
Provisional Minimum Wage Commission

臨時最低工資委員會

Your reference 來函編號：

Our reference 本處檔案編號： (10) in PMWC 1-55/10 Pt. II

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24 March 2010

Hon TAM Yiu-chung, GBS, JP
Chairman of the Bills Committee on Minimum Wage Bill
Legislative Council
8 Jackson Road
Central

The Honourable Chairman,

**Provisional Minimum Wage Commission:
Summary of Views of Stakeholders Attended Meetings and
Preliminary Views on a Basket of Indicators,
Other Relevant Considerations and Impact Assessment**

The Provisional Minimum Wage Commission (PMWC), established in early 2009, is mainly tasked to advise the Chief Executive on the initial statutory minimum wage (SMW) rate by adopting an evidence-based approach with a view to ensuring a sensible balance between forestalling excessively low wages and minimising the loss of low-paid jobs, while sustaining Hong Kong's economic growth and competitiveness.

Noting the likelihood of impact of SMW on various sectors of the society, we would, in the deliberation of the initial SMW rate, conduct consultations with stakeholders and interested parties to gauge their views. We have so far met with 83 stakeholder organizations, a list of which is attached as Annex 1 for your information. We also attach a summary of the views collected thus far at Annex 2.

Having regard to the views of stakeholders, and after discussions, our preliminary view is that a basket of indicators, other factors relevant to the SMW policy and the impact assessment of SMW that should be taken into consideration in deliberating on the initial SMW rate. Elaboration of the PMWC's preliminary views is set out at Annex 3 for your reference.

The above information has also been provided to the media and uploaded onto the PMWC's webpage (www.labour.gov.hk) for public information.

Lastly, may I take this opportunity to express our gratitude for the interest of the Bills Committee on Minimum Wage Bill on the work of the PMWC.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Teresa Cheng', with a horizontal line underneath.

(Teresa CHENG)

Chairperson

Provisional Minimum Wage Commission

- Encl.: Annex 1 — PMWC: List of stakeholders attended meetings
Annex 2 — PMWC: Summary of views of stakeholders attended meetings
Annex 3 — PMWC: Preliminary views on a Basket of Indicators, Other Relevant Considerations and Impact Assessment

**Provisional Minimum Wage Commission:
List of stakeholders attended meetings**

Annex 1

Name of Organization	
1.	Action for Voice 青言社
2.	Association of Professional Personnel (Hotels, Food & Beverage) 酒店及飲食專業人員協會
3.	Association of Restaurant Managers 現代管理(飲食)專業協會
4.	Bossini Enterprises Limited 堡獅龍企業有限公司
5.	Building Supervisors & Caretakers Union 大廈管理員職工會
6.	Business and Professionals Federation of Hong Kong 香港工商專業聯會
7.	Café de Coral Holdings Limited 大家樂集團有限公司
8.	California Red Limited 加州紅有限公司
9.	Caritas Youth and Community Service Head Office 明愛青少年及社區服務總辦事處
10.	Catering and Hotels Industries Employees' General Union 飲食及酒店業職工總會
11.	Celestial Asia Securities Holdings Limited (CASH Group) 時富投資集團有限公司(時富集團)
12.	Chinese & Western Food Workers Union 中西飲食業職工會
13.	Chinese Cuisine Management Association 稻苗學會
14.	Chiu Chow Overseas Food Trade Merchants Association 潮僑食品業商會
15.	Chow Sang Sang Holdings International Limited 周生生集團國際有限公司
16.	Clothing Industry, Clerical and Retail Trade Employees General Union 成衣業、文職及零售業職工總會
17.	Dah Chong Hong Limited 大昌貿易行有限公司
18.	Eating Establishment Employees General Union 飲食業職工總會
19.	Economic Synergy 經濟動力
20.	Employers' Federation of Hong Kong 香港僱主聯合會
21.	Environmental Services Contractors Alliance (Hong Kong) 香港環境衛生業界大聯盟
22.	Federation of Hong Kong Industries 香港工業總會
23.	Hang Yick Properties Management Limited 恒益物業管理有限公司
24.	HKSME Forum 香港中小企商會聯席會議
25.	Hong Kong & Kowloon Electrical Appliances Merchants Association 港九電器商聯會
26.	Hong Kong & Kowloon Restaurant & Café Workers General Union 港九酒樓茶室總工會
27.	Hong Kong (SME) Economic and Trade Promotional Association 香港中小企經貿促進會
28.	Hong Kong Association of Property Management Companies 香港物業管理公司協會
29.	Hong Kong Building Management and Security Workers General Unions 香港物業管理及保安職工總會
30.	Hong Kong Catholic Commission for Labour Affairs 香港天主教勞工事務委員會
31.	Hong Kong Chamber of Small and Medium Business 香港中小型企業商會
32.	Hong Kong Chinese Reform Association 香港華人革新協會
33.	Hong Kong Christian Council 香港基督教協進會
34.	Hong Kong Civic Association 香港公民協會
35.	Hong Kong Confederation of Trade Unions 香港職工會聯盟
36.	Hong Kong Construction Association 香港建造商會
37.	Hong Kong Department Stores & Commercial Staff General Union 香港百貨商業僱員總會
38.	Hong Kong Diecasting & Foundry Association 香港壓鑄及鑄造業總會
39.	Hong Kong Federation of Insurers 香港保險業聯會

