

English Translation

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17 March 2005

Clerk to Panel
(Attn.: Ms. Rosalind Ma)
Legislative Council Panel on Public Service
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms Ma,

Panel on Public Service
Meeting on 21 February 2005

**Agenda Item IV – Outcome of the consultation on the
proposals for the pay level survey and the way forward**

Thank you for your letter of 19 February 2005. I set out below the response of the Civil Service Bureau (CSB) to the written submission dated 18 February 2005 from the Hong Kong Chinese Civil Servants' Association (HKCCSA).

In February 2003, the CSB embarked on an exercise to develop an improved civil service pay adjustment mechanism for long-term adoption in the civil service. To take forward the exercise, the CSB has set up in April 2003 the Steering Committee on Civil Service Pay Adjustment Mechanism (the Steering Committee) and the Consultative Group on Civil Service Pay Adjustment Mechanism (the Consultative Group) to respectively provide professional and staff input to the exercise. The CSB has also engaged a consultant to provide technical assistance in drawing up a detailed and feasible methodology for the pay level survey.

Since the commencement of the exercise in April 2003, we have held 22 meetings/sessions with the Steering Committee and the Consultative Group respectively to have intensive discussions on a wide range of issues relating to the design of the pay level survey methodology and the approach for the application of the survey results to the civil service. To facilitate discussion by the staff side members of the Consultative

Group, the CSB and the consultant have provided papers and reference materials to the Consultative Group and have given detailed responses to the questions and views raised by them.

Following the above discussions, the consultant has made recommendations on the methodology of the pay level survey. In parallel, the CSB has put forward proposals on the general approach for the application of the pay level survey results. On 4 November 2004, we issued a consultation paper on the above proposals for a two-month extensive consultation. The proposals contained in the consultation paper have taken on board many of the views and comments expressed by the staff side members of the Consultative Group, including the HKCCSA. For example, the relevant policy considerations for the development of an improved civil service pay adjustment mechanism as set out in the consultation paper have taken on board the suggestions made by the staff side members as appropriate. In view of the staff side members' concern about whether the survey could fully take account of the job nature and duties of the civil service benchmark jobs, the consultant has recommended that an intensive job inspection process be carried out to ascertain the job characteristics and work nature of the civil service benchmark jobs. In response to the staff side members' comment that the pay comparison between the civil service and the private sector should be as comprehensive as possible, the consultant has recommended that the survey should collect data on all cash compensation elements, including basic salary, guaranteed bonuses, cash allowances¹ and variable pay.

Following the close of the consultation period on 7 January 2005, the CSB has summarised for the Consultative Group the main views contained in the submissions on the consultation paper and the responses of the CSB and the consultant to these views. The consultant will make further refinements to his recommended methodology in the light of the consultation feedback. At the same time, the CSB has consulted the staff side members of the Consultative Group on the next steps for taking forward the exercise, including the detailed work steps for the proposed job inspection process.

In view of the inherent differences in the nature of operation and in the employment and remuneration practices between the civil service and the private sector, there is no perfect survey methodology that could make a precise pay comparison between the two sectors. After assessing the relative merits and shortcomings of four common job comparison methods, the consultant advises that the broadly-defined job family method with the refinements made is better able than the other three job comparison methods to meet the objective of the pay level survey and to address the technical considerations arising from a pay level survey. The inherent differences between the civil service and the private sector would be recorded in the proposed job inspection process. These inherent differences will be taken into account when the

¹ Except those cash allowances which are conditional on individual circumstances (e.g. cash payment as reimbursement of an accountable expense) or special working conditions that may be unique to an organisation or particular jobs in an organisation (e.g. payments for overtime).

Administration considers at a later stage how the survey results should be applied to the civil service.

Our original plan was to complete the whole exercise on the development of an improved civil service pay adjustment mechanism, including the conduct of a pay level survey, within 2004. In order to allow time for detailed discussions with the staff representatives, the action timetable has been adjusted such that the survey field work would now proceed in the second quarter of the year. Meanwhile, we understand that there are public expectations that we would see to it that the exercise continues to make progress. It is therefore incumbent on the Administration to take a decision on the methodology of the pay level survey in the light of the consultation feedback and other relevant factors and to embark on the survey field work as soon as possible, in order to ascertain whether civil service pay is broadly comparable to private sector pay in accordance with the established civil service pay policy.

The CSB would continue to discuss with the staff side members of the Consultative Group and consult their views on the implementation details of the pay level survey with a view to completing the survey in a timely manner.

Yours sincerely,

(Eddie Mak)
for Secretary for the Civil Service