

For information

## **LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE**

### **Progress Update on the Development of an Improved Pay Adjustment Mechanism for the Civil Service**

#### **Purpose**

This paper updates Members on the latest progress of the development of an improved pay adjustment mechanism for the civil service.

#### **Background**

2. Following intensive discussions with the Steering Committee on Civil Service Pay Adjustment Mechanism (Steering Committee) and the Consultative Group on Civil Service Pay Adjustment Mechanism (Consultative Group), in November 2004 the Civil Service Bureau (CSB) issued a consultation paper on the proposals regarding the methodology of a pay level survey for the civil service and the general approach for the application of the survey results for extensive consultation. We informed Members of the outcome of the consultation *vide* LC Paper No. CB(1)900/04-05(13), which was issued on 15 February 2005 and discussed at the Panel meeting held on 21 March 2005.

3. Taking account of the consultation feedback and other relevant considerations, the Administration decided in March 2005 to conduct a pay level survey for the civil service in 2005 using the methodology as recommended by the Phase One Consultant (i.e. the consultant engaged for the design of the survey methodology) and further refined following the consultation. Details of the Administration's decision and the refinements made to the survey methodology are set out in the Brief for the Legislative Council issued on 24 March 2005.

#### **Latest progress**

4. To ensure that the pay level survey will be conducted in an independent and professional manner, we have decided to engage an outside consultant to carry out the actual field work of the survey (Phase Two Consultant). In accordance with the established procedures for the

Government's procurement of consultancy services, we have recently appointed a professional consultant to provide the required consultancy services based on the refined methodology adopted for the pay level survey.

### Survey field work

5. The field work of the pay level survey will comprise three key stages with indicative timing as follows -

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| (a) Preparatory stage<br>(June – August 2005)                 | Conducting job inspections of civil service benchmark jobs   |
| (b) Information gathering stage<br>(September – October 2005) | Collecting pay data and other relevant information from the private sector organisations in the survey field |
| (c) Information consolidation stage<br>(November 2005)        | Consolidating and analysing the collected data according to the adopted methodology                          |

6. The immediate task of the Phase Two Consultant is to carry out job inspections for the civil service benchmark jobs with the participation of grade management, departmental management, staff bodies (including staff unions/associations) and holders of representative posts in the benchmark jobs (i.e. the preparatory stage). Through this process, the Phase Two Consultant will ascertain the details of the job content and work nature as well as the level of responsibility and typical requirements on qualification and experience of the civil service benchmark jobs<sup>1</sup>. With such information, the Phase Two Consultant will at the next stage of work (i.e. the information gathering stage) identify appropriate job matches in the private sector participating organisations that are broadly comparable with the civil service benchmark jobs in various job-related aspects and collect relevant private sector pay data for the purpose of making a pay comparison between the two sectors.

7. The guiding principle for the job inspection process is that it must be carried out in a professional and independent manner. We have tasked the Phase Two Consultant to exercise professional judgment in working out the implementation details of the job inspection process. At the same time, in

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<sup>1</sup> The Phase One Consultant has proposed a preliminary list of civil service benchmark jobs in its Final Report on the Methodology of the Pay Level Survey for the Civil Service. This list does not cover the education, medical and health care and social welfare sectors pending further investigation into the pay practices in these sectors. We have tasked the Phase Two Consultant to investigate a representative sample of non-government organisations in the three afore-mentioned sectors to confirm whether or not civil service pay practice continues to have a heavy influence on the pay levels of a substantial proportion of major non-government organisations in these sectors. If not, the Phase Two Consultant may recommend the inclusion of relevant civil service benchmark jobs in these sectors in the survey field.

order to ensure that views of the staff members and bodies as well as management are fully taken into account, we have tasked the Phase Two Consultant to consult relevant parties concerned at various stages of the process.<sup>2</sup>

### Application of the pay level survey results

8. In our consultation paper published in November 2004, we have set out our proposals<sup>3</sup> on the application of the pay level survey results. Upon the conclusion of the proceedings of the judicial review applications concerning the civil service pay adjustments legislation, we shall further consider this and related issues (including the development of an effective means for implementing both upward and downward civil service pay adjustments) in the light of the ruling of the Court of Final Appeal, where applicable. Meanwhile, the proposals as contained in the consultation paper issued in November 2004 remain our position at this stage.

### **For information**

9. Members are invited to note the content of this paper. We shall continue our discussion in the Steering Committee and the Consultative Group and keep Members posted as we take forward the exercise to develop an improved civil service pay adjustment mechanism.

Civil Service Bureau  
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<sup>2</sup> For instance, the Phase Two Consultant will be required to organise briefing sessions for the staff side members of the Consultative Group and interested staff unions/associations; to take into account the views expressed by the participants in the briefing sessions before finalising his approach to the conduct of job inspections and the list of civil service benchmark jobs for inclusion in the survey field; and to make known and explain the outcome of the job inspection process to staff unions/associations concerned.

<sup>3</sup> We have proposed in the consultation paper that if the pay level survey findings reveal that the civil service pay levels exceed the private sector pay levels, we should freeze the pay of serving officers at the prevailing level until it is caught up by the private sector pay level. But the disparity will be noted and will be taken into account in the subsequent annual civil service pay adjustment exercises before the next pay level survey. For new recruits who join the civil service after a prospective date, they will be subject to a new set of civil service pay scales to be drawn up after the pay level survey.