Name of Organization	
40.	Hong Kong Federation of Women's Centres 香港婦女中心協會
41.	Hong Kong General Chamber of Commerce 香港總商會
42.	Hong Kong Institute of Housing 香港房屋經理學會
43.	Hong Kong Institute of Human Resource Management 香港人力資源管理學會
44.	Hong Kong Institute of Real Estate Administrators 香港地產行政師學會
45.	Hong Kong People Management Association 香港人才管理協會
46.	Hong Kong Professionals and Senior Executives Association 香港專業及資深行政人員協會
47.	Hong Kong Retail Management Association 香港零售管理協會
48.	Hong Kong Securities Association 香港證券業協會
49.	Hong Kong Security Association 香港保安業協會
50.	Hong Kong Small & Medium Enterprises General Association 香港中小企業總會
51.	Hong Kong Small and Medium Enterprises Association 香港中小型企業聯合會
52.	Hong Kong SME Development Association 香港中小企業促進協會
53.	Hong Kong Women Development Association Limited 香港婦聯
54.	ISS EastPoint Property Management Limited 置邦物業管理有限公司
55.	JLW Management Services Limited 仲量聯行物業管理有限公司
56.	Joint Council of Estate Agents Associations 地產代理業界聯席會議
57.	Kam Hing Food Factory Limited 錦興食品集團
58.	Kwan Sang Catering Professional Employees Association 群生飲食技術人員協會
59.	Li & Fung (Retailing) Limited 利豐(零售)有限公司
60.	Liberal Party 自由黨
61.	Oxfam Hong Kong 樂施會
62.	People's Alliance for Minimum Wage 民間爭取最低工資聯盟
63.	Savills Property Management Limited 第一太平戴維斯物業管理有限公司
64.	Sino Administration Services Limited 信和置業有限公司
65.	SME Global Alliance 中小企國際聯盟
66.	Sun Lok Restaurant 新樂茶餐廳
67.	Swire Resources Limited 太古資源有限公司
68.	The Association for the Advancement of Feminism 新婦女協進會
69.	The British Chamber of Commerce in Hong Kong 香港英商會
70.	The Chinese General Chamber of Commerce 香港中華總商會
71.	The Chinese Manufacturers' Association of Hong Kong 香港中華廠商聯合會
72.	The Dairy Farm Company Limited 牛奶有限公司
73.	The Federation of Hong Kong & Kowloon Labour Unions 港九勞工社團聯合會
74.	The Hong Kong Council of Social Service 香港社會服務聯會
75.	The Hong Kong Federation of Trade Unions 香港工會聯合會
76.	The Hong Kong General Union of Security & Property Management Industry Employees 香港護衛及物業管理從業員總會
77.	The Institute of Accountants in Management 專業管理會計師公會
78.	The Lion Rock Institute 獅子山學會
79.	The Wing On Department Stores (HK) Limited 永安百貨有限公司
80.	Travel Industry Council of Hong Kong 香港旅遊業議會
81.	Urban Property Management Limited 富城物業管理有限公司
82.	Well Born Real Estate Management Limited 偉邦物業管理有限公司
83.	(No English name) 天主教爭取家庭工資聯盟

