

Response to media enquiries on the 2015 Pay Trend Survey

In response to media enquiries on the 2015 Pay Trend Survey (PTS), a spokesman for the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service today (June 9) replied as follows –

First, on the upward adjustment of the net Pay Trend Indicator (PTI) for the Upper Salary Band by 0.04%, i.e. from 3.42% to 3.46%, the spokesman explained that the Pay Trend Survey Committee (PTSC) came across a special situation at its meeting for verifying the PTS Report of 2015 (i.e. the current year). The PTSC noted that a company had provided supplementary information regarding its data submitted for the PTS of 2014 (i.e. the previous year). Since the supplementary information was related to the data submitted by the company last year, it therefore had no impact on the calculation of the PTIs for the current year.

This notwithstanding, after thorough deliberation of the special situation, the PTSC agreed to make an exceptional arrangement to include the adjustment resulting from the supplementary information (which should have been taken into account last year) into the PTIs of the current year. As a result of the above-mentioned exceptional adjustment to cater for the special situation, the gross PTI for the Upper Salary Band was adjusted upwards by 0.04%, from 4.42% to 4.46% (and the net PTI after deducting the civil service payroll cost of increments was adjusted upwards by 0.04%, from 3.42% to 3.46%).

There is no question of the accuracy of the 2015 PTS findings. The above-mentioned adjustment was unrelated to the calculation of the 2015 PTIs. The adjustment put forth by the PTSC was to include, on an exceptional basis, the adjustment arising from the supplementary information provided by the above company into the 2015 PTIs (even though such supplementary information was related to the company's pay data submitted for the 2014 PTS and hence should have been taken into account last year) .

Second, with regard to the measures in place to verify the pay adjustment data provided by the participating companies, the spokesman explained that companies' participation in the survey is entirely voluntary, with information provided under an "Honour System". With over 40 years' practical experience,

this mechanism has demonstrated in full that it is pragmatic and practicable. Indeed, the entire PTS system has all along enjoyed a high degree of credibility within the community.

In addition, there are a number of measures to assist the companies in providing complete and accurate information. First of all, to help the companies in providing complete and accurate pay data during the conduct of the survey, the Pay Survey and Research Unit (PSRU) will send a set of guidance notes to the companies to assist their completion of the questionnaire in accordance with the agreed survey methodology, followed by field visits or telephone discussions to explain the details of the survey to the companies and to answer their questions in detail.

Moreover, after collection of pay data from the companies, the PSRU will perform multiple stages of detailed and meticulous scrutinisation and examination, including rounds of review and cross-checking by the different teams of the PSRU. Next, a statistical officer from the Census and Statistics Department will conduct a verification process. Afterwards, the data will only be included in the calculation of the PTIs after they have been confirmed in writing by the companies concerned.

Third, on whether the exclusion of salary adjustments due to promotions would result in the PTS underestimating the actual annual salary adjustment of employees in the private sector, the spokesman explained that back in 1988, the Committee of Inquiry into the 1988 Civil Service Pay Adjustment and Related Matters (comprising independent members) had given thorough consideration to the handling of pay increases arising from promotions in the course of reviewing the civil service annual pay adjustment mechanism. The Committee clearly pointed out in its report that “pay increases arising from promotions and transfers should continue to be excluded from the pay trend indicators. Promotions and transfers produce one-off payments which have nothing to do with general pay awards. To include such increases in the pay trend indicators would distort the results which are designed to show the general movement in pay”.

In accordance with the Committee’s recommendation, “promotion” has been clearly defined in the existing questionnaire of the PTS. According to the guidance notes to the questionnaire, “promotion” refers to an individual taking on a new job with increased responsibility and the consequential vacancy is filled by another person. Under such circumstances, the salary adjustment resulting from promotion should not be included in the PTS. The guidance notes help ensure that

the participating companies have a clear understanding of the definition of “promotion” and are effective in preventing them from excluding those pay increases which should not be excluded.

In fact, the same treatment has been adopted in pay trend surveys conducted by human resources organisations in the market (including the annual survey conducted by the Hong Kong Institute of Human Resource Management). That is, salary adjustment due to “promotion”, which is based solely on factors relating to an individual, is excluded.

Ends /Tuesday, 9 June 2015