

Appendix I

20 November 1995

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

Dear Sir,

Methodology of Pay Trend Surveys

Under Clause 1(d) of our Terms of Reference, we are required to make recommendations on the methodology for surveys of pay trends in the private sector to be conducted by the Pay Survey and Research Unit, having regard to the advice of the Pay Trend Survey Committee (PTSC).

2. At its meeting on 29 September 1995, the PTSC reviewed the 1994/95 methodology and agreed that it should continue to be applied to the 1995/96 survey but that the number of companies in the survey field should be increased, bringing the total number of companies in the survey field from 70 to 80.

Survey Methodology

3. The approved methodology which governs the operation of the Pay Survey and Research Unit's conduct of the pay trend survey has worked satisfactorily and is acceptable to both management and staff side. The Standing Commission, therefore, supports its continued application in 1995/96. However, having regard to the recent discussion by the PTSC on whether meal and travelling allowances should be excluded from the ambit of the pay trend survey, we recommend that a short 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."

/ Expansion of Survey Field ...

Expansion of Survey Field

4. There are currently 70 companies in the survey field, down from 79 companies in 1992/93. The reduction is due to companies either having reduced their employee numbers to below 100 thus rendering them ineligible for inclusion in the survey or having withdrawn, of their own volition, from the survey. The PTSC proposes to expand the field to 80 and has recommended 10 new companies from the wholesale, hotels and manufacturing sectors as at Annex I to be included. The proposed addition is intended to enhance the representativeness of the survey field in terms of employee distribution vis-a-vis the distribution of Hong Kong's economically active population. We support the PTSC's proposal.

5. In conclusion, we recommend for your approval that -
- (a) the methodology for the 1994/95 pay trend survey should continue to be applied to the 1995/96 survey;
 - (b) a preamble be added to the statement of survey methodology as follows : "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."; and
 - (c) the number of companies in the survey field for the 1995/96 pay trend survey be increased to 80 by the inclusion of the 10 new companies at Annex I.

Yours faithfully,

(Sidney Gordon)
Chairman
for and on behalf of
Members of the Standing Commission
on Civil Service Salaries & Conditions of Service

Encl

Annex I to Appendix I

**List of new companies
to be included in the 1995/96 Pay Trend Survey**

1. AST Research (Far East) Ltd
2. Ciba Geigy (Hong Kong) Ltd
3. Electronic Devices Ltd
4. Grand Hyatt Hong Kong
5. Hasbro Far East Ltd
6. Jusco Stores (HK) Co Ltd
7. Maxtor (Hong Kong) Ltd
8. Sony Corporation of Hong Kong Ltd
9. System-Pro Computers Ltd
10. Unisys China/Hong Kong Ltd