Provisional Minimum Wage Commission:
Summary of views of stakeholders attended meetings

Introduction

The Provisional Minimum Wage Commission (PMWC) is tasked mainly to advise the Chief Executive on the initial statutory minimum wage (SMW) rate through adopting an evidence-based approach, extensive consultations with interested parties as well as prudent, objective and comprehensive analyses and deliberations based on the information and data collected from statistical surveys conducted by the Census and Statistics Department.

From late December 2009 to mid-February 2010, the PMWC consulted 83 groups of stakeholders to gauge their views and concerns on the methodology for setting the initial SMW rate. The stakeholders included major trade unions, major employers' associations, associations of small and medium enterprises (SMEs), associations on the industries likely to be more affected by SMW, trade/professional associations, think tanks/policy research institutes as well as labour policy-concerned groups.

Through direct and frank dialogues with stakeholders, the PMWC collected different views on the methodology for setting the initial SMW rate and the possible impact of SMW to the Hong Kong society and economy in general. A summary of views and concerns commonly shared by stakeholders is set out below. It cannot be over-emphasised that the views summarised are neither exhaustive nor conclusive. They are set out to enhance transparency on the progress of work of the PMWC and to facilitate community discourse on the optimal initial SMW rate. In this connection, the PMWC looks forward to receiving further views from stakeholders and interested parties with reference to the relevant statistical data.

Summary of views

(1) Methodology on setting the SMW rate

- Labour unions and labour policy-concerned groups generally considered that SMW should not be lower than the level of payment under the Comprehensive Social Security Assistance (CSSA) Scheme in order to enhance work incentives and to ensure that workers could be rewarded for their work with dignity. They opined that SMW should be sufficient to cover family expenses and the level of which should not be lower than \$33 per hour.
- Employers' associations and business representatives were commonly of the view that SMW, as a wage floor, should only guarantee workers a minimum remuneration for

their work but not a living wage to cover family expenses. A prudent and cautious approach to set the initial SMW at a level between 40% and 45% of the median wage¹ was recommended.

- Meanwhile, stakeholder groups, in general, remarked that other factors (including economic and employment data, labour productivity, affordability of enterprises, composition of operating costs, etc.) should also be taken into consideration when setting the SMW rate. At the same time, extensive consultation should be conducted to gauge views of stakeholders with a view to striking a sensible balance between the needs and concerns of different sectors in the society.

(2) Impacts of SMW

Overall economic situation

- Labour unions and labour policy-concerned groups commonly believed that SMW could enhance workers' incentive to work, and thus increase the overall productivity of Hong Kong as a result. SMW could also raise purchasing power of workers and in turn boost domestic consumption and benefit the local economy. Some labour unions opined that there was no hard and fast rule on whether the additional costs would be wholly or partly passed to the prices of products and services at the expense of customers, as it all would depend on the price elasticity and the nature of businesses. In fact, they considered that SMW would not lead to significant increases in labour costs as SMW would affect low-paid workers only. It was anticipated that businesses could offset the additional costs by a mild increase in the prices of products and services and the negative impact on the overall economy would be limited.
- Meanwhile, some stakeholder groups (including employers' associations, think tanks/policy research institutes, SME associations and business representatives) expressed concerns that businesses might choose to lay off workers to offset the additional wage bill. Some retrenched workers might eventually move from self-reliance to welfare, resorting to CSSA for a living and affecting the overall productivity of Hong Kong. Furthermore, should the SMW go beyond the level which the business could afford, enterprises might choose either to relocate the production lines, wholly or partly, from Hong Kong or to cease business altogether, and this would affect the economic development of Hong Kong.

