

CHAPTER 2

CIVIL SERVICE PAY POLICY

Committee of Inquiry

2.1 In August 1988, subsequent to a dispute between Government and staff over the 1988 pay adjustment, the Governor appointed a Committee of Inquiry to resolve the issue. In our progress report last year (Report No. 22), we recorded our observations on the Committee's interim report published in November 1988.

2.2 In March 1989, the Committee of Inquiry published its final report. As its recommendations were connected with matters falling under our purview, including the 1986 Pay Level Survey, the pay determination system in the civil service and the methodology for pay trend surveys, we made several observations and conveyed them to the Governor in our letter of 23 March 1989. This letter is reproduced at Appendix E.

2.3 We had reservations on the Committee's recommendation that pay level surveys based on job-for-job comparisons should be mounted at three-year intervals to determine the right levels of civil service pay relative to the private sector and that such surveys should become the foundation of the pay determination system in the civil service.

2.4 As regards the methodology for pay trend surveys, we reiterated our support for the use of gross pay trend indicators. We endorsed the Committee of Inquiry's proposal that the practice of applying industrial weightings to pay trend indicators should be discontinued.

2.5 The Government subsequently accepted most of the Committee of Inquiry's recommendations but not those on the pay level survey system.

1988/89 Pay Trend Survey

2.6 The 1988/89 Pay Trend Survey proceeded in accordance with established methodology as modified by the recommendations of the Committee of Inquiry. Details of the Survey are given in paragraph 5.3.

Pay Trend Surveys Methodology

2.7 In the light of the experience of the 1988/89 Pay Trend Survey, we reviewed the methodology for future surveys in October 1989, having regard to the advice of the Pay Trend Survey Committee. We recommended that the three salary bands should continue to be used. We also considered that participating companies should be asked to report data on general increases, merit payments and inscale increments in an aggregated form but to provide for reference only separate data on adjustments due to external and internal relativities, promotions and transfers. The use of industrial weightings should be discontinued. In order to widen the survey field, we also proposed that a number of new companies should be added in the 1989/90 Pay Trend Survey.

2.8 These recommendations were set out in our letter of 16 October 1989 to the Deputy to the Governor (Appendix F). They were subsequently accepted by the Government.