

Press Release

3 October 2007

To: News Editors

Pay and the economy

A successful period

The Employers' Federation of Hong Kong has recently completed its analysis of Hong Kong's economy and consultation over prospects for the labour market in 2008.

"Hong Kong is enjoying a period of almost unprecedented growth. Apart from record stock prices we have had solid GDP growth for the last 12 quarters and this is forecast to continue for some time," notes Federation Chairman James Ng with satisfaction.

"The last time Hong Kong saw such figures was in the late eighties and, arguably, even this growth was not as prolonged as the current cycle may prove to be," he continued.

Many agree that behind our success is the Mainland economy that continues to grow beyond expectations and to resist all attempts at restraint. "While this continues, commentators and economists expect Hong Kong to continue to enjoy prosperity," says James Ng.

Dark clouds ahead

"Yet," he warns, "Across the Pacific, things are not so good and look likely to get much worse."

The USA national home price index is at its lowest level in ten years. The vacancy rate (essentially the waiting period to sell) in US homes is at unprecedented levels. Most worrying of all, new housing starts are once again falling to classic lows. On almost every occasion when this has occurred in the past, a US recession has occurred.

"We are concerned that we will soon enter another, far less benign, global cycle," Mr Ng cautions.

Pay in Hong Kong?

"It is the duty of every business leader to protect his or her business against downturns. We must not be so foolish as to add to fixed costs today without being sure we can afford them tomorrow," points out Federation Vice Chairman Brian Renwick.

"Quite naturally the community, particularly our employees and their unions, see the growth, the profits and the good news. They expect to share in these as far as possible. We agree that employees should share the fruits of the improved performance of their employers, but in the right sort of way," he added.

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EFHK's views

The Federation's views are clear:

- Almost everyone in employment in Hong Kong has greater spending power than ever before;
- Sharing the benefits of company success is best achieved by bonuses. A bonus of one month's salary is worth over eight percent to the employee in the year in which it is paid. It could take several years to achieve this gain through salary increases;

"We share the concern about Hong Kong's poor," Mr Ng says. "As responsible employers we will take whatever steps we can to participate in efforts to alleviate poverty. But our principal accountability is to protect our companies and the livelihoods of those who work for us," he insists.

"We would be justly criticised if we ignored warning signals and courted popularity by overspending on salaries."

Experience – all too recently – shows the tragic effect of our previous profligacy on the lives and incomes of so many Hong Kong people.

Recommendations

The Federation has three simple messages to its members as we draw closer to the end of a generally buoyant 2007:

1. Share the rewards of Company success generously with one-off bonuses based upon overall profitability as well as personal performance.
2. Increase salaries selectively to individual employees where there is a need because of market forces in an industry or in their profession.
3. Keep average salary increases below 2.5%

"We are keen that our members share their success with employees," stresses James Ng. "The best way to do so - and one we believe employees also prefer - is through appropriate bonuses."

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致：港聞版編輯

薪酬和經濟

經濟表現突出

香港僱主聯合會最近完成有關本港經濟分析和就二零零八年就業市場前景的諮詢工作。

聯會主席吳智明評論：「香港正享有幾乎前所未有的經濟增長，除股票市場屢創新高外，本地生產總值在過去十二個月均錄得穩健的增長，預計此情況將持續一段時間。」

吳氏續稱：「香港在八十年代末期曾出現類似的情況，但增長幅度及持續期遠遜於現在。」

多數人均同意，本港經濟表現突出，主要由於國內經濟增幅遠比預期為佳，亦沒有跡象顯示情況在短期內會有所改變。吳氏稱：「若情況維持不變，評論家和經濟學者均預期香港可繼續繁榮。」

隱憂

但吳氏警告說：「在太平洋的另一面，情況則大不相同，種種跡象更顯示情況將會急劇轉壞。」

美國樓宇價格指數下滑至十年來最低位。另一方面，空置率（主要指等候售出的時間）創歷年新高。最令人憂慮的是新樓宇落成數字再一次回落。在過去每當此等情況出現時，均象徵美國踏入經濟衰退期。

吳氏稱：「我們擔心在不久的將來美國將步入衰退週期，全球經濟因而受到牽連。」

本港薪酬？

聯會副主席尹力行表示：「每一位商業領袖都有責任禦防經濟衰退影響他的業務。我們不應在無法肯定將來的負擔能力時，貿然增加固有開支。」

尹氏補充：「我們理解整個社會，特別是僱員和所屬工會目睹經濟增長、營運利潤和利好消息等因素，而對薪酬增幅有著相當期望。聯會認同僱主應適當地獎賞員工，分享經濟成果，但必須採用正確的方法。」

聯會意見

聯會就此立場十分清晰：

- 近乎所有就職人士均享有比以往更高的消費能力；
- 以花紅形式與員工分享業績是最有效的做法。為數月薪一個月的花紅等同百分之八以上的薪酬增幅。一般情況下，僱員需累積數年才能獲得同等幅度的增幅。

吳智明強調：「聯會對於貧富懸殊不斷擴大的情況非常關注。作為良好僱主，我們將竭盡所能參與協助減貧。惟我們首要的責任是保護機構的營運前景和賴以為生的員工。」

「無視警號、只求爭取認受度而過度增加薪酬開支只會引致更大的批判。」

不久前的經驗已足以驗證過度揮霍對大多數香港人生活和入息方面的負面影響。

建議

展望二零零八年，聯會建議會員：

1. 根據機構營運狀況和個人表現，以一次性花紅與僱員分享績效成果；
2. 就市場或工種需求情況選擇性增加個別僱員薪酬；
3. 保持薪酬平均增幅在百分之二點五以下。

吳氏再一次強調：「我們殷切期望會員能夠與員工分享經濟成果，並且認為最恰當做法是以花紅形式支付，相信這亦是僱員的取向。」

二零零七年十月三日

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