

CHAPTER 4

PAY TREND SURVEY SYSTEM

4.1 The main function of the pay trend survey system is to produce annual indicators of the average pay movements in respect of full-time employees of private sector companies participating in the survey. The Pay Survey and Research Unit (PSRU) collects from these companies information about any changes in pay arising from general salary adjustments, bonuses, merit payments and inscale increments. These data are analysed to produce gross pay trend indicators (PTIs) for three different salary bands, which are then presented to the Pay Trend Survey Committee for verification and agreement (see paragraphs 4.3 – 4.6).

4.2 Following 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 various factors, including the net PTIs, staff morale, 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 Administration on the Commission's advice in 1983. It is chaired by a Member of the Commission and comprises representatives of the Administration and the staff sides. Its membership is at Appendix K.

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 its results. Once the findings of a pay trend survey have been agreed, neither the PTSC nor the Commission is involved in any way in subsequent discussions between the Administration and the staff sides 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 two meetings during the year. One meeting was held in early May to receive a report from the Controller of the PSRU about the findings of the 2001/2002 pay trend survey, and another in mid-May to examine and validate the survey findings. The PSRU, under the guidance of the Secretary General of the Joint Secretariat, continued to provide support to the PTSC.

2001/2002 Pay Trend Survey

4.7 The 2001/2002 pay trend survey was conducted from January to May 2002. At the commencement of the survey, the survey field comprised 83 companies. With the addition of 15 companies, the survey field expanded to 98 companies. One company, however, did not meet the selection criteria set out in the approved survey methodology because the number of its employees had dropped to below 100. As a result, 97 companies were invited to take part. In the event, 91 companies actually participated. The PSRU collected information on pay adjustments in these 91 companies (comprising 130,854 employees) over the twelve-month period from 2 April 2001 to 1 April 2002 and analysed the data in accordance with the approved methodology. The survey findings were released for public information on 6 May 2002 prior to their formal validation by the PTSC on 13 May 2002. A summary of the validated results of the survey is at Appendix L.

4.8 Under the Public Officers Pay Adjustment Ordinance which came into effect on 19 July 2002, civil service pay was reduced with effect from 1 October 2002 by 4.42% for civil servants in the upper salary band, 1.64% for those in the middle salary band and 1.58% for those in the lower salary band. The revised pay scales for the civil service are given at Appendix M.

Way Forward in 2002/2003

4.9 In September 2002, the Administration set up a working group involving the staff sides of the four central consultative councils and four other civil service staff associations to discuss the handling of the civil service pay adjustment in 2003 and related issues. The Administration informed the PTSC that pending the completion of a review of the methodology of the annual pay trend survey, no pay trend survey should be conducted for the year 2002/2003. A copy of the letter dated 30 December 2002 from the Secretary for the Civil Service to the PTSC
—— Chairman is at Appendix N.