

## CHAPTER 3

### PAY TREND SURVEY SYSTEM

3.1 The pay trend survey system produces annual indicators of the average pay movements of full-time employees in the private sector. Based on information of increases in salaries due to general pay increases, merit payments and inscale increments collected by the Pay Survey and Research Unit from private sector companies participating in the annual pay trend survey, gross pay trend indicators are produced for verification and agreement by the Pay Trend Survey Committee before release for public information.

3.2 The Administration, in accordance with the recommendation of a Committee of Inquiry appointed by it in 1988, will then deduct the values of civil service increments at their payroll cost (expressed as a percentage of the total payroll cost for each salary band) from the gross indicators to produce the net indicators. In adjusting civil service pay, the Administration makes reference to these net indicators to ensure that the size of adjustment is broadly comparable to the average adjustment for employees in the private sector. However, these 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.

#### Pay Trend Survey Committee

3.3 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.

3.4 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.

3.5 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 I Staff Consultative Council, two representatives of the Staff Side of the Disciplined Services Consultative Council, and two representatives of the Police Force Council.

3.6 During the year under review, Mr Nicholas S C Chiu took over from Mr Andrew K W So as the Commission's representative and Chairman of the Committee following the retirement of Mr Andrew K W So from the Commission. Mr K N Tang succeeded Mr Nicholas S C Chiu as the Commission's representative and alternate Chairman of the Committee.

3.7 The Committee held three meetings during the year : the first in January to commission the 1993/94 Pay Trend Survey; the second in May to examine and validate the findings of the survey; and the last one in September to review the survey methodology and other related issues in preparation for the 1994/95 survey. The Pay Survey and Research Unit under the Commission Secretariat continued to provide secretarial support to the Committee.

#### 1993/94 Pay Trend Survey

3.8 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 1993/94. The survey took place between February and May 1994. The Unit collected information on pay adjustments in 77 participating companies over the twelve-month period from 2 April 1993 to 1 April 1994 and analysed the data in accordance with the agreed criteria. The Committee validated the results and published the pay trend indicators on 20 May 1994. A summary of the results of the survey is at Appendix H.

Preparation for the 1994/95 Survey

**3.9** To prepare for the 1994/95 survey, the Pay Trend Survey Committee met in September 1994 to review the survey methodology in the light of the experience of the survey in the preceding year. At the conclusion of the review, the Committee agreed that as the existing methodology had been working well, it should continue to be applied without change in the 1994/95 survey, subject to the minor modification that any company in the survey field whose employee numbers fell below 100 on 1 April of the survey year be excluded from the survey field. We noted the Committee's review and endorsed its decision at our meeting held in November 1994.