

立法會
Legislative Council

LC Paper No. CB(2)2536/11-12
(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP

Panel on Manpower

Minutes of special meeting
held on Tuesday, 29 May 2012, at 9:00 am
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon LEE Cheuk-yan (Chairman)
Hon LI Fung-ying, SBS, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon CHAN Kin-por, JP
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
- Member attending** : Hon Miriam LAU Kin-ye, GBS, JP
- Members absent** : Hon CHEUNG Man-kwong
Hon Frederick FUNG Kin-kee, SBS, JP
Hon IP Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou

Public Officers attending : Item I

Miss Mabel LI Po-yi
Assistant Commissioner for Labour
(Development)

Ms Queenie TANG Yuen-shan
Senior Labour Officer (Statutory Minimum Wage)
Labour Department

Attendance By invitation : Item I

Session One

Hong Kong Catholic Commission for Labour Affairs

Miss LAW Pui-shan
Policy Research Officer

Oxfam Hong Kong

Mr CHOY Man-kit
Programme Officer

The Chinese General Chamber of Commerce

Mr David FONG
Vice-Chairman

Institution of Dining Art

Mr TSANG Kok-sang
Secretary General

Economic Synergy

Mr Allan FAN
Member

Hong Kong Japanese Restaurant Association

Mr Frankie WU Pao-shuen
President

Civic Party

Mr Patrick LEUNG
Member

Liberal Party Concern Committee for SME

Mr Felix CHUNG
Convenor

Catholic Diocese of Hong Kong – Diocesan Pastoral
Centre for Workers (NT)

Mr Augustine YU Siu-po
Programme Officer

Smart and Beauty House

Ms LAW Lai-ping
Group Member

Northern District Employment Concern Group

Ms Venny KWOK
Convenor

New Territories Evangelical Embassy

Mr Simon TAM
Group Member

Hong Kong Container Tractor Owner Association

Mr LAM Hoi-tat
Secretary General

Association of Restaurant Managers

Mr LO Ho-wan
Chairman

Environmental Services Contractors Alliance
(Hong Kong)

Miss Catherine YAN
Convenor

The Federation of Hong Kong & Kowloon Labour
Unions

Mr LAM Chun-sing
Vice-Chairman

Hong Kong Catering Industry Association

Mr Tong TAM
Vice-Chairman

Catering and Hotels Industries Employees General
Union

Ms KWOK Sui-ling
Executive Committee

Environmental Services Operatives Union

Mr FUNG Yiu-chung
President

Social Welfare Organizations Employees Union

Mr CHENG Ching-fat
Executive Member

Community Care and Nursing Home Workers General
Union

Ms CHEUNG Wai-lin
Chairperson

Session Two

Catholic Family Wage Concern Group

Mr TAM Wai-pang
Member

Federation of International SME

Mr Gary LO
Managing Director

Hong Kong & Kowloon Motor Boats & Tug Boats
Association

Mr Bondy WEN Tsz-kit
Chairman

Hong Kong Waste Disposal Industry Association

Mr Thomas TAM
Chairman

Individual

Mr WONG Yun-tat
Kwai Tsing District Council member

Neighbourhood and Workers' Service Centre

Mr Mark KWOK
Labour Affairs Organizer

Public Omnibus Operators Association

Mr Peter MOK
Committee Member

China Hong Kong and Macau Boundary Crossing Bus
Association

Mr Alan CHAN
Secretary General

Tsuen Wan District Tourists and Passengers Omnibus
Operators Association

Mr TANG Chi-keung
Chairman

Chamber of Security Industry

Mr Michael WONG Wing-tong
Vice-Chairman

Hong Kong District Tourists and Passengers Omnibus
Operators Association

Miss Tiffany LEE
Member

Taxi & P.L.B Concern Group

Mr LAI Ming-hung
Chairman

People's Alliance for Minimum Wage

Mr LEE Lok-ting
Representative

Hong Kong Confederation of Trade Unions

Mr POON Man-hon
Policy Researcher

Hong Kong School Clerks & Janitors General Union

Ms FOK Shui-lin
Executive Member

Cleaning Workers Union

Mr SZE Ching-wee
Organizer

Clerk in attendance : Ms Alice LEUNG
Chief Council Secretary (2) 1

Staff in attendance : Miss Josephine SO
Senior Council Secretary (2) 7

Mr Ian CHOW
Council Secretary (2) 1

Ms Kiwi NG
Legislative Assistant (2) 1

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I. Review of statutory minimum wage rate

(2011 Report on Annual Earnings and Hours Survey, LC Paper Nos. CB(2)1483/11-12(01) and CB(2)1966/11-12 (01))

Views of deputations

The Chairman said that the special meeting was convened to receive views from deputations on the review of the statutory minimum wage ("SMW") rate. At the invitation of the Chairman, 37 deputations/individual presented their views on the subject. A summary of the deputations' views is in the **Annex**.