¹ Employers' associations and business representatives had respectively quoted the median monthly employment earnings of employed persons as reported by the Census and Statistics Department in Q2/2008 to Q3/2009, the relevant figure was \$10,500 (including foreign domestic helpers) or \$11,000 (excluding foreign domestic helpers).

Labour market situation

- Labour unions and labour policy-concerned groups considered that SMW would protect low-paid workers from exploitation by maintaining their level of income to cover the living expenses regardless of economic fluctuations. As a result, it would help enhance a harmonious relationship in the workplace.
- Individual labour unions pointed out that as reflected in overseas experience, SMW might inevitably lead to job losses, but in limited degree only. Also, there were no obvious negative impacts on the job market and the business environment. As a matter of fact, employers would deploy various adaptive measures (including downsizing and reduction of staff benefits and working hours) to reduce labour costs in times of economic downturns. There was thus no necessary correlation between SMW and job losses. Whether SMW would cause job losses depended much on the importance of the jobs. Demands for workers in the labour-intensive service industries (including catering, security and sanitary services) should not drop significantly after the introduction of SMW. Some labour policy concerned groups also indicated that the impact of SMW should be supported by evidence and thus should not be exaggerated at the moment. Objective analysis should be conducted after the implementation of SMW.
- On the other hand, some stakeholder groups (including employers' associations, think tanks/policy research institutes, SME associations and business representatives) were much concerned that businesses would deploy various adaptive measures to offset the additional labour costs (including reduction of manpower and working hours, deployment of workers to take up additional tasks, contracting out or relocating wholly or partly the production lines from Hong Kong, substitution of low-skilled and less productive workers by machines, reduction of number of branches or even a cessation of business, etc.), which would inevitably lead to job losses. The employment opportunities of vulnerable groups (including low-skilled, less-educated, elderly, inexperienced and disabled workers) would be at stake. A few SME associations and business representatives also pointed out that if businesses choose to cut the part-time employments to offset the additional labour costs, it will lead to the possible reduction of employment opportunities for female employees who prefer part-time employment that can provide higher flexibility while enabling them to supplement their family income and make contribution to the society without sacrificing their need to take care of their families.
- Employers' associations and business representatives, in general, anticipated that SMW would reduce the wage differential among staff of different ranks, such that businesses would have to revamp the salary structure to maintain a reasonable wage ladder. It was

believed that SMW would have a much greater impact on labour-intensive industries with a relatively small wage differential among staff of different ranks. Business representatives pointed out that some businesses might choose to vary workers' employment conditions and arrangements (e.g. engaging staff on a temporary or self-employed basis so as to reduce payment of staff benefits), reduce the provision of training to staff, withdraw gratuitous and in-kind benefits (e.g. medical benefits and free meals) and so forth to offset the increased labour costs. Going against the principle of "more pay for more work", it would hamper workers' incentive to work and study, and eventually might change the ecosystem of the labour market.

Competitiveness

- Some labour unions said that SMW would lead to an increase in labour costs and thus affect the profits of businesses. However, it would not necessarily affect the competitiveness of Hong Kong directly. To assess Hong Kong's competitiveness, we should consider the overall local circumstances, including the legal system, infrastructure, government's efficiency, quality of life, business environment, training of talents, and so forth.
- Business representatives, however, generally considered that the rise in operating costs would affect profitability, sustainability and development of businesses and in turn the competitiveness of Hong Kong. Some stakeholder groups (including employers' associations, think tanks/policy research institutes, SME associations and business representatives) were also concerned that should the SMW go beyond the level which the business could afford, enterprises might eventually choose either to relocate the production lines, wholly or partly, from Hong Kong or to cease business altogether and this would affect the overall competitiveness of Hong Kong.

