

For information on  
27 May 2008

## **Legislative Council Panel on Manpower**

### **Wage Protection Movement for Cleaning Workers and Security Guards :**

#### **Assessment Criteria for Overall Review in October 2008**

#### **Purpose**

An overall review of the Wage Protection Movement for cleaning workers and security guards (WPM) will be conducted in October 2008 to gauge the overall effectiveness of the Movement. This paper aims to brief Members on the assessment criteria for the review.

#### **Background**

2. The WPM was launched in October 2006. The Chief Executive set out in his 2007-08 Policy Address that an overall review of the WPM would be conducted in October 2008, and if the review found that the voluntary movement had failed, the Administration would introduce a bill on a statutory minimum wage for security guards and cleaning workers as early as possible in the 2008-09 legislative session.

3. A mid-term review was conducted to gauge the progress of the WPM in October 2007. The findings were mixed, showing both disappointing and positive indicators for the WPM. On the disappointing side, the number of participating companies was not satisfactory, and the number of cleaning workers and security guards receiving wages at or above the prevailing average rates was lower than expected. On the positive side, the wage levels of the relevant workers had increased despite the shift to more female, older and less educated workers who were considered less competitive in the labour market. Also, despite the voluntary nature of the WPM, the number of substantiated non-compliance cases was few.

4. As the mid-term review was intended to gauge the progress of the WPM, it was not necessary to set out the benchmarks/criteria for evaluating effectiveness. However, the situation will be different for the overall review as effectiveness evaluation is the key purpose. We need to set out the benchmarks/criteria before the overall review.

## **Considerations**

### *Quantitative indicators of the mid-term review*

5. Given the voluntary nature of the WPM and the complex and multi-faceted employment situation in the labour market, a number of relevant quantitative indicators underlining the diverse perspectives were adopted for the mid-term review last October. They were –

- (b) the employment situation of cleaning workers and security guards (such as the number of workers employed, their gender, age and education profiles);
- (c) the wage trends of cleaning workers and security guards in the market;
- (d) the number of cleaning workers and security guards receiving wages not lower than the market averages and their income distribution;
- (e) the number of participating entities of the WPM;
- (f) the number of relevant job vacancies posted by the Labour Department (LD) with wage levels scaled up to the market averages upon LD's persuasion; and
- (g) the number of substantiated non-compliance cases.

### *Assessment criteria for the overall review*

#### **(I) Reference to the quantitative indicators of the mid-term review**

6. With reference to figures/data collected through surveys which questions had been designed specifically with the WPM in mind, six quantitative indicators were adopted in the mid-term review. The six indicators should be applicable for use in the overall review. To ensure that the overall review is conducted in an objective and impartial manner, it would be desirable to decide on the criteria/benchmarks before the relevant figures become available.

7. To measure the extent of changes in the indicators as of Q2 2008, the relevant figures as of Q2 2006 would be used as a reference. The choices of Q2 2006 and Q2 2008 are not arbitrary. Given the inevitable time lag between the collection of raw data and availability of enumerated figures, Q2 2006 figures were the latest available figures at the launch of the WPM in October 2006. Likewise, the Q2 2008 figures would be the latest available figures when we conduct the overall review this October.

## **(II) Core assessment criteria vs reference indicators**

8. While all the six quantitative indicators are relevant to the overall review, they should be divided into core assessment criteria and reference indicators, having regard to the nature of the data they represent. The core assessment criteria are those under which a benchmark can be established in determining the effectiveness of the WPM, whereas the reference indicators are supplementary information.

9. After rounds of meticulous discussion and consultation with the Government Economist and the Census and Statistics Department, we consider that the six quantitative indicators should be categorised as follows –

### Core assessment criteria

#### (a) Wage trends of cleaning workers and security guards in the market

10. While a better economy may contribute to higher wage rates for cleaning workers and security guards and vice versa, it is by and large feasible to pinpoint the effect of the WPM by comparing the wage trends of these two occupations with that of the **elementary occupations**.

11. A benchmark can be built into this assessment criterion by setting the increase of the wage levels of these two occupations to be at least higher than that of elementary occupations.

#### (b) Number of cleaning workers and security guards receiving wages not lower than the relevant market averages and their income distribution

12. As the major objective of the WPM is to raise the wage levels of the relevant workers to the market averages, the number of workers in the market receiving market average wages or above would be pertinent in measuring the effectiveness of the WPM in the past two years. While there might also be other factors such as increased labour mobility and better economy contributing to the increase in the number of such workers, the WPM should be regarded as effective if a reasonable percentage of workers could at the end of the day receive wages at or above the relevant market averages.

