

9 December 1993

The Right Honourable Christopher Patten
Governor of Hong Kong
Government House
Hong Kong

Dear Sir,

Methodology of Pay Trend Surveys

In our letter of 30 November 1992, we recommended the addition of 11 companies to the survey field with effect from 1992/93 and the continued inclusion of hourly-rated employees in the annual pay trend surveys. Our recommendations were accepted for immediate implementation.

2. In preparation for the 1993/94 survey, the Pay Trend Survey Committee (PTSC) reviewed the survey methodology at a meeting on 5 October 1993. While the PTSC agreed that any changes in the survey methodology should be kept to a minimum to maintain comparability with the data of the previous year, it considered that calculation criterion 1(d) of the survey methodology should be revised to make it clear that a company could be excluded from the calculation of the Pay Trend Indicators if its economic activities, company size or salary structure had changed so significantly as to make it inappropriate to compare the company's current data with those provided in the previous year.

3. We support the Committee's proposal. The existing wording of calculation criterion 1(d) allows the exclusion of a company only when changes have occurred in all three aspects of economic activity, size and salary structure. Not only is this unnecessarily restrictive, it may also undermine the objective of the criterion which is to ensure that the data provided by a company may be compared with those available in the previous survey. We therefore recommend that the criterion should be revised to read:

"1. All companies participating in the survey will be included in the

Appendix F (Cont'd)

calculations provided that:

x x x x x

- (d) their economic activities, company size or salary structure has not changed to such an extent that it is no longer appropriate for the data provided by them to be compared with the data provided in the previous year."

4. We believe that the change proposed above will improve the pay trend survey system and we shall continue to keep it under review.

Yours faithfully,

(Sidney Gordon)
Chairman
For and on behalf of
Members of the Standing Commission