

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 was as follows :-

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

1.2 Our terms of reference were :-

" 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."

Procedure

1.3 Our terms of reference fell naturally into two separate but related parts. Thus (a) and (b) of the specific tasks required us to settle a particular pay dispute; whereas (c), as well as inviting us to consider a particular pay level survey, raised fundamental questions about the way in which civil service pay might best be determined in future.

1.4 In view of the urgency of tasks (a) and (b), we made them the subject of an Interim Report which we presented to the Governor on 21 November 1988. In that report we recommended adjustments to the 1987-88 Pay Trend Survey indicators to take account of a proportion of private sector merit payments, and gave our preliminary views on those aspects of the pay trend survey methodology which we considered relevant to our recommendations on the 1988 pay settlement (task (b)). A summary of our findings is in Appendix 1.

1.5 In this report we deal first with the question of the 1986 Pay Level Survey, then with the question of pay level surveys as a part of future pay determination policy,

and finally return to the question of the pay trend survey methodology. This sequence seems appropriate because in the course of our inquiry we have become convinced of the primacy of the pay level survey system. That is to say, we think that pay trend surveys should be seen as secondary to pay level surveys and as no more than a means of preventing civil service pay levels from falling too far out of line with those of the private sector in the intervals between pay level surveys.

1.6 We decided, early in our deliberations, not to commission any special research studies or surveys. Instead we have relied upon the well-tried 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.

1.7 For the second phase of our work, our Committee reconvened on 5 January 1989. Altogether 15 meetings were held. We have considered all the submissions received 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 I Staff Consultative Council. We have met with Hay Management Consultants and a past Controller of the former Pay Investigation Unit. We have

also held meetings with the Acting 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.

1.8 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.

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

Acknowledgments

1.10 We have been much assisted in our work by all those who gave oral and written evidence and thus helped us to understand and reach conclusions on the many difficult issues raised by our terms of reference. We are very grateful to them. Our task has also been greatly lightened by the splendid support provided by our Secretary, Mr. Keith Shipley, CBE, JP and the staff of the Secretariat whose names we gladly record in Appendix 2. We are heavily indebted to them all.