

representative sample of civil service jobs, which was compared with a similarly representative sample of jobs in the surveyed companies. In each job surveyed, certain common factors were evaluated to enable a comparison to be made between the levels of pay and fringe benefits for jobs of similar Hay points<sup>(1)</sup> in the public and private sector.

4.26 The job evaluation technique used by Hay is designed for the purpose of making comparisons between jobs of widely varying kinds. It depends upon the judgmental evaluation of factors which are common to jobs in all types of organisations, classified as know-how, problem solving, and accountability. A general account of the technique, explaining what these factors include, provided by Hay is given in Report No. 16 of the Standing Commission (Report No. 16, Appendix IX, Annex C).

4.27 The factors described under the three headings "know-how, problem-solving, and accountability", do not provide a comprehensive basis for the determination of pay scales, as the Hay account itself makes clear. That account specifically refers to age, qualifications, working conditions, and market rates as examples of other factors that must be considered; and elsewhere in the report it is made clear that the survey recognised that the pay of the disciplined services reflected special factors, the effect of which had to be separately quantified. The method chosen to do this for the purposes of the survey depended entirely on the existing salary scales and involved no fresh evaluation of the special factors pertaining to the disciplined services.

4.28 Having taken note of the recognition given by the Standing Commission to the special nature of the duties of the disciplined services, Hay used a modified approach in assessing the job size and the corresponding pay for the disciplined services. During the evaluation process, Hay was of the view that the special features of the work of the disciplined services staff could be broadly categorized in two ways :-

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Note (1): The "Hay Points System" is a method of job evaluation devised by Hay which had been used extensively during similar studies in various countries.

- (a) those elements which can be measured, such as the need for advanced training in necessary skills or in the use of specialised equipment in the fire services and the police; the need for special training in investigative work in the police and customs service; and the requirement for special skills in dealing with potentially difficult or dangerous situations in the disciplined services such as crowd control or handling dangerous criminals; and
- (b) those elements which cannot be measured, such as stress, danger, being on constant call and restrictions on personal freedom.

4.29 Hay evaluated all disciplined services jobs in the survey (92 in total) in the same way as jobs on the MPS and Model Scale 1, but they took into account the factors mentioned in para. 4.28(a) above in arriving at the Hay point score for each individual job. They then compared the pay of the two Disciplined Services Pay Scales - i.e. DPS(O) and DPS(R) - with the MPS at equivalent Hay points, to determine the difference between them. It was found that the pay for disciplined services staff was, on average, higher than that for staff on MPS. This difference in pay, which Hay felt might compensate for those features referred to in para. 4.28(b) above, was then deducted from the pay figures for the disciplined services prior to making the general comparison for the whole civil service sample in the survey with pay for jobs of similar size in the private sector.

4.30 Hay also intended to seek information from the private sector companies on the way in which their employees were compensated for the special factors described in para. 4.28(b) above. This information would then be used to comment, in Hay's final report, on the element paid to the disciplined services in recognition of these special factors. In the event, this was found by Hay to be impossible, because of the lack of private sector jobs incorporating such factors. We also understand that the methodology of the Pay Level Survey as laid down by the Standing Commission did not allow Hay to take into account the differences in annual hours worked between the various sections of the civil service. Hay were therefore, in our view, not in a position to comment on whether or not the disciplined services were actually better paid on an hours basis than the MPS officers. We suspect that if this calculation were done, Hay would have produced a different comparison between the pay of disciplined services staff and MPS officers at the various levels of the civil service.

## The sampling method

4.31 So far as the disciplined services are concerned we are unable to accept that the sample was large enough to give results that can be given much weight in pay determination. Chapter 9 (paragraph 9.2.2) of the Second Report of the Pay Level Survey Advisory Committee (see Appendix VII to Report No. 18 of the Standing Commission), records the Chairman of the Advisory Committee as stating on the advice of Hay, that the sample used in the survey, which represented approximately 15% of civil service ranks (not postholders), is more than adequate "to give a satisfactory acceptable result on which to judge whether the public and private sector total packages are broadly comparable". This does not say anything about comparability for the disciplined services alone.

