

Wage and payroll statistics for June 2021

Overall wage and payroll statistics

According to the figures released today (September 27) 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 1.1% in nominal terms in June 2021 over a year earlier.

About 51% of the companies reported increase in average wage rates in June 2021 compared with a year ago. A total of 45% 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 decreased by 0.3% in real terms in June 2021 over a year earlier.

As for payroll, the index of payroll per person engaged for all the industry sections surveyed increased by 1.1% in nominal terms in the second quarter of 2021 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 0.2% in real terms in the second quarter of 2021 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 0.1% to 2.8% were recorded in all selected industry sections surveyed in June 2021, except the transportation section where a year-on-year decrease of 0.8% was recorded.

For the real wage indices, year-on-year decreases ranging from 0.5% to 2.2% were recorded in the import/export, wholesale and retail trades section; transportation section; accommodation and food service activities section; and personal services section in June 2021. Yet, the manufacturing section remained virtually unchanged when compared with that in June 2020 while the other industry sections surveyed recorded year-on-year increases of 0.2% to 1.4%.

The year-on-year changes in the nominal and real wage indices for the selected industry sections from June 2020 to June 2021 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 second quarter of 2021 varied. Year-on-year increases ranging from 1.3% to 2.5% 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. On the other hand, year-on-year decreases of 0.1% to 4.2% 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 0.5% to 1.6% were also recorded in those above-mentioned industry sections with year-on-year increases in the nominal payroll indices in the second quarter of 2021. As for the other industry sections surveyed, year-on-year decreases of 0.9% to 5.0% were recorded.

The year-on-year changes in the nominal and real indices of payroll per person engaged for selected industry sections from the second quarter of 2020 to the second quarter of 2021 are shown in Table 2. The quarterly changes in the seasonally adjusted nominal and real indices of payroll per person engaged between the second quarter of 2020 and the second quarter of 2021 are shown in Table 3.

Commentary

A Government spokesman said that the average wage rate for all selected industries showed a slightly faster year-on-year increase in nominal terms in June 2021, arresting the decelerating trend in the past two years or so. After discounting for inflation, the average wage rate decreased slightly in real terms, as the year-on-year increase in the headline Consumer Price Index (A) in that month was again enlarged by the low base effect caused by the Government's one-off relief measures implemented a year earlier.

The year-on-year nominal growth in payroll per person engaged, which also covers discretionary bonuses and other irregular payments, also accelerated somewhat in the second quarter of 2021, reversing the general trend of deceleration since the second half of 2019. Specifically, payroll per person engaged in some sectors, notably information and communications, and financial and insurance activities, showed faster increases, and payroll per person engaged in the social and personal services sector switched to increase. Payroll per person engaged in other sectors, particularly transportation, storage, postal and courier services, and accommodation and food service activities, registered narrower declines.

The spokesman added that the labour market has improved further in the more recent months alongside the on-going economic recovery. Moreover, the additional boost from the Consumption Voucher Scheme to consumption-related

sectors would render support to the job and income conditions. Yet, with the spread of the more infectious Delta variant in many places around the world, the global pandemic remains a key source of uncertainty over the economic and labour market outlook. 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, June 2021". Users can download the publication at the website of the Census and Statistics Department (C&SD) (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1050009&scode=210).

For enquiries on wage and payroll statistics, please contact the Wages and Labour Costs Statistics Section (1) of the C&SD (Tel: 2887 5550 or email: wage@censtatd.gov.hk).