

CHAPTER 3

PAY TREND SURVEY SYSTEM

3.1 At present, the annual adjustment to civil service pay scales is based on a pay trend survey system that produces indicators of the average pay movements in the private sector over each one year period. The system enables the adjustment to reflect changes in the cost of living and in the general economic circumstances of Hong Kong. Using pay trend indicators as a basis to adjust civil service pay scales ensures that the size of the adjustment is broadly comparable to the average of that received by employees in the private sector. The final adjustment is also subject to other factors such as budgetary considerations.

1989/90 Pay Trend Survey

3.2 Commissioned by the Pay Trend Survey Committee, the Pay Survey and Research Unit conducted the 1989/90 Pay Trend Survey between January and February 1990. Information on pay adjustments made to employees in 71 selected companies during the twelve-month period from 1 February 1989 to 31 January 1990 was gathered and analysed in accordance with the criteria laid down. The results were validated by the Pay Trend Survey Committee and released in March 1990. A summary of the results of this survey is at Appendix D.

Pay Trend Survey Methodology

3.3 Following the Government's decision of a 15% increase for the 1990 civil service pay adjustment, the pay trend survey system (and particularly the problem of time-lag with the survey data) once again attracted the attention of the public. Having regard to the resulting comments from certain sectors of the public and taking account of the views of the Pay Trend Survey Committee which had carefully examined the various aspects of the survey methodology, we reviewed the system in November 1990. Our recommendations were set out in our letter of 13 November 1990 to the Governor (Appendix E). Briefly, they are as follows :-

- (a) the survey period should run from 2 April of the previous year to 1 April of the current year to include more current pay adjustment information in the survey, thereby minimising the time-lag problem;
- (b) the survey for the transitional year should be extended to include the period 1 February to 1 April of the previous year so that there would not be any missing period in the transition from the old system to the new. However, for companies making their usual adjustment between 1 February and 1 April, the data relating to the previous and the current year should be collected separately and averaged before inclusion in the pay trend calculations;
- (c) the proposed change in the survey period and the transitional arrangements should be implemented with effect from the 1990/91 survey;
- (d) the method of deducting civil service increments from the pay trend indicators, as proposed by the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters and accepted by the Government and the staff, should continue to be used unless a better alternative becomes available;
- (e) continued efforts should be made to expand the survey field to include more companies, particularly those of small and medium size. However, since the survey field has just been expanded, no new companies should be added in the 1990/91 survey as a more stable survey field provides a more constant basis for comparison; and
- (f) the practice of including piece-rated and hourly-rated employees in the survey should remain unchanged.

These recommendations have been accepted by the Government and the new survey period will be adopted with effect from the 1990/91 Pay Trend Survey.