Standard of living

- Some labour unions opined that after the implementation of SMW, workers should be able to work flexible or less hours while getting the same or even higher income than before. SMW could raise the purchasing power of workers and in turn help boost their standard of living. In the long run, workers should be more capable of keeping retirement reserves and thus reducing the need for welfare.
- To the contrary, some employers' associations and business representatives remarked that should businesses closely related to people's livelihood (e.g. Hong Kong style tea cafes/fast food cafes chains) choose to pass the additional costs to consumers, it would induce a vicious cycle for an upward wage/price spiral. Though benefitting from wage increase, workers' purchasing power would also be eroded by inflation.

Concerns of different industries and employers of SMEs

- Some business representatives indicated that the commission- or bonus-based remuneration package was widely adopted by various industries (including retail, insurance, real estates, tourism and securities) so as to provide incentives to workers. Should the SMW be set too high at a level, the purpose of motivating staff to enhance performance through gratuitous payment system would be defeated and the quality of service might be compromised as a result.
- Business representatives from the industries of retail, food production, elderly homes and sanitary services said that it was difficult for them to recruit staff as youngsters were reluctant to join the industries due to the long working hours or unpleasant work nature. Given that SMW might also lead to a general rise in the wage level of other trades, they anticipated that the number of youngsters joining the industries concerned would further be on the wane.
- Some labour unions and individual business representatives anticipated that the introduction of full automation with a view to reducing labour cost through the substitution of manpower by machines in the workplace was unlikely. Taking the industries of property management and security as examples, notwithstanding the installation of security surveillance systems (e.g. CCTV system), manned guarding was still widely considered as necessary. Similarly, for the catering industry, frontline staff (e.g. cashiers and waiters/waitresses) could not be replaced by machines also. However, some business representatives were of the view that should the SMW go beyond the level which the business could afford, enterprises might have to deploy various adaptive measures to offset the additional labour costs, such as laying off supervisors at middle level or clerical staff, retaining one security guard on one shift to provide minimal guarding services or replace more guards by CCTV systems.
- Some SME associations remarked that SMEs were currently paying a competitive wage level in the labour market and the number of employees was relatively small. Therefore, impacts of SMW on SMEs should be small when compared with large enterprises. However, with limited financial capacity and the clientele mainly from the grassroots, business turnovers of SMEs tended to be low and hence the prices of their goods and services could not be set at too high a level. Should SMW lead to dramatic increase of labour costs, it would threaten the survival of SMEs as the market would be monopolized by large enterprises eventually, leading to unfair competition.

**Provisional Minimum Wage Commission:
Preliminary Views on a Basket of Indicators,
Other Relevant Considerations and Impact Assessment**

Introduction

The terms of reference of the Provisional Minimum Wage Commission (PMWC) is mainly to advise the Chief Executive on the initial statutory minimum wage (SMW) rate on the basis of an evidence-based approach with a view to ensuring a sensible balance between forestalling excessively low wages and minimising the loss of low-paid jobs, while sustaining Hong Kong's economic growth and competitiveness.

The PMWC has received written submissions and oral presentation of views from various stakeholders and interested parties.

The preliminary view of the PMWC is that in discharging its duties under the terms of reference and in conformity with the spirit and intent of the SMW policy, the Commission should –

- (1) make references to:
 - a) a number (basket) of indicators that reflect the areas of concerns raised; and
 - b) other considerations or factors that are relevant to the SMW policy.
- (2) assess the potential impact of different rates of SMW based on data available so as to enable the PMWC to conduct its analysis and deliberation in an informed and evidence-based manner.

Elaboration of the above preliminary views of the Commission is set out below. It cannot be over-emphasised that the views are neither conclusive nor exhaustive. They are set out to enhance transparency on the progress of work of the PMWC and to facilitate community discourse on the optimal initial SMW rate. In this connection, the PMWC looks forward to receiving further comments or submissions from interested organisations and individuals.

