

CHAPTER 3

PAY TREND SURVEY SYSTEM

3.1 The pay trend survey system produces annual indicators of the average pay movements of full-time employees in the private sector. Based on information of increases in salaries due to general pay increases, merit payments and inscale increments collected by the Pay Survey and Research Unit from private sector companies participating in the annual pay trend survey, gross pay trend indicators are produced for verification and agreement by the Pay Trend Survey Committee before release for public information.

3.2 The Administration, in accordance with the recommendation of a Committee of Inquiry appointed by it in 1988, will then deduct the values of civil service increments at their payroll cost (expressed as a percentage of the total payroll cost for each salary band) from the gross indicators to produce the net indicators. In adjusting civil service pay, the Administration makes reference to these net indicators to ensure that the size of adjustment is broadly comparable to the average adjustment for employees in the private sector. However, these indicators are not the only determinant of the adjustment. Other factors such as the prevailing social and economic conditions as well as budgetary considerations are taken into account.

Pay Trend Survey Committee

3.3 The Pay Trend Survey Committee is an independent body established by the Government on our advice in 1983. Its main function is to monitor the annual pay trend survey. It has the following terms of reference -

- (a) to commission the annual pay trend survey;

- (b) to analyse the results of the survey and to ensure that the agreed criteria for the interpretation of the data collected have been properly applied;
- (c) to agree the pay trend information resulting from the survey; and
- (d) to advise the Standing Commission on matters relating to pay trend survey methodology.

The composition of the Committee is at Appendix F.

3.4 Insofar as the conduct of the annual pay trend survey is concerned, the Committee is the only and final authority.

3.5 The Committee held three meetings during the year : the first in January to commission the 1994/95 Pay Trend Survey; the second in May to examine and validate the findings of the survey; and the last one in September to review the methodology and the survey field in preparation for the 1995/96 survey. The Pay Survey and Research Unit under the Commission Secretariat continued to provide secretarial support to the Committee.

1994/95 Pay Trend Survey

3.6 The survey took place between February and May 1995. The Pay Survey and Research Unit collected information on pay adjustments in 69 participating companies over the twelve-month period from 2 April 1994 to 1 April 1995 and analysed the data in accordance with the agreed criteria. The Committee validated the results and published the gross pay trend indicators on 19 May 1995. A summary of the results of the survey is at Appendix G.

Preparation for the 1995/96 Survey

3.7 The Committee met in September 1995 to consider whether any change should be made to the methodology and the survey field, in the light of the experience of the preceding survey. The Committee agreed that as the existing methodology had been working well, it should continue to be applied in 1995/96. In addition, the Committee proposed to increase the number of companies in the survey field to 80 by the inclusion of 10 new companies (list at Appendix H) from the wholesale, hotels and manufacturing sectors. The proposed addition would enhance the representativeness of the survey field in terms of employee distribution vis-a-vis the distribution of Hong Kong's economically active population.

3.8 At our meeting in November 1995, we supported the Committee's proposals. In addition, having regard to the Committee's debate on whether meal and travelling allowances should be excluded from the ambit of the survey, we recommended that a preamble be added to the statement of survey methodology to make clear that : "The objective of the pay trend survey is to measure the movement of pay in the private sector. Fringe benefits, whether made in cash or in kind, do not fall within the ambit of the survey."

3.9 Our letter to the Governor tendering advice on this subject is reproduced at Appendix I. Our advice has since been accepted by the Administration.