

## CHAPTER 4

### PAY TREND SURVEY SYSTEM

4.1 The pay trend survey system produces annual indicators of the average pay movements of full-time employees in the private sector. The information collected from participating companies includes increases in salaries due to general pay increases, merit payments and inscale increments. In accordance with the recommendation of the Committee of Inquiry appointed by the Administration in 1988, the values of civil service increments at their payroll cost, expressed as a percentage of the total payroll cost for each salary band, are then deducted to yield net pay trend indicators. In adjusting civil service pay, the Administration makes reference to these indicators to ensure that the size of adjustment is broadly comparable to the average adjustment for employees in the private sector. However, the pay trend indicators are not the only determinant of the adjustment. Other factors such as the prevailing social and economic conditions as well as budgetary considerations are taken into account.

#### 1991/92 Pay Trend Survey

4.2 In accordance with the normal practice, the Pay Trend Survey Committee commissioned the Pay Survey and Research Unit to conduct the 1991/92 Pay Trend Survey. The survey was carried out between February and May 1992. The Unit collected information on pay adjustments in 65 participating companies during the twelve-month period 2 April 1991 to 1 April 1992 and analysed the data in accordance with the agreed criteria. The Committee then validated the results and published the outcome in May 1992. A summary of the results of the survey is at Appendix G.

#### Pay Trend Survey Methodology

4.3 In preparation for the 1992/93 Pay Trend Survey, the Pay Trend Survey Committee reviewed in October 1992 the survey methodology. The Committee advised that the survey field should be expanded by adding 11 companies and that hourly-rated staff should be excluded from the pay trend surveys. We agreed with the Committee that the 11 companies should be invited to take part in the survey with effect from 1992/93 as this would improve the survey's representativeness. However, with the exception of the Member who serves as Chairman of the Committee, we did not agree that hourly-rated employees should be excluded from the survey. We based this view on the following factors:

- (a) these hourly-rated employees are regular full-time staff remunerated on the same basis as daily-rated and monthly-rated employees in that they are paid for services rendered in a time period rather than for the quantity of work produced. In this respect, the basis of their remuneration is similar to that of civil servants;
- (b) their salary is adjusted annually when general changes in market rates are taken into account. This arrangement is similar to the annual salary adjustment for civil servants;
- (c) they are deployed in jobs comparable to those of Model Scale 1 Staff in the civil service; and
- (d) the exclusion of hourly-rated staff would reduce the existing total survey population of 115,969 by 4.3% and the survey population in the Lower Salary Band by 6.6%. Expansion of the survey field as recommended above would not affect these percentages significantly.

4.4 Our letter of 30 November 1992 to the Governor on the methodology of the Pay Trend Survey is reproduced at Appendix H. The Administration has accepted our recommendations.

#### Pay Trend Survey Committee

4.5 The Pay Trend Survey Committee is an independent body established by the Government on our advice in 1983. Its main function is to monitor the conduct of the annual pay trend survey. It has the following terms of reference:

- (a) to commission the annual pay trend survey;
- (b) to analyse the results of the survey and to ensure that the agreed criteria for the interpretation of the data collected have been properly applied;
- (c) to agree the pay trend information resulting from the survey; and

- (d) to advise the Standing Commission on matters relating to pay trend survey methodology.

4.6 Insofar as the conduct of the annual pay trend survey is concerned, the Pay Trend Survey Committee is the only and final authority. The Standing Commission has no overriding authority over the Committee.

4.7 The Committee consists of two Members of the Standing Commission (one as Chairman and the other as Alternate Chairman), the Secretary General of the Standing Commission, the Secretary General and one representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, two representatives of the Administration, three representatives of the Staff Side of the Senior Civil Service Council, three representatives of the Staff Side of the Model Scale 1 Staff Consultative Council and two representatives of the Staff Side of the Disciplined Services Consultative Council; two representatives of the Police Force Council attend the meetings of the Committee as observers. During 1992, the Commission continued to be represented by Mr Andrew So who also served as Chairman of the Committee and Mr Stanley Elliott as Alternate Chairman.

4.8 The Pay Survey and Research Unit provides secretarial support for the Committee. During 1992, the Committee held three meetings. The first was held in January to commission the 1991/92 Pay Trend Survey. At its second meeting held in May, the Committee examined and validated the findings of the survey. In October the Committee reviewed the survey methodology and other related issues.