

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 of private sector companies participating in the survey. The Pay Survey and Research Unit (PSRU) collects from these companies information about any changes in pay arising from general salary adjustments, bonuses, merit payments and inscale increments. These data are analysed to produce gross pay trend indicators (PTIs) for three different salary bands, which are then presented to the Pay Trend Survey Committee for verification and agreement.

3.2 In accordance with the recommendations of a Committee of Inquiry in 1988, the Administration deducts the value of civil service increments at their payroll cost (expressed as a percentage of the total payroll cost for each salary band) from the gross PTIs to produce the net PTIs. In adjusting civil service pay, the Administration takes account of the net PTIs as well as other factors such as staff morale, budgetary considerations and the prevailing social and economic conditions.

Pay Trend Survey Committee

3.3 The Pay Trend Survey Committee (PTSC) is an independent body established by the Administration on the Commission's advice in 1983. It is chaired by a Member of the Commission and comprises representatives of the Administration and the staff sides. Its membership is at Appendix K.

3.4 The main function of the PTSC is to commission the annual pay trend survey, oversee the operation of the PSRU in conducting the pay trend survey and agree to its results. Once the findings of a pay trend survey have been agreed, neither the PTSC, nor for that matter the Commission, is involved in any way in subsequent discussions between the Administration and the staff sides on any pay adjustment based on the survey results.

3.5 In tendering advice to the Chief Executive on the methodology for the pay trend survey, the Commission will, as prescribed by its terms of reference, have regard to the advice of the PTSC.

3.6 The PTSC held four meetings during the year. The first meeting was held in early-May to receive a report from the Controller of the PSRU about the findings of the 1999/2000 pay trend survey; the second in mid-May to examine and validate the survey findings; the third in October to review the methodology and the survey field in preparation for the 2000/2001 survey; and the last one in December to consolidate the survey field and to commission the PSRU to undertake the 2000/2001 pay trend survey. The PSRU, under the guidance of the Secretary General of the Commission, continued to provide support to the PTSC.

1999/2000 Pay Trend Survey

3.7 The 1999/2000 pay trend survey took place between January and May 2000. Out of a survey field of 83 companies, the PSRU collected information on pay adjustments in 71 participating companies (comprising 122,273 employees) over the twelve-month period from 2 April 1999 to 1 April 2000 and analysed the data in accordance with the approved methodology. As agreed by the PTSC, the survey findings were released for public information on 10 May 2000 prior to formal validation by the PTSC on 17 May 2000. A summary of the validated results of the survey is at
----- Appendix L.

3.8 The Government decided on 30 May 2000 to freeze the pay for all civil servants across the salary bands in the financial year of 2000/2001 starting from 1 April 2000. As a result, the pay scales for the civil service
----- were not adjusted in 2000, a full set of which is at Appendix M.

Review of Methodology and Survey Field for the 2000/2001 Pay Trend Survey

3.9 To prepare for the pay trend survey for 2000/2001, the PTSC reviewed the survey methodology and survey field at its meeting in October. Since the methodology had worked well to produce creditable data for the compilation of the gross PTIs, the PTSC decided to continue to use the same methodology without change for the 2000/2001 pay trend survey. With four companies either opting out of their own volition or being deleted from the survey field due to their failure to comply with the approved methodology, the survey field was reduced to 79 companies. To improve the survey field, the PTSC decided to add ten new companies, bringing the total to 89, for the 2000/2001 survey.

Creation of a new Information Technology (IT)/High Technology (HT) Sector in the Pay Trend Survey field

3.10 With the rapid development of the IT/HT industry in Hong Kong, the PTSC was concerned whether there was enough representation of IT/HT companies in the pay trend survey and whether a new IT/HT sector should be created in the existing survey field. The PTSC noted that at present 15 companies in the survey field were engaged in IT/HT and related activities. Together, they employed over 27,000 employees, accounting for 20% of the survey population. Since the economic sector classification for the pay trend survey field had been drawn up by reference to that adopted by the Census and Statistics Department (C&SD), the advice of C&SD was sought on whether a new IT/HT sector should be created in the pay trend survey field. The advice of C&SD was that there was as yet no such sector under the International Standard Industrial Classification on which the C&SD classification had been modelled. On account of this, the PTSC agreed that it would not be opportune at this stage to create a new IT/HT sector in the pay trend survey field.

3.11 At its meeting in December 2000, the PTSC agreed to commission the PSRU to undertake the 2000/2001 pay trend survey between January and early May 2001.