

4 June 2007

To: News Editors

### **2007 Civil Service Pay Trend Survey**

The Pay Trend Survey results recently announced by the Government are causing grave concern in the business community. Using publicly available papers, the Employers' Federation of Hong Kong has analysed the methodology and concludes that its flaws are both serious and inflationary.

"We have long supported the need for a well paid Civil Service," says Federation Chairman James Ng, "but recent signals from Government indicate that we are in grave danger of returning to the days of Government led wage inflation."

#### **Pay levels – Government and Private Sector**

The Federation finds it hard to accept the conclusions of the Pay Level survey announced a few weeks ago. This survey concluded that Civil Service pay is within five per cent of that in the Private Sector. The survey conducted by the Hong Kong General Chamber of Commerce, for example, only four years ago showed average Civil Service salaries were 45% higher than those in the Private Sector.

In the second study announced within the last two weeks, Civil Service starting salaries are to be raised - substantially in some cases. "We see little evidence of the need for starting salaries in the Civil Service to be increased at all, let alone by the amounts suggested," continues Mr Ng.

#### **Pay movements in 2006/7**

While the two previous surveys are alarming, the most immediate concern of the Employers' Federation is the astonishing conclusion of the Pay Trend Survey Unit – the third Government pay survey - that Private Sector pay has risen in the last year by between 4.28% and 5.59%. The Federation points out that these figures widely differ from all surveys the Private Sector has recently undertaken using widely different methodologies and participants.

"These show conclusively that private sector pay has risen by slightly over 3%. The results are remarkably consistent," explains Mr Ng. "The Pay Trend Survey figures are even contradicted by the Government's own statistics that show real wages rising by less than 2% in its official statistics," he continues.

#### **Serious flaws**

There are a number of contributory reasons why the results are wrong, the Federation has determined:

- By treating the employment market as a whole, the survey ignores the fact that pay for different sectors has moved by widely differing amounts and at different times. There is high demand for staff in the financial services sector, for example, leading to larger pay increases while other sectors have seen little or no pay movement;
- There are statistical flaws in the way in which increases for large and small companies are treated;

/...2

### **Discretionary bonuses wrongly nominated as pay rises**

The most significant flaw however, and the one that potentially causes the greatest inflationary effect, is to include one-off bonuses and variable pay as part of general pay increases.

“We simply cannot understand the logic for this,” Brian Renwick Federation Vice-Chairman and leader of its pay research efforts, says. “These bonuses reflect good performance by companies and individuals but they are **discretionary**. They too vary widely by company, by industry and by individuals. In a year of poor performance they will be reduced, or will not be paid at all. To add them to permanent pay in the Civil Service artificially raises base salaries – and these will flow back into the Private Sector as it struggles to catch up yet again with Civil Service pay levels.”

The Federation finds it deeply disappointing that little has been learned from Hong Kong's recent and deep economic depression. “We grossly over paid and over priced ourselves,” maintains Mr Ng. “As a result we suffered greatly through losing our competitiveness. It is beyond belief that, in three separate and different ways - the Government now appears to be restarting this inflationary cycle.”

The Federation sincerely urges Government and the Legislature to exercise prudent judgement in deciding the effective Civil Service pay increase. “To take these figures at face value and increase Civil Service pay by these amounts would be nothing short of a catastrophe for everyone in Hong Kong,” Mr Ng concludes. “We would be yet again ensuring that, before long, businesses will be shedding staff and reducing pay to regain our hard won global competitiveness.”

~ Ends ~

---

#### **Media Enquiries:**

*Mr Brian Renwick, Vice Chairman of the Employers' Federation of Hong Kong Tel: 2528 0033*

致：港聞版編輯

### 公務員二零零七年薪酬趨勢調查

政府最近公布的公務員薪酬趨勢調查結果於商界引起極大的迴響。香港僱主聯合會就有關的公開文件進行分析，發現當中調查方式存有不少漏洞，並帶來薪酬膨脹的不良後果。

聯會主席吳智明表示：「我們一直認同以合理的薪酬獎勵優質的公務員，但是政府最近提出的薪酬調整指標極有可能將我們帶返由政府主導提高薪酬而引致薪酬膨脹的日子。」

#### 薪酬水平 – 政府及私營機構

聯會並不同意政府幾星期前公布的薪酬水平調查結果。調查結果指出公務員的薪酬水平只在私人機構同類職位的百分之五之內；然而，其他類近調查如四年前香港總商會進行的卻顯示公務員的薪酬水平遠高於私營機構約百分之四十五。

政府於兩星期前公布的另一項調查建議提高公務員的入職薪酬，其中某些職系升幅甚大。吳氏說：「姑勿論所建議的增幅，事實上我們並未看到有提高公務員新入職薪酬的需要。」

#### 二零零六至零七年度薪酬趨勢

除上述兩個調查結果令商界感到意外，近日由薪酬調查委員會確認的第三份薪酬趨勢調查更指出去年私營機構的僱員薪酬升幅達百分之四點二八(4.28%)至百分之五點五九 (5.59%)之間；聯會認為有必要釐清這些數字與私營機構最近以多種不同方法所得出的調查結果相距甚遠。

吳氏指出：「私營機構多個薪酬趨勢調查均錄得相近增幅，平均略高於百分之三，與政府所得的調查結果不甚相同；薪酬趨勢調查的數字甚至與政府刊出的官方統計數據亦有所矛盾，資料顯示實質工資增長少於百分之二。」

## 重大的漏洞

聯會認為該調查結果不甚正確可歸納於以下的原因：

- 若以整體的勞動市場作考慮，調查結果忽略了不同職系界別於不同時間內有不同的薪酬調整。例如金融服務業對人才需求殷切，因此薪酬的升幅亦較其他行業為多。
- 處理大小機構僱員薪酬增幅時出現統計學上的差誤。

## 錯誤地將酌情性花紅歸納在薪酬內

是次調查最大的弊處及可能引致薪酬膨脹的原因，是將花紅包括在薪酬內一併計算。

聯會副主席及其薪酬研究小組負責人尹力行表示：「我們並不理解箇中原因；花紅的目的是獎勵公司及個別員工的良好表現，屬酌情性的。不同的公司、行業及員工所得的金額可以相差很大。在業績較差的年度，花紅可以減少，甚至不派發。將花紅納入公務員的固定薪酬定必拉高薪酬水平，逼使私營機構進一步增加薪酬，拉近與公務員薪酬的距離，以保持競爭力。」

聯會對政府未有在剛過去的經濟衰退中汲取教訓感到極度失望。吳氏續稱：「我們成本及價格長期處於高位，這樣只會削弱香港的競爭力。我們難以認同政府近期的三項報告，該等建議只會令到我們再次陷入價格不斷上升的惡性循環裡。」

聯會促請政府及立法會以務實的態度決定公務員薪酬加幅。吳氏強調：「按照建議的幅度增加公務員的薪酬恐怕會為香港帶來更多的壞處，我們擔心不久的將來公司會再次裁員及調低薪酬以應付全球的劇烈競爭。」

二零零七年六月四日

- 完 -

---

傳媒查詢：

香港僱主聯合會副主席尹力行先生

電話：2528 0033