

THE FIRST REPORT OF THE PAY LEVEL SURVEY ADVISORY COMMITTEE -  
PART I : METHODOLOGY FOR THE PAY LEVEL SURVEY

STANDING COMMISSION ON CIVIL SERVICE  
SALARIES AND CONDITIONS OF SERVICE

The First Report of the Pay Level Survey Advisory Committee -  
Part I : Methodology for the Pay Level Survey

Hong Kong  
July 1986

9 July 1986

The Hon. Sir S.Y. Chung, C.B.E., J.P.  
Chairman  
Standing Commission on Civil Service  
Salaries and Conditions of Service

Dear Sir,

The Pay Level Survey Advisory Committee was set up in June 1986 to advise the Standing Commission on matters concerning the Pay Level Survey. The first task of the Committee was to advise on the methodology for the Pay Level Survey and the valuation of fringe benefits.

We have now completed the first stage of consultation with representatives of the Administration, major staff councils of the civil service and interested organisations and institutions on the subject. On behalf of members of the Advisory Committee, I have the honour to submit our report which records the views expressed by representatives at meetings of the Advisory Committee. The report will be in two parts : Part I deals with the overall methodology for the Pay Level Survey and Part II deals in details with the methodology for the valuation of fringe benefits.

The Advisory Committee will resume its meetings in November to consider the findings of the Pay Level Survey.

Yours faithfully,

(Gordon M. Macwhinnie)  
Chairman  
Pay Level Survey Advisory Committee

## Contents

<u>Chapter</u>		<u>Page</u>
1	Introduction	1 - 2
2	Guidelines for the Methodology for the Pay Level Survey	3 - 6
3	General Approach	7 - 8
4	Data Collection	9 - 13
5	Job Evaluation	14 - 16
6	Data Analysis	17 - 19
7	The Disciplined Services	20 - 21
8	Miscellaneous	22
9	General Remarks	23 - 28

## Annexures

A	Terms of Reference	
B	Members of the Pay Level Survey Advisory Committee	
C	Report by Hay Management Consultants on the Methodology for the Pay Level Survey	

## Chapter 1

### Introduction

1.1 In pursuance of a decision of the Executive Council to carry out a Pay Level Survey for non-Directorate civil servants in the financial year 1986-87, the Standing Commission on Civil Service Salaries and Conditions of Service engaged the Hay Management Consultants (Hay) to propose a methodology for the Pay Level Survey, taking into account both pay and fringe benefits, and to carry out the survey.

1.2 In order to collect a broad spectrum of views on the Pay Level Survey, the Standing Commission set up the Pay Level Survey Advisory Committee (PLSAC), whose main task would be to advise the Standing Commission on matters relating to the Pay Level Survey at various stages of the exercise. However, the civil service Staff Side felt that they were inadequately represented on the PLSAC, the structure of which, they believed, was too heavily weighted in favour of the private sector. They therefore objected strongly to any suggestions that a consensus or majority view should be reached on any issue during PLSAC deliberations. It has therefore proved impossible for the PLSAC to present any particular agreed line of advice for the Standing Commission in this Report. What has been attempted instead is to record accurately the many views of members of the PLSAC, as expressed during meetings, so that the Standing Commission can be fully conversant with the range of opinions expressed and make its own recommendations to the Governor in the light of that knowledge.

1.3 A series of six meetings was held to consider the methodology proposed by Hay and the recommendations which were set out in the Report on the Valuation of Fringe Benefits, which was compiled by the Pay Research Advisory Committee with the assistance of another consultancy firm, Towers, Perrin, Forster & Crosby (TPF & C). Hay were required to incorporate these recommendations into their overall methodology for the Pay Level Survey. During the meetings, Hay produced five papers to explain various aspects of the proposed methodology, the last one being their final proposals which are in Annex C. Apart from the five papers, Hay also arranged two presentations for members of the PLSAC to explain the technical aspects of their methodology.

1.4 Although some members of the PLSAC, in particular the Staff Side representatives of the civil service, expressed misgivings that the time allowed would not be sufficient for them to fully understand the proposed methodology, examine it thoroughly and come to a view, members have endeavoured to put forward their views and make comments where possible, thus facilitating the smooth progress of the first stage of consultation.

