

Wage and Payroll Statistics for March 2021

Overall Wage and Payroll Statistics

According to the figures released today (June 25) 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 0.9% in nominal terms in March 2021 over a year earlier. The year-on-year rate of increase was lower than that recorded in December 2020 (1.0%).

About 50% of the companies reported increase in average wage rates in March 2021 compared with a year ago. A total of 47% of the companies recorded decrease in average wage rates over the same period. The remaining 3% 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 0.6% in real terms in March 2021 over a year earlier.

As for payroll, the index of payroll per person engaged for all the industry sections surveyed increased by 0.7% in nominal terms in the first quarter of 2021 over a year earlier. The year-on-year rate of increase was notably lower than that recorded in the fourth quarter of 2020 (1.8%).

After discounting the changes in consumer prices as measured by the Composite Consumer Price Index, the average payroll per person engaged decreased by 0.5% in real terms in the first 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, while most selected industry sections surveyed recorded a year-on-year increase in March 2021, ranging from 0.5% to 2.8%, the personal services section and transportation section recorded year-on-year decreases of 0.2% and 2.1% respectively.

For the real wage indices, year-on-year decreases ranging from 0.6% to 3.5% were recorded in the import/export, wholesale and retail trades section; transportation section; accommodation and food service activities section;

and personal services section in March 2021. Yet, year-on-year increases ranging from 0.1% to 1.3% were still recorded in the manufacturing section; financial and insurance activities section; real estate leasing and maintenance management section; and professional and business services section.

The year-on-year changes in the nominal and real wage indices for the selected industry sections from March 2020 to March 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 first quarter of 2021 varied. Year-on-year increases ranging from 1.1% to 2.1% were recorded in the industry sections of sewerage, waste management and remediation activities; information and communications; financial and insurance activities; real estate activities; and professional and business services. On the other hand, year-on-year decreases of 0.3% to 8.2% were recorded in the industry sections of manufacturing; import/export and wholesale trades; retail trade; transportation, storage, postal and courier services; accommodation and food service activities; and social and personal services.

For the real payroll indices, year-on-year decreases ranging from 0.1% to 9.3% were recorded in most selected industry sections surveyed in the first quarter of 2021. The only exceptions were the financial and insurance activities section and sewerage, waste management and remediation activities section where year-on-year increases of 0.1% and 0.9% were recorded respectively.

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

Commentary

A Government spokesman said that overall wages stayed on the rise in nominal terms in March 2021 over a year earlier, but the pace of increase decelerated slightly to the slowest in more than 11 years. After discounting for inflation, overall wages turned to decline in real terms, as the year-on-year increase in the headline Consumer Price Index (A) in that month was enlarged by the low base effect of the Government's one-off relief measures implemented a year earlier.

The year-on-year nominal growth in payroll per person engaged in the first quarter of 2021, which also covers discretionary bonuses and other irregular payments, likewise decelerated to the slowest in over 11 years. Payroll per person engaged in most major sectors either increased at slower rates or continued to decline in nominal terms. In particular, payroll per

person engaged in transportation, storage, postal and courier services, and accommodation and food service activities continued to decline visibly. Meanwhile, payroll per person engaged in the social and personal services sector switched to decrease, due to a higher base of comparison a year earlier when there were pay adjustments and issuance of back-pay in some subvented organisations which were concentrated in this sector.

The spokesman added that the pressure on the labour market has gradually eased more recently, and should ease further as the economy continues to recover, especially if the local epidemic remains well contained. This should render support to the overall earnings situation. Yet, as the pace of economic recovery is uneven across sectors, the earnings situations in some sectors may take a longer time to improve. 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 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, March 2021". Users can download the publication at the website of the 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).