the way the utilization of housing benefits and pensions minus wastage rates were calculated. If the Administration and the Standing Commission considered the pay policy and principle laid down in 1979, i.e. "the Government should set an acceptable standard and be among the better paying employers in relation to the lowest paid" as reasonable, the Staff Side of the Model Scale 1 Staff Consultative Council would like to make the following requests to the Administration. The Administration, being a good employer, should improve the salaries to a level equivalent to the Upper Quartile of the private sector. The Administration should also grant the Model Scale 1 staff the 12% short of salary starting from August 1986 as soon as possible.

Finally, the Council would like to request the Administration to publish a full report on the Directorate Staff Pay Level Survey to remove the worries of the non-Directorate staff about the matter, and at the same time, to answer the concern of the public.

11.6 Hong Kong Institute of Personnel Management

The Institute was firmly of the opinion that the Standing Commission, in the first instance, chose the best method for conducting a Pay Level Survey. The Hay method was widely used both in Hong Kong and in the rest of the world and many private sector companies already used this method for determining their own pay level position.

No system was perfect or was capable of satisfying every individual's perspective of fairness and equity but the Hay method had the unique capability of objectively and systematically analysing actual duties and responsibilities of the positions under examination in a way that permitted comparison between quite different and unrelated jobs.

The survey results fell into two parts. Firstly, the actual comparison of job sizes as expressed in terms of Hay scores and secondly, the quantification in dollar terms of the salaries and fringe benefits attaching to those jobs.

The Institute was confident that the first part of the exercise had been done by very experienced and professional evaluators and that the results were, therefore, both reliable and valid for the purpose of this survey.

In the case of the second part, the Institute was satisfied that the methodology recommended by Towers, Perrin, Forster and Crosby and modified slightly by the process of consultation, was generally appropriate and fair albeit

differences of opinion about specific issues inevitably existed between members of the consultative group. Fortunately, the differences tended to relate to issues that had made a very minor contribution to the total remuneration and hence had singularly little impact on the validity of the overall results.

The results of the Pay Level Survey were broadly in line with the previous perceptions of many private sector companies based upon particular examples of comparable jobs such as office assistants, secretaries, and fresh graduates where significant differences in basic salaries were known to exist between the private and the public sector.

The results were also consistent with the Institute's belief, based upon its own pay trend survey, that year by year, larger total pay increases had been awarded by the civil service than by the private sector, thus unless steps were taken to amend the pay trend methodology for determining the annual civil service pay increase, the pay level gap would widen.