

# Wage and Payroll Statistics for December 2020

## Overall Wage and Payroll Statistics

According to the figures released today (March 29) by the Census and Statistics Department (C&SD), the average wage rate for all the selected industry sections surveyed, as measured by the wage index, increased by 1.0% in nominal terms in December 2020 over a year earlier.

About 50% of the companies reported increase in average wage rates in December 2020 compared with a year ago. A total of 46% of the companies recorded decrease in average wage rates over the same period. The remaining 4% reported virtually no change in average wage rates.

After discounting the changes in consumer prices as measured by the Consumer Price Index (A), the overall average wage rate for all the selected industry sections surveyed increased by 1.7% in real terms in December 2020 over a year earlier.

As for payroll, the index of payroll per person engaged for all the industry sections surveyed increased by 1.8% in nominal terms in the fourth quarter of 2020 over a year earlier.

After discounting the changes in consumer prices as measured by the Composite Consumer Price Index, the average payroll per person engaged increased by 2.1% in real terms in the fourth quarter of 2020 compared with a year earlier.

The wage rate includes basic wages and other regular and guaranteed allowances and bonuses. Payroll includes elements covered by wage rate as well as other irregular payments to workers such as discretionary bonuses and overtime allowances. The payroll statistics therefore tend to show relatively larger quarter-to-quarter changes, affected by the number of hours actually worked and the timing of payment of bonuses and back-pay.

## Sectoral Changes

For the nominal wage indices, year-on-year increases of 0.4% to 2.7% were recorded in all selected industry sections surveyed in December 2020, except the transportation section where a year-on-year decrease of 1.5% was recorded.

For the real wage indices, year-on-year increases of 1.1% to 3.4% were recorded in all selected industry sections surveyed in December 2020, except the transportation section where a year-on-year decrease of 0.8% was recorded.

The year-on-year changes in the nominal and real wage indices for the selected industry sections from December 2019 to December 2020 are shown in Table 1.

As for the nominal indices of payroll per person engaged, the year-on-year changes recorded by different industry sections surveyed in the fourth quarter of 2020 varied. While year-on-year increases ranging from 1.1% to 5.6% were recorded in the industry sections of sewerage, waste management and remediation activities; information and communications; financial and insurance activities; real estate activities; professional and business services; and social and personal services, year-on-year decreases of 0.1% to 10.5% were recorded in the industry sections of manufacturing; import/export and wholesale trades; retail trade; transportation, storage, postal and courier services; and accommodation and food service activities.

For the real payroll indices, year-on-year increases ranging from 0.2% to 6.0% were recorded in the industry sections of sewerage, waste management and remediation activities; import/export and wholesale trades; information and communications; financial and insurance activities; real estate activities; professional and business services; and social and personal services in the fourth quarter of 2020. The other industry sections surveyed recorded year-on-year decreases of 0.1% to 10.2%.

The year-on-year changes in the nominal and real indices of payroll per person engaged for selected industry sections from the fourth quarter of 2019 to the fourth quarter of 2020 are shown in Table 2. The quarterly changes in the seasonally adjusted nominal and real indices of payroll per person engaged between the fourth quarter of 2019 and the fourth quarter of 2020 are shown in Table 3.

## Commentary

A Government spokesman said that the year-on-year nominal increase in overall wages in December 2020 stayed unchanged from that in September 2020, and was the slowest in nearly 11 years. After discounting for inflation, overall wages showed a larger increase in real terms, due to the decline in the headline Consumer Price Index (A) which reflected the effect of the Government's one-off relief measures in that month.

The year-on-year nominal growth in payroll per person engaged in the fourth quarter of 2020, which also covers discretionary bonuses and other irregular payments, decelerated to the slowest in over a decade. Payroll per person engaged in major sectors showed diverse movements in nominal terms. Specifically, those in transportation, storage, postal and courier services, and accommodation and food service activities continued to decline visibly. On the other hand, those in many other major sectors continued to increase, particularly in social and personal services.

The spokesman added that earnings growth will stay contained in the near term as the economy will take time to recover. The Government will continue to monitor the developments closely.

## Other Information

Both wage indices and payroll indices are compiled quarterly based on the results of the Labour Earnings Survey (LES) conducted by the C&SD.

Wage statistics are conceptually different from the payroll statistics. Firstly, wage rate for an employee refers to the sum earned for his normal hours of work. It covers basic wages and other regular and guaranteed allowances and bonuses, but excludes earnings from overtime work and discretionary bonuses, which are however included in payroll per person engaged. Secondly, the payroll index of an industry is an indicator of the simple average payroll received per person engaged in the industry. Its movement is therefore affected by changes in wage rates, number of hours of work and occupational composition in the industry. In contrast, the wage index of an industry is devised to reflect the pure changes in wage rate, with the occupational composition between two successive statistical periods being kept unchanged. In other words, the wage index reflects the change in the price of labour. Thirdly, wage index only covers employees up to the supervisory level (i.e. not including managerial and professional employees), whereas payroll index covers employees at all levels and proprietors actively engaged in the work of the establishment. Because of these conceptual and enumeration differences between payroll and wage statistics, the movements in payroll indices and in wage indices do not necessarily match closely with each other.

It should also be noted that different consumer price indices are used for compiling the real indices of wage and payroll to take into account the differences in their respective occupation coverage. Specifically, the Composite Consumer Price Index, being an indicator of overall consumer prices, is taken as the price deflator for payroll of workers at all levels of the occupational hierarchy. The Consumer Price Index (A), being an indicator of consumer prices for the relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.

Detailed breakdowns of the payroll and wage statistics are published in the "Quarterly Report of Wage and Payroll Statistics, December 2020". Users can download the publication at the website of the C&SD ([www.censtatd.gov.hk/hkstat/sub/sp210.jsp?productCode=B1050009](http://www.censtatd.gov.hk/hkstat/sub/sp210.jsp?productCode=B1050009)).

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