

CHAPTER 3

PAY TREND SURVEY SYSTEM

3.1 Annual pay trend surveys are conducted by the Pay Survey and Research Unit to establish gross indicators of the average pay movements of full-time employees in the private sector. The information collected from participating companies includes increases in salaries due to general pay increases, merit payments and inscale increments. In accordance with the recommendation of a Committee of Inquiry appointed by the Administration in 1988, the values of civil service increments at their payroll cost, expressed as a percentage of the total payroll cost for each salary band, are then deducted from the gross indicators to yield net pay trend indicators. In adjusting civil service pay, the Administration makes reference to these indicators to ensure that the size of adjustment is broadly comparable to the average adjustment for employees in the private sector. However, the pay trend indicators are not the only determinant of the adjustment. Other factors such as the prevailing social and economic conditions as well as budgetary considerations are taken into account.

1992/93 Pay Trend Survey

3.2 In accordance with the normal practice, the Pay Trend Survey Committee commissioned the Pay Survey and Research Unit to carry out a pay trend survey for 1992/93. The survey took place between February and May 1993. The Unit collected information on pay adjustments in 76 participating companies over the twelve-month period from 2 April 1992 to 1 April 1993 and analysed the data in accordance with the agreed criteria. The Committee validated the results of the survey and published the pay trend indicators on 21 May 1993. A summary of the results of the survey is at Appendix E.

Pay Trend Survey Methodology

3.3 When they validated the findings of the 1992/93 Pay Trend Survey, the Staff Side representatives on the Pay Trend Survey Committee considered that the survey had revealed a number of unsatisfactory features in the survey methodology and its application. They subsequently put forward their views and suggestions for improvement.

3.4 The Committee met in October 1993 to examine these proposals and related issues. It came to the view that any

changes in the survey methodology should be kept to a minimum to maintain comparability with the data of the previous year. The Committee concluded that most of the issues raised did not involve any changes in the existing survey methodology and calculation criteria. However, calculation criterion 1(d) which allows the exclusion of a company's data if the company's economic activities, company size and salary structure have changed to such an extent that the data are no longer comparable to that of the previous year was unnecessarily restrictive. The Committee considered that it should be amended to allow the exclusion of a company's data if any one of the three aspects of economic activities, company size and salary structure had changed to such an extent that comparison with the previous year's data was no longer possible.

3.5 At a meeting held in November 1993 we agreed to support the Committee's recommendation. The letter to the Governor conveying our advice is reproduced at Appendix F. The Administration has accepted our recommendation.

Pay Trend Survey Committee

3.6 The Pay Trend Survey Committee is an independent body established by the Government on our advice in 1983. Its main function is to monitor the annual pay trend survey. It has the following terms of reference:

- (a) to commission the annual pay trend survey;
- (b) to analyse the results of the survey and to ensure that the agreed criteria for the interpretation of the data collected have been properly applied;
- (c) to agree the pay trend information resulting from the survey; and
- (d) to advise the Standing Commission on matters relating to pay trend survey methodology.

3.7 Insofar as the conduct of the annual pay trend survey is concerned, the Pay Trend Survey Committee is the only and final authority. We have no overriding authority over the Committee.

3.8 The composition of the Committee remains the same as that of the previous year. It consists of two Members of the Standing Commission (one as Chairman and the other as Alternate Chairman), the Secretary General of the Standing Commission, the Secretary General and one representative of the Standing Committee on Disciplined Services Salaries and Conditions of

Service, two representatives of the Administration, three representatives of the Staff Side of the Senior Civil Service Council, three representatives of the Staff Side of the Model Scale 1 Staff Consultative Council and two representatives of the Staff Side of the Disciplined Services Consultative Council; two representatives of the Police Force Council attend the meetings of the Committee as observers.

3.9 During the year under review, the Commission continued to be represented by Mr. Andrew K.W. So as Chairman of the Committee and Mr. Stanley Elliott as Alternate Chairman until 30 September 1993, when Mr. Nicholas S.C. Chiu took over from Mr. Elliott as Alternate Chairman.

3.10 The Pay Survey and Research Unit continued to provide secretarial support for the Committee which held three meetings during the year. The first was held in January to commission the 1992/93 Pay Trend Survey. The Committee met in May to examine and validate the findings of the survey. In October the Committee held its third meeting to review the survey methodology and other related issues.