4.32 Looking to the much smaller numbers in the survey that were drawn from disciplined services, we had to consider the sample size carefully. We understand the sampling method used in the survey was not random sampling but a selection of representative examples of ranks chosen on a judgemental basis, apparently by the Departments concerned. A limitation of this non-random sampling approach is that it is impossible to assess the statistical tolerance of the results obtained. It is possible - perhaps even likely - that the posts chosen in a particular rank were grouped around a limited portion of the spectrum (because they were considered to be typical) thus limiting the spread and perhaps biasing the results. Second, the percentage sample used is not in itself a complete criterion for judging whether the sample size is sufficient. It is important also to look at both the absolute size of the sample and the sampled population, and to consider whether the posts within the spectrum of posts from which the sample is drawn are relatively homogeneous or heterogeneous. Given the great variety of jobs done in the disciplined services, it appears to us most unlikely that the disciplined services sample was large enough and that the number of posts chosen to represent a rank was sufficient. Job variation within the disciplined services (even within the police alone) can be wide; and accordingly we believe that a sample of 92 out of 41,000 postholders would not provide a large enough base to enable statistically validated comparisons to be made between the disciplined services and the rest of the civil service.

4.33 This does not mean that the findings of the survey in relation to the disciplined services can or should be wholly disregarded by us. It means that the evidence they provide is indicative only, and if we make use of it in our further work, it will only be in that sense.

### III. International comparisons

#### International studies

4.34 We have been able to track down only one study which has attempted an international comparison of public sector pay relativities. This is a study published in 1983 as Occasional Paper No. 24 by the International Monetary Fund, entitled "Government Employment and Pay: Some International Comparisons".

4.35 The study includes in Table 29 (reproduced here as Annex 4.18) an examination of the average wage of 15 different government jobs relative to that of clerical officer. The jobs recorded include three police ranks, constable, corporal, and sergeant. Difficulties of data collection meant that in some instances starting salaries were used instead of average salaries; and the report records that it was difficult to know whether a clerical officer in one country is defined in the same way as a clerical officer in another country. The report goes on to say however, that, after reviewing many government job definitions, the duties and responsibilities of a government clerical officer seemed sufficiently comparable to use the salary of this grade for the purposes of the comparison. In view of the limitations of the study, it is possible to comment on the information in the table only in a very general way, and it is also for that reason that we have not added a Hong Kong line to the table. There is the added difficulty that the rank of police corporal no longer exists in Hong Kong. We should also note that the table contains no information about employees' benefits other than pay.

4.36 In a very broad sense, however, and with some notable exceptions, it appears that in the countries studied the salary of the police constable is reasonably comparable with that of the clerical officer. Exceptions where the constable has a marked salary advantage include the United Kingdom and the United States, and cases where the clerical officer has a marked advantage include Singapore and India. In the Singapore case it is evident from examination of the ratio for other jobs that clerical officers enjoy salaries which are high relative to most of the other jobs reported, and it therefore seems possible that in that country the title attaches to a job with larger responsibilities than in most other countries, or that the value put on clerical officer work is unusually high.

4.37 Amongst these uncertainties, it does not seem possible to draw any very specific conclusions from this table, except that examination shows that the pay relativities between different jobs in different countries vary very widely and there are no standard relativities that can readily be used as models. It is also possible to comment that the present Hong Kong ratios for police pay

compared with clerical officer pay, which we have calculated on different bases to take account of the difficulties of definition referred to in para. 4.35, fall within the international range, lying in the upper part of the range.

4.38 Our attention has been drawn in one submission to a study of firemen's pay in 15 countries which shows, in terms of US dollar equivalents (presumably at the rates of exchange current at the time of the study) that the Hong Kong firemen had the fifth lowest rate of pay in the countries studied.

