

CHAPTER TWO

GENERAL APPROACH

(This Chapter explains the scope of the review, sets out the focus in the first phase of the Commission's work, and outlines the procedures adopted)

Objective of Review

2.1 While our present exercise will focus on changes since our last overall review, we are conscious of the need to take account of anticipated future developments affecting the civil service. It has been represented to us that the rising aspirations of the community will continue to generate greater demands on the civil service and that further developments on our social, economic and political fronts will place the civil service under new pressures and challenges. We are also aware that the change of sovereignty in 1997 imposes an even greater need to maintain a stable and efficient civil service to facilitate a smooth transition. Thus the Government must take every possible measure to maintain a motivated and stable civil service to continue to render effective and efficient service to the public. We consider that pay and fringe benefits alone cannot achieve this objective. We nonetheless agree that an equitable remuneration system is an essential factor in maintaining a stable and contented civil service. We are approaching our review with this consideration foremost in mind.

2.2 We aim to conduct the review as thoroughly as possible, paying full regard to the views of staff and departmental management. In particular, we regard consultation with staff an integral and important part of the review process and we want to seek views from a wide cross-section of the staff. The Commission's remit requires us also to give due weight to any wider community interest in our deliberations. Accordingly, we shall take into account any relevant implications for the private sector in drawing up our recommendations.

Scope of Review

2.3 In this review, we have decided to concentrate our study on matters relating to the salary structure of the civil service; hence conditions of service such as fringe benefits, training and working conditions will not be specifically examined. We consider that these important subjects should be dealt with in separate contexts. Nevertheless, where such matters have a significant bearing on the salary or structure of particular grades, they will be properly taken into account.

2.4 We consider that our work in this overall review should mainly cover the following three areas :-

- (a) a re-examination of the existing principles and practices governing pay in the light of changes in circumstances since the 1979 review as well as of anticipated developments in the future;
- (b) a review of the pay relativities between the public and the private sectors to be achieved through pay comparison surveys; and
- (c) a comprehensive study of the salary structure of individual grades to establish their appropriate pay levels having regard to all relevant factors, including both external and internal relativities.

2.5 As mentioned in paragraph 2.3, we shall in the course of the review comment on any matters relating to conditions of service or management practices where they have a significant impact on the performance or efficiency of a particular grade. This is in line with the Commission's established practice.

Priorities in First Stage of Review

2.6 As in our 1979 exercise, we consider it paramount firstly to examine and define the general principles and practices governing civil service pay before tackling problems of individual grades. This will give us a common basis on which the pay and structure problems of individual grades are to be tackled.

2.7 In considering the remuneration of the civil service, it is necessary to have regard to practices in the private sector. We have decided therefore to conduct pay comparison surveys in the first stage of the review exercise to obtain the relevant information.

2.8 We have mentioned in Chapter 1 that the civil service, like the private sector, has been troubled by the problems of recruitment and retention in the present tight labour market. We have been asked by the Administration to accord priority to examining these problems with particular regard to the serious situations pertaining in several grades. We are aware of the importance and urgency of this issue and are also conscious of the effects of such difficulties on the efficient operation of these grades. We have therefore agreed to tackle this issue first. We would like to point out, however, that the problems of recruitment and retention do not appear to be confined to just these few grades. They seem to exist in quite a number of other grades although their severity and persistency vary considerably. It should also be realized that recruitment and retention difficulties are but one of the factors bearing on the pay and structure of a grade. Other considerations, such as the nature of the work performed, the working conditions and the long-term supply and demand of the particular skills, are also relevant.

2.9 It has therefore become clear to us that it would be inappropriate to consider the pay and structure of a particular grade by reference to its retention and recruitment situation alone. Neither would it be equitable to single out any particular grade for special treatment. This is because any changes to the salary structure of a particular grade may have implications for other grades, especially those traditionally regarded as being comparable to it. The Commission must therefore consider very carefully the implications of any change to a particular grade for the rest of the civil service, and this is possible only if the relevant grades are examined together as a group and not in isolation.

2.10 Nonetheless, we recognize the need to deal with the serious staffing problems facing particular grades and we are prepared to do what we can by way of interim recommendations where permanent ones, for reasons explained above, are not possible pending more thorough study.

2.11 Having regard to the considerations set out in paragraphs 2.6 - 2.10 above, we decided that our priorities in the first six months should be :-

- (a) reviewing the key principles and practices governing pay;
- (b) initiating the pay comparison surveys for reviewing external relativities; and

- (c) examining the problems of recruitment and retention encountered by the civil service with particular reference to the five grades specifically requested by the Administration.

Procedures

2.12 To carry out our work, we have divided ourselves into three Working Groups. Two of the groups are to examine individual grades in detail. Their priority in the first six months has been to examine those grades identified by the Administration as having acute recruitment and retention difficulties. The third group is in charge of the pay comparison surveys. The review of principles and practices is being conducted by the full Commission.

2.13 Soon after we began the overall review, we requested the Administration to issue a circular, on our behalf, inviting staff and departmental management to let us have their representations relevant to the review. This circular was issued on 17 March 1989. Subsequently, we identified a number of specific issues relating to general principles and practices on which we considered the views of staff and management should be sought. We again asked the Administration to bring these issues to the attention of all departments and staff. For this purpose, another Civil Service Branch Circular was issued on 14 April 1989. This second circular also invited representations on matters concerning individual grades.

2.14 Up to 30.9.89, a total of 464 written submissions were received by the Commission, including one each from the Staff Side of the Senior Civil Service Council and the Model Scale 1 Staff Consultative Council, as well as 197 from other staff associations, 86 from departmental management and 179 from individual civil servants. A list of staff associations which have submitted written representations is at Appendix D(i) and a separate list in respect of departmental management is at Appendix D(ii).

2.15 We also requested the Civil Service Branch, as the central authority for the overall management of the civil service, to provide us with background information on a number of specific issues.

2.16 Also, to accord with our wish to ensure adequate consultation with staff and management, we have begun a series of visits to departments and meetings with staff groups. The Commission had several meetings with the Staff Side of the two central consultative councils to hear their

views on general issues connected with the overall review. Members of the Commission visited a number of departments, including those facing serious problems with staff recruitment and retention, to see staff at their work place and to exchange views with the departmental management and with staff representatives. We believe that such visits can provide us with a better understanding of the specific problems of the grades concerned. A list of departments visited up to the end of September is at Appendix E.

2.17 During this period, we also launched the pay comparison surveys. In formulating our methodology for the surveys, we sought the views of the Staff Side of the two central consultative councils. We found many of their suggestions very useful and, as far as practicable, have incorporated them into the methodology. The surveys are now in full swing.

2.18 By 1 October 1989, we completed the first stage of our work in this overall review. The chapters which follow contain our findings and recommendations.