

## CHAPTER I : INTRODUCTION

1.1 We were appointed by the Governor in August 1988 to inquire into a dispute between the Staff Side and Official Side of the Senior Civil Service Council over certain aspects of the civil service pay system. The membership of the Committee is as follows :

Mr. F.G. Burrett, CB (Chairman)  
Mr. B.C. Barrett (nominated by the Staff Side)  
The Hon. Peter POON Wing-cheung, MBE, LLD, JP  
(nominated by the Official Side)

1.2 Our terms of reference are:

"Having regard to Government's declared policy that civil service pay and fringe benefits should be broadly comparable with those paid by good employers in the private sector and taking into account -

(a) the need to attract and retain staff of a calibre capable of providing an efficient service;

(b) the need to maintain staff morale;

- (c) differences in the pay package, employment practices and working conditions between the civil service and the private sector;
- (d) the need for civil servants to share in the effects of changes in the economy; and
- (e) general budgetary considerations,

the Committee of Inquiry is required to :

- (a) review the methodology employed in the 1987-88 pay trend survey and the interpretation of its findings;
- (b) review and advise specifically on the 1988 pay adjustment in this light; and
- (c) consider the methodology and findings of the 1986 Pay Level Survey and comment on their validity as a basis for making adjustments to civil service pay;

and make recommendations.

General Observations

1.3 We have two general observations in relation to these terms of reference.

1.4 Firstly we observe that, though concerned primarily with the arrangements adopted to achieve broad comparability between civil service remuneration and that of the private sector, they also require the Committee to take into account certain general principles which either help to define what is meant by "comparability" (for example (c) and (d) of the preamble); or envisage the possibility of departing from strict comparability in certain circumstances (for example (a) and (e) of the preamble).

1.5 We observe secondly that the terms of reference fall naturally into two separate but related parts. Thus (a) and (b) of the specific tasks require us to settle a specific pay dispute; whereas (c), as well as inviting us to consider a particular pay survey, raises fundamental questions about the way in which civil service pay might best be determined in future.

1.6 In view of the urgency of tasks (a) and (b) to

review the pay trend survey methodology and to advise on the 1988 pay award in the light of this review we were asked to make them the subject of an interim report leaving over the problem of the 1986 Pay Level Survey and related issues until later. These tasks therefore form Phase I of our work and are the subject of this report. Although we thus deal with them on their own, we have remained conscious of the link between pay level surveys and pay trend surveys in that the former provides in part the conceptual justification for the latter. We have not therefore attempted a complete review of the methodology employed in the 1987-88 Pay Trend Survey. This report concentrates mainly on those issues of methodology which we consider relevant to our recommendation on the 1988 pay settlement (task (b)); although we have suggested changes where we are in a position to do so. We shall revert in our final report to any outstanding issues of pay trend methodology. We are satisfied that this method of procedure is the one best calculated to do justice to all our tasks.

1.7 We have also concluded, early in our deliberations, that we should not commission any special research studies or surveys. Instead we rely upon the well-tried and tested inquiry procedure of seeking factual

evidence and views from the appropriate parties, and providing ample opportunities for representations to be made to us, particularly those from civil service staff associations.

1.8 In addition to examining the materials submitted in evidence, we have also sought out information ourselves wherever necessary. We have made use of published documents relating to other inquiries, including inquiries in the United Kingdom as well as in Hong Kong, and relevant documents published by the Standing Commission on Civil Service Salaries and Conditions of Service on Government's pay policies and the pay trend survey system.

#### Procedure

1.9 We first met as a Committee on 22 October and we have so far held ten meetings. We have also considered the submissions and taken oral evidence from both the Official and Staff Sides of the Senior Civil Service Council (SCSC) and the Staff Side of the Model Scale One Staff Consultative Council. We have met with the Secretary-General of the Standing Commission on Civil Service Salaries and Conditions of Service, and with the Controller of the Pay Survey and Research Unit.

Written Submissions

1.10 We invited written submissions from both sides of the SCSC. Our invitations were sent out on 2 September 1988 with a request for replies by 1 October 1988. At our request the Secretary for the Civil Service issued a circular dated 8 September 1988 to all staff in the civil service inviting submissions to the Committee by 7 October 1988. At the same time we invited written submissions from the private sector organizations listed at Annex 1, also by 7 October 1988. We are aware that this did not give much time to the recipients of our invitations to prepare their submissions. We have therefore agreed to all requests for extensions and have considered all submissions, no matter how late they were received. We think it has been appreciated that our Committee is working to a very tight schedule and we have been encouraged by the response.

1.11 In addition to the submissions from the Official and Staff Sides of the Senior Civil Service Council, we received a total of 61 written submissions from individual officers, staff groups, departmental management and non-government organizations. Details are as follows :

<u>Source</u>	<u>Number</u>
The Administration (Official Side of the Senior Civil Service Council)	1
Staff Side of the Senior Civil Service Council (comprising the Senior Non-Expatriate Officers' Association, the Association of Expatriate Civil Servants of Hong Kong, and the Hong Kong Chinese Civil Servants' Association)	2
Staff Sides of the other central staff consultative councils (i.e. the Police Force Council and the Model Scale I Staff Consultative Council)	2
Staff associations and groups	19*
Individuals	31
Heads of departments	3
Non-government organizations	6
<hr/>	
Total 64	

\* (Includes 474 pre-printed standard letters signed by staff of the Education Department which are treated as coming from a group.)

1.12 In accordance with the agreement reached by the Official and Staff Sides prior to the appointment of the Committee, we have made available in confidence to both sides copies of all written submissions and records of all oral evidence which we have received.

1.13 On the other hand, we were unable to agree to a request by the Staff Side that representatives of each party should have the right to be present when oral evidence was being given to the Committee by the other. After careful consideration we concluded that such an arrangement might, on balance, hinder rather than help us to arrive at sensible recommendations; and that even the circulation to the parties of the records of oral evidence might have the effect of inhibiting frankness. We are satisfied however that in the event this was not so and that the arrangements adopted for the circulation of records worked satisfactorily and in the interest of all parties.

1.14 In this report, references to the Staff Side are to the Staff Side of the Senior Civil Service Council unless otherwise indicated.



1.15 We should like to thank all those who gave evidence and to express our warm gratitude for the invaluable contribution to our work by our Secretary, Mr. Keith Shipley, CBE, JP, and his staff.