1.5 There are four major aspects of Hay's proposed methodology; viz., Data Collection, Job Evaluation, Data Analysis and Valuation of Fringe Benefits. In the following chapters, these different aspects of the proposed methodology are set out separately. Views expressed by members of the PLSAC are included wherever appropriate.

## Chapter 2

### Guidelines for the Methodology for the Pay Level Survey

#### Objective of the Pay Level Survey

2.1 The objective of the 1986 Pay Level Survey is to assess whether or not the present remuneration of the civil service below the Directorate level, including both salary and fringe benefits, is broadly in line with that of employees in the private sector doing comparable work.

#### Constraints on Methodology

2.2 Initially, the Standing Commission laid down certain guidelines to be observed by Hay when devising the methodology for the survey. At meetings of the PLSAC, comments on these guidelines were also made by members. In the following paragraphs, the views expressed by members of the PLSAC are recorded after the relevant guidelines of the Standing Commission.

2.3 The guidelines were as follows :

- (A) The private sector companies used for comparison with the civil service should be, as far as possible, the companies covered by the annual pay trend surveys. However, other companies might also be recommended for inclusion, provided that they fell within the criteria for inclusion in the pay trend survey :-

#### Views Expressed at PLSAC Meetings

##### (a) Model Scale 1 Staff Consultative Council\*

Public utility companies should be included in the survey field for the Pay Level Survey. This suggestion is supported by the Administration, the Senior Civil Service Council, the Employers' Federation of Hong Kong and the Hong Kong Institute of Personnel Management.

\* In this Report, Model Scale 1 Staff Consultative Council refers to the Staff Side of the Council only.

(b) Hong Kong Institute of Personnel Management

Multi-national companies should also be included in the survey field.

(c) Hong Kong General Chamber of Commerce

Public utility companies and multi-nationals should also be included in the survey field. This suggestion is supported by the Senior Civil Service Council.

(d) Chinese Manufacturers' Association

(i) At least 60 companies of small to medium size from the private sector should be added to the survey field.

(ii) If the above is not possible, in view of the time available for the survey, then no reference should be made to the survey results as being representative of the private sector. Rather, the results should be regarded as representative only of the companies under survey and the names of these companies should be published in the final Report.

(e) Hong Kong Industrial Relations Association

Some smaller private sector companies should be included in the survey field.

(f) Federation of Hong Kong Industries

Some smaller private sector companies should be included in the survey field to give a more representative sample from the private sector.

(B) The current broadbanded structure of the civil service should be maintained as far as possible and the results of the survey are not intended to be used to adjust the remuneration of specific grades :-



Views Expressed at PLSAC Meetings

(a) Association of Expatriate Civil Servants

The upper band should be split into two, i.e. MPS 38 - 47 and MPS 48 - 51, because there are marked differences in the fringe benefits enjoyed by these two groups of staff, especially in the provision of non-departmental quarters for local officers and annual leave passages for expatriates.

(b) Hong Kong Chinese Civil Servants' Association

The middle band should be split into two, i.e. MPS 14 - 28 and MPS 29 - 37, because civil servants below MPS 29 are not eligible for the Home Purchase Scheme unless they have completed 20 years' service.

(c) Model Scale 1 Staff Consultative Council

The Model Scale 1 Staff should form a separate pay band independent of the lower band, because there are differences in the fringe benefits provided for Model Scale 1 Staff and for those in the lower band of the Master Pay Scale. This suggestion is supported by the Administration.

- (C) Hay would be advised during the conduct of the survey by a Steering Group, consisting of members of the Commission and Commission Secretariat staff :-

Views Expressed at PLSAC Meetings

Hong Kong Chinese Civil Servants' Association

There should be Staff Side representatives on the Pay Level Survey Steering Group. This view is supported by the Association of Expatriate Civil Servants and the Model Scale 1 Staff Consultative Council.

- (D) Hay would be able to draw upon the assistance of the Commission Secretariat and the Pay Survey and Research Unit where necessary and appropriate :-

Views Expressed at PLSAC Meetings

The members have no comment to make on this point.