#### **U.K. comparisons**

4.39 Having regard to the general views we have formed about international relativities, we have not thought it profitable to make a close study of U.K. pay scales for the disciplined services. It has been pointed out to us that rank and file prisons staff in the U.K. enjoy a higher rate of pay than the police, and the international comparison mentioned above shows that London firemen come fourth from the top in the 15-country league while firemen elsewhere in the U.K. are around the middle of the range.

4.40 We have examined the Edmund-Davies Report on the police and the May Report on the prison service as well as subsequent and current documents relating to the determination of police and prison service pay in the United Kingdom, which have been made available to us by the Home Office in London and the Scottish Home and Health Department in Edinburgh; and we have also studied the agreement reached in January 1978 by the U.K. National Joint Council for Local Authorities' Fire Brigades which still provides the basis for the annual revision of pay in the U.K. fire service. The main point that has been put to us in the context of these U.K. reviews is that we should follow the Edmund-Davies principles in coming to our conclusions about what levels of pay we should recommend, and this is essentially the approach we are adopting. Though we have seen it contended that because the Edmund-Davies approach was devised for the police it is applicable only to that service, the approach is not in principle specific to the police or their problems, and in our view it is equally applicable to other disciplined services.

4.41 The only narrowly specific comparison of pay levels that has been drawn in any of the submissions that we have received has been between a newly-recruited constable in London and a newly-recruited inspector in Hong Kong. It has been pointed out to us that, in terms of Sterling, the Hong Kong inspector earns less in direct salary than the London

constable after taking into account differences in taxation, and ignoring on the one hand the allowances paid in the U.K. and on the other hand the value of quarters provided in Hong Kong. If the allowances and the value of quarters are taken into account the comparison is even more favourable to the London constable.

#### **IV. Pay increases since 1979 - Comparison with Consumer Price Index**

4.42 In a few submissions it has been suggested that pay increases in the disciplined services have failed to keep pace with the cost of living. As part of the civil service the disciplined services have shared in the general pay increases awarded to the civil service, and at Annex 4.19 we have shown in chart form these pay increases alongside the three consumer price indices that are published in Hong Kong, CPI(A), CPI(B) and the Hang Seng CPI.

4.43 The matching of the indices to the pay increases can only be very approximate, for several reasons, of which the following appear the most important. In the first place, the indices relate to household expenditure, which in many cases will reflect more than one salary; secondly while the expenditure bands are comparable to the salary bands they are not the same; and thirdly the effect of price movements in the housing field is reflected in the price indices but the expenditure of many disciplined services staff on rent is related to salary rather than market rent because they occupy Government-provided quarters.

4.44 None-the-less the general picture that emerges from the chart is clear. The pay increases awarded to the disciplined services since 1979 have more than kept pace with the movement of consumer prices as estimated by the CPIs. The only year in which the chart shows pay increases significantly below CPI movements is 1982-83. It is not surprising that this should be so. The pay increases have been related to pay movements in the private sector, over a number of years in which, apart from one or two setbacks, the Hong Kong economy has performed well and private sector incomes would be expected to reflect that performance.

4.45 We should however record that it was represented to us that the consumer price indices did not give a true picture of inflation rates. One submission said that last year "the Government put inflation at a little over 5%. My bills for the purchase of the same goods, from the same supermarket, for the same number of people in my family, increased by over 20% ....." Others stated that the prices

of Western goods and products used in expatriate households had increased faster than the prices of local products. We add the comment that while the movement of the consumer price index must obviously be based on what the generality of households in Hong Kong purchase, and household goods form only a part of the purchases examined in consumer price indices, we recognise the genuineness of the concern expressed to us. We also record in the following paragraph how price and pay movements compare at different salary levels, which may have some bearing here.

4.46 An interesting point to which we shall give further consideration emerges when the cumulative movements are examined. For the upper band, the cumulative movement of pay increases over the period amounts to 262%, while the Hang Seng CPI has increased by 248%; for the middle band, the pay movement has been 267%, while CPI(B) has increased by 233%; for the bottom band, the pay movement has been 287% while CPI(A) has increased by 233%.