

CHAPTER 4

PAY TREND SURVEY SYSTEM

4.1 The pay trend survey system produces annual indicators of the average pay movements of full-time employees of private sector companies in the survey field. Based on information of changes in salaries due to general pay increases, bonuses, merit payments and inscale increments collected by the Pay Survey and Research Unit (PSRU) from these companies, gross pay trend indicators (PTIs) are produced for three different salary bands for verification and agreement by the Pay Trend Survey Committee, prior to release for public information.

4.2 In accordance with the recommendations of a Committee of Inquiry in 1988, the Administration deducts the value of civil service increments at their payroll cost (expressed as a percentage of the total payroll cost for each salary band) from the gross PTIs to produce the net PTIs. In adjusting civil service pay, the Administration takes account of the net PTIs plus other factors such as budgetary considerations and the prevailing social and economic conditions.

Pay Trend Survey Committee

4.3 The Pay Trend Survey Committee (PTSC) is an independent body established by the Government on the Commission's advice in 1983. It is chaired by a Member of the Commission and comprising representatives from the Administration and the staff sides. Detailed membership is given at Appendix H.

4.4 The main function of the PTSC is to commission the annual pay trend survey, oversee the operation of the PSRU in conducting the pay trend survey and agree to its results. Once the findings of a pay trend survey have been agreed, neither the PTSC, nor for that matter the Commission, is involved in any way in subsequent discussions between the Administration and the staff on any pay adjustment based on the survey results.

4.5 In tendering advice to the Chief Executive on the methodology for the pay trend survey, the Commission will, as prescribed by its terms of reference, have regard to the advice of the PTSC.

4.6 The PTSC held three meetings during the year : the first in May to examine and validate the findings of the 1998/1999 pay trend survey; the second in September to review the methodology and the survey field in preparation for the 1999/2000 survey; and the last one in December to consolidate the survey field and to commission the 1999/2000 pay trend survey. The PSRU, under the guidance of the Secretary General, continued to provide support to the PTSC.

1998/1999 Pay Trend Survey

4.7 The 1998/1999 pay trend survey took place between January and May 1999. Out of a survey field of 82 companies, the PSRU collected information on pay adjustments in 77 participating companies (comprising 128,414 employees) over the twelve-month period from 2 April 1998 to 1 April 1999 and analysed the data in accordance with agreed criteria. After detailed consideration, the PTSC validated the results and published the gross PTIs on 19 May 1999. A summary of the results of the survey is at Appendix I.

4.8 On 3 March 1999, the Financial Secretary announced in his Budget Speech that for fiscal reasons, civil service pay levels would not be increased in the financial year of 1999/2000. Whether or not there was a need to go further than a freeze would be reviewed by the Government when the outcome of the pay trend survey was known. The Government subsequently decided on 8 June 1999 that the pay for all civil servants across the salary bands be frozen in the financial year of 1999/2000 starting from 1 April 1999. As a result, the pay scales for the civil service were not adjusted in 1999, the full set of which is given at Appendix J.

Preparation for the 1999/2000 Pay Trend Survey

4.9 To prepare for the pay trend survey for 1999/2000, the PTSC reviewed the survey methodology and survey field at its meeting in September. Since the methodology had worked well to produce creditable data for the compilation of the gross PTIs, the PTSC considered that the same methodology could continue to be used without change for the 1999/2000 pay trend survey. As regards the survey field, the PTSC agreed that the list of 82 companies used in the 1998/1999 pay trend survey should continue to be used for the 1999/2000 survey.

4.10 At its meeting in December 1999, the PTSC agreed to commission the PSRU to undertake the 1999/2000 pay trend survey between January to early May 2000.