Basket of Indicators

PMWC's preliminary view is that the following indicators may be taken into account:

(1) General Economic Conditions

- Including the nominal and real Gross Domestic Product (GDP) growth rates, as well as short-term (2010) and medium-term (2011 to 2014) GDP and inflation forecasts.

(2) Labour Market Conditions

- Labour demand and supply — including employment and vacancies, labour force, labour force participation rate, unemployment and underemployment.
- Wage level and distribution — covering major sectors, particularly the low paying sectors, and making analyses on socio-economic characteristics of the employees.
- Wage differentials — ratios between the lower and higher levels of the hourly wage distribution.
- Employment characteristics — including employment status (employees and self-employed), employment nature (full-time and part-time employment) and contractual status (permanent, fixed-term contract and casual basis).

(3) Competitiveness

- Productivity growth — real labour productivity growth in Hong Kong relative to selected economies, and labour productivity growth in Hong Kong's major sectors.
- Labour costs — nominal unit labour costs of Hong Kong and selected economies.
- Operating characteristics of enterprises — including the numbers of enterprises and employees in various sectors, the ratios of remuneration of employees to total operating costs and business receipts respectively, and earnings before tax and depreciation ratios (abbreviated as profit ratios)⁽¹⁾, etc.

(1) Earnings before tax and depreciation ratios here refer to ratio of profit before deducting tax, depreciation, gain/loss on disposal of property, machinery and equipment, bad debts/write-off, amortization and provisions, to business receipts. This profit is similar to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in business accounting.

- Entrepreneurship, business sentiment and solvency — including the numbers of creation and deletion of business registration as well as the numbers of bankruptcies and compulsory winding-up of individuals or partners.
- Relative economic freedom and competitiveness of Hong Kong — Hong Kong's rankings under the indices of economic freedom and competitiveness compiled by various international organizations, as well as sub-indices on the regulation and flexibility of labour market.

(4) Standard of Living

- Employment earnings — the nominal and real rates of change in average monthly employment earnings from main employment for full-time workers.
- Consumer price inflation — rate of change in Consumer Price Index (A).

Other Relevant Considerations

The other relevant considerations listed below are neither exhaustive nor final. The value- and interest-laden nature of SMW and as a corollary, the inevitable divergence of views would naturally make any discussion on the SMW rate very animated and interactive. Therefore, the considerations that need to be factored into account may need to be refined in tandem.

The considerations set out below, nonetheless, broadly reflect the views so far expressed by the stakeholders and interested parties that have written to or met with the PMWC.

(1) Social harmony

(2) Encouraging employment

(3) Enhancing quality of life

(4) Raising purchasing power

(5) Other possible chain effects

- Downsizing and organisational changes — streamlining the operation structure, dismissing employees with lower productivity, reducing working hours, introducing automation to substitute for labour, reducing the number of hierarchical levels in the firm, etc.

- Changes in employment terms and relocation — hiring fewer full-time and permanent workers but more part-time and casual staff, relocating operations to areas with lower costs, etc.
- Changes in pay strategy — reducing the amount and number of non-wage benefits (year-end payment, discretionary bonuses, free meals, free accommodation and medical benefits, etc.) in order to raise basic wages to the SMW level, raising wages at the middle to upper segments in order to preserve reasonable wage differentials in the hierarchy, etc.
- Changes in training strategy — reducing training for staff in order to reduce costs.
- Changes in the provision and demand of goods and services — passing part or all of the wage increases to consumers through higher prices or downward adjustment in output or quality, switching to goods or services of lower prices or quality by consumers, etc.
- Wage-price spiral — depending on the level of SMW, the cycle of inflation inducing the rise of labour costs, which in turn further pushes up inflation, may occur.

Impact Assessment

From the above basket of indicators, we will simulate the possible impact of different SMW levels on the labour market, firms' profits, and prices of goods and services.

