

For information on
15 March 2007

LegCo Panel on Manpower

Wage Level Used under the Wage Protection Movement for Cleaning Workers and Security Guards

Introduction

As requested by Members at the meeting of the Legislative Council (LegCo) Panel on Manpower on 18 January 2007, this note provides information on the wage level to which reference is made under the Wage Protection Movement for cleaning workers and security guards (WPM).

Background

2. The Chief Executive announced in his Policy Address on 11 October 2006 that the Government would join hands with the business community and labour sector to launch the WPM. The modus operandi of the movement is set out in the LegCo Manpower Panel paper CB(2)333/06-07(04) discussed at the meeting on 16 November 2006. In designing the WPM, the Government has drawn on the key features of the mandatory wage arrangement for its outsourced service contracts introduced in May 2004.

Mandatory Wage Requirement for Government Service Contracts

3. In recent years, there have been reports of incidents of exploitation of non-skilled workers (primarily cleaning workers and security guards) by unscrupulous government service contractors. In response, the Government has, in addition to stepping up its monitoring and enforcement efforts, introduced a number of administrative measures aimed at enhancing the protection of non-skilled workers employed by its contractors of service contracts (excluding construction service contracts) that rely heavily on the deployment of non-skilled workers¹. One of these measures focus on the wage level of the non-skilled workers employed for carrying out government service contracts.

¹ Unless otherwise specified, “government service contracts” in this paper refers to “government outsourced service contracts (excluding construction service contracts) that rely heavily on the deployment of non-skilled workers”.

4. In May 2001, the Government introduced a new arrangement for procurement of government service by which procuring departments are required to adopt a marking scheme for evaluation of tenders. In the marking scheme, procuring departments are required to include in the assessment criteria the evaluation of the wage level and working hours of non-skilled workers to determine whether the offers by the tenderers in these aspects are in line with conditions in the market for similar trade/industries. The market wage rates in the Census and Statistics Department's ("C&SD") Quarterly Report of Wage and Payroll Statistics ("Quarterly Report") were used as points of reference. It is noteworthy that these wage rates were used in the past by some government departments in preventing bidders from offering unrealistically low wages. Contracts offered wages at or above the market rate would be accorded higher marks.

5. To ensure that the wages offered by contractor of government service contracts are not lower than the market rates and in response to the motion carried by the LegCo Manpower Panel at its meeting on 22 April 2004, i.e.

“That, as the Government lacks an effective mechanism to monitor outsourcing contractors, leaving the employment terms of employees engaged for projects or services contracted out by the Government unregulated, this Panel urges the Government to draw up contract terms stipulating a minimum wage for outsourced contracts of non-technical trades, and adopt the “Average Monthly Salaries of Selected Occupations” published by the Census and Statistics Department as the standard for such minimum wage”,

the Government has introduced since May 2004 a mandatory wage requirement for government service contracts such that a tender offer shall not be considered if the monthly wage rate offered to their non-skilled workers by the tenderer is less than the average monthly wage (which relates to an average number of normal hours of work per day and average number of standard working days per month) for the relevant industry/occupation as stipulated in the Quarterly Report at the time when the tenders are invited.

6. In addition to all government departments, public and other relevant bodies have been encouraged to follow government's practice in adopting the wage requirement in procuring outsourced cleansing and guarding services. These concerted efforts have benefited over 30,000 workers so far. This constitutes a sizable portion of the entire workforce of 187,000 cleaning workers and security guards in the second quarter of 2006.

7. The mandatory wage arrangement has generally been accepted as an effective administrative measure in providing wage protection for cleaning workers and security guards. For this reason, the Government decided to draw on the key features of the mandatory wage arrangement in designing the WPM.

Quarterly Report of Wage and Payroll Statistics

8. Published by C&SD since 1982² at quarterly intervals (i.e. four reports are published per year), the Quarterly Report sets out the wage statistics compiled from data collected from a sample of about 2,000 randomly selected establishments through the Wage Enquiry of the Labour Earnings Survey in a particular quarter. The surveyed establishments are required to provide data on the average monthly wages, number of normal working hours per day and number of standard working days per month of their employees in selected occupations. The survey results are then published in the Quarterly Report.

9. In the private sector, wages are determined by a combination of factors, including the economic circumstances, operating situation, labour supply and demand condition, as well as the qualifications, experience and performance of individual workers. These factors and staff mobility will affect the average wage level of workers. Hence, the average wage level set out in the Quarterly Report tends to vary slightly from time to time.

Concluding Remarks

10. Like the mandatory wage arrangement for government's service contracts, if the contractual working hours per day and working days per month of the cleaning workers and security guards are different from those published in the Quarterly Report, entities participating in the WPM should pay these workers monthly wages calculated on a pro rata basis. Such wages should not include any overtime pay or any other allowances, no matter how they are designated.

11. Under both the mandatory wage requirement for government service contracts and the WPM, employers are required to pay their workers wages not lower than the relevant market averages prevailing at the time when tenders of the service contracts are invited or, if no tendering is involved, when an employment/service agreement is offered. Employers are of course at liberty to pay these workers wages higher than the market average in the light of the latter's experience, skills level, performance, length of service, etc.

12. Members are invited to note the content of this paper.

Economic Development and Labour Bureau
Labour Department
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² Data on wage rates are collected at quarterly intervals since March 1999, but on a half-yearly basis during 1982 to 1998.