13. In determining the effectiveness of the WPM, benchmark(s) can be built into this assessment criterion by setting a certain percentage of workers receiving wages not lower than the relevant market averages; and/or a certain percentage of increase in the number of workers receiving wages not lower than the relevant market averages.

#### Reference indicators

14. It would be very difficult, if not impossible, to set a benchmark for each of the remaining four quantitative indicators, and hence they should be considered reference indicators to provide supplementary information for assessing the effectiveness of the WPM.

(a) Employment situation of cleaning workers and security guards in the market (such as the number of workers employed, their gender, age and education profiles)

15. Changes, if any, in the attributes and portfolios of the relevant workers might not have causal relationship with the WPM by themselves. For instance, the changes in the composition of the workforce in the cleansing and security guard sectors may be due to push and pull reasons in not only the two sectors in question but also other sectors demanding workers of similar attributes. Nevertheless, this indicator, when juxtaposed with others, may confirm/moderate the trend observed. For instance, in the mid-term review, the entry of more “less competitive” workers into the two occupations, when read together with the indicator suggesting an upward wage trend, lent support to the proposition that there was indeed genuine increase in the wage levels of the two occupations covered by the WPM.

16. Putting in place a benchmark under this criterion would be difficult, if not impossible, as one can hardly set an objective yardstick of the extent of changes in the attributes of the workers that can determine whether the WPM is effective, let alone taking into account the dynamic developments in other sectors that constitute the push and pull forces at work.

(b) Number of entities participating in the WPM

17. The number of participating entities cannot be a true measure of the overall effectiveness of the WPM. For one thing, there are actually employers paying their cleaning workers and security guards market average (or above) wages without joining the WPM formally. These employers subscribe to the spirit of the WPM and are willing to shoulder their share of corporate social responsibility, but have chosen not to join the WPM for various reasons.

18. Instead, a more representative indicator of the pervasiveness and, hence, effectiveness of the WPM is the number of workers receiving market average wages or more (re. paragraphs 12-13 above). This indicates whether there is indeed a progressive culture change in society towards wage protection.

(c) Number of relevant job vacancies posted by LD which wages scaled up to market averages upon LD's persuasion

19. The LD has made it a requirement that all job vacancies for cleaning workers and security guards to be posted through the LD must be offering not lower than the relevant market average wages. The number of vacancies offering such wages upon LD's persuasion would not, in itself, tell whether and if so, how many, employers have been prompted by the WPM to raise their wage offers. First, the LD's employment service is optional rather than obligatory and can only capture a portion of the vacancies available in the cleansing and security sectors. In addition, some companies may already be aware of LD's requirement and have raised the wage levels offered without necessitating LD's persuasion.

(d) Number of substantiated non-compliance cases

20. Notwithstanding the voluntary nature of the WPM, the LD has been rigorous in ensuring compliance by participants. Surprise inspections are conducted. Non-compliance cases are followed up, leading either to rectification or withdrawal from the Movement. As at end-April 2008, LD inspected 1 028 WPM entities and 185 service contractors. Among the 15 non-compliance cases found, seven participating entities have subsequently withdrawn from the WPM due to inability to rectify the breaches. In addition, two participants have withdrawn out of their own volition. Overall, there are a total of nine withdrawals, or 0.8% so far.

21. Putting in place a benchmark under this criterion is difficult because, as discussed above, even the number of participants is not a reliable tool for assessment (re. paragraphs 17-18). To set a certain percentage of the participants being in breach as the yardstick of determining the effectiveness of the WPM could be misleading.

## **Way forward**

22. In his 2006-07 Policy Address, the Chief Executive tasked the Labour Advisory Board (LAB) to monitor the WPM. The LAB discussed on 19 May 2008 the assessment criteria for the overall review as set out above. The LAB reached consensus on the continued adoption of the six quantitative indicators of

the mid-term review in the overall review, and generally agreed on the categorisation of the quantitative indicators into core assessment criteria and reference indicators, as set out in paragraphs 10 to 21 above.

23. The LAB will conduct further discussions with a view to developing benchmarks for the core assessment criteria, viz. wage trends of the relevant workers (re. paragraphs 10-11), and the number of workers receiving wages not lower than the market average rates (re. paragraphs 12-13).

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

Labour and Welfare Bureau  
Labour Department  
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