Links to reference information related to the data of the Basket of Indicators

(1) General Economic Conditions

- Including the nominal and real Gross Domestic Product (GDP) growth rates
http://www.censtatd.gov.hk/hong_kong_statistics/statistics_by_subject/index.jsp?subjectID=3&charsetID=2&displayMode=T
- Short-term (2010) and medium-term (2011 to 2014) GDP and inflation forecasts.
http://www.budget.gov.hk/2010/eng/pdf/supple_appen/appendix_a.pdf
(please refer to page 6 for relevant information)

(2) Labour Market Conditions

- Labour demand and supply — including employment and vacancies, labour force, labour force participation rate, unemployment and underemployment.
http://www.censtatd.gov.hk/hong_kong_statistics/statistics_by_subject/index.jsp?subjectID=2&charsetID=2&displayMode=T
- Wage level and distribution — covering major sectors, particularly the low paying sectors, and making analyses on socio-economic characteristics of the employees.
http://www.censtatd.gov.hk/products_and_services/products/publications/index.jsp
- Wage differentials — ratios between the lower and higher levels of the hourly wage distribution.
http://www.censtatd.gov.hk/products_and_services/products/publications/index.jsp
- Employment characteristics — including employment status (employees and self-employed), employment nature (full-time and part-time employment) and contractual status (permanent, fixed-term contract and casual basis).
http://www.censtatd.gov.hk/products_and_services/products/publications/statistical_report/labour/index_cd_B1050001_dt_latest.jsp
http://www.censtatd.gov.hk/products_and_services/products/publications/index.jsp

(3) Competitiveness

- Productivity growth — real labour productivity growth in Hong Kong relative to selected economies, and labour productivity growth in Hong Kong's major sectors.
http://www.statistics.gov.hk/publication/feature_article/B70911FB2009XXXXB0100.pdf
- Labour costs — nominal unit labour costs of Hong Kong and selected economies.
- Operating characteristics of enterprises — including the numbers of enterprises and employees in various sectors, the ratios of remuneration of employees to total operating costs and business receipts respectively and earnings before tax and

depreciation ratios (abbreviated as profit ratios)⁽¹⁾, etc.

http://www.censtatd.gov.hk/products_and_services/products/publications/statistical_report/commerce_and_industry/index.jsp

(please refer to the reports of annual survey of various industries)

- Entrepreneurship, business sentiment and solvency — including the numbers of creation and deletion of business registration, as well as the numbers of bankruptcies and compulsory winding-up of individuals or partners.

<http://www.ird.gov.hk/dar/2008-09/table/eng/schedules.pdf>

(please refer to Schedule 8 for relevant information)

<http://www.oro.gov.hk/cgi-bin/oro/stat.cgi>

- Relative economic freedom and competitiveness of Hong Kong — Hong Kong's rankings under the indices of economic freedom and competitiveness compiled by various international organizations, as well as sub-indices on the regulation and flexibility of labour market.

<http://www.heritage.org/index/>

<http://www.freetheworld.com/release.html>

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>

http://www.imd.ch/research/publications/wcy/wcy_online.cfm

<http://www.doingbusiness.org/features/Highlights2010.aspx>

(4) Standard of Living

- Employment earnings — the nominal and real rates of change in average monthly employment earnings from main employment for full-time workers.

http://www.censtatd.gov.hk/products_and_services/products/publications/statistical_report/labour/index_cd_B1050001_dt_latest.jsp

- Consumer price inflation — rate of change in Consumer Price Index (A).

http://www.censtatd.gov.hk/hong_kong_statistics/statistics_by_subject/index.jsp?sobjectID=12&charsetID=1&displayMode=T

(1) Earnings before tax and depreciation ratios here refer to ratio of profit before deducting tax, depreciation, gain/loss on disposal of property, machinery and equipment, bad debts/write-off, amortization and provisions, to business receipts. This profit is similar to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in business accounting.