2. Members noted that the following organizations not attending the meeting had provided the Panel with written submissions -

- (a) Federation of Hong Kong Industries;
- (b) The HKFTU Rights and Benefits Committee;
- (c) The Association for Hong Kong Catering Services Management Limited;
- (d) Hong Kong Metal Merchants Association;
- (e) Hong Kong Women Workers' Association; and
- (f) Employers' Federation of Hong Kong.

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3. Members agreed that copies of written submissions provided by deputations for the Panel meeting should be forwarded to the Minimum Wage Commission ("MWC") for its consideration.

(Post-meeting note: A total of 31 submissions, including those considered at or received after the meeting, were forwarded to MWC in two batches respectively on 30 May and 13 June 2012.)

Discussions

Impact of the initial SMW rate

4. Mr Tommy CHEUNG said that according to a recent survey conducted by the Hong Kong Catering Industry Association ("HKCIA"), the impact of SMW on pay, employment and economic competitiveness, and the "ripple effect" of SMW on the local economy, particularly the low-pay sectors and small and medium enterprises ("SMEs") were alarming. HKCIA had compared the salary levels of employees in different functional areas of the catering industry in March 2012 against those in March 2011. It was noted that about 50% of the employees in the industry could get a pay rise after the implementation of SMW. Given the significant impact of SMW, Mr CHEUNG expressed concern about whether the Administration would take into account the "ripple effect" generated by the implementation of SMW in various industries in assessing the precise impact of SMW.

5. Assistant Commissioner for Labour (Development) ("AC for L") responded that without any experience in implementing SMW and in the absence of adequate empirical data and evidence, the Provisional Minimum Wage Commission ("PMWC") received views that apart from raising wages of low-paid employees to the SMW rate, employers might have to increase also the wages of some employees who already commanded a pay level above the SMW rate in order to underline the relative requirements of different positions in the set-up or to maintain reasonable pay differentials among staff of different ranks. As the introduction of SMW was expected to lead to a series of chain reactions or ripple effects, PMWC had recommended conducting tracking studies for low-paying sectors with special reference to the retail and restaurant trades to monitor the empirical magnitude of knock-on effects after the implementation of SMW. The Administration had commissioned a consultancy study on pay hierarchies in these two sectors for studying the likely knock-on/ripple effects of SMW. The findings would be provided to MWC for reference, once available.

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6. Mr Tommy CHEUNG hoped that the Administration's consultancy study would cover the impact of SMW on the pay hierarchy of a selected industry as well as its effects on the pay hierarchies across selected industries.

7. The Chairman sought clarification from Mr LO Ho-wan of the Association of Restaurant Managers on whether the Association had ascertained the real causes for the high pay rise of 50% in the catering industry in 2011. He queried whether such substantial upward adjustment was due to the fact that the salary levels of employees had far lagged behind inflation rate accumulated over years, instead of the implementation of SMW. In his view, the high land costs and rental had a much greater impact than SMW on the viability of business operations. He suggested that the Association should commence a study on the matter and take follow-up actions as and where appropriate.

8. In response, Mr LO Ho-wan explained that the ripple effects of SMW on the catering industry were more conspicuous because some employers might need to maintain wage differentials among different hierarchical levels in order to reflect the relativity in responsibilities.

Adjustment to the SMW rate

9. Noting the view of some deputations who represented the employer's side that the prevailing SMW rate of \$28 per hour should be frozen, the Deputy Chairman sought clarification from these deputations on whether it was inconsistent with their support of the policy objective of implementing SMW to protect the basic living of workers. In view of the high inflation over the last two years, in particular the rising food prices, she stressed that there was a need to set the next SMW rate at a higher level. As some deputations had stated that they were willing to offer wages higher than the SMW rate but were still facing great difficulties in recruitment, she considered that upward adjustment of the SMW level, in the region of \$31 to \$33, would not impose additional wage costs on the part of employers having regard to their prevailing employment policy. She sought clarification from deputations on whether her understanding was correct.

10. Mr Frankie WU of Hong Kong Japanese Restaurant Association ("HKJRA") said that HKJRA was supportive of the implementation of SMW in Hong Kong. However, HKJRA considered it inappropriate to set an SMW rate across-the-board to all work types in different business

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sectors. Since SMW had been implemented only for one year, it would be difficult to take a decision on whether or not the SMW rate should be raised at this stage. More time would be needed for reviewing the implementation of SMW, including its impact on the wage and price movements.

11. Miss Catherine YAN of Environmental Services Contractors Alliance (Hong Kong) ("ESCA(HK)) said that cleansing work was a strenuous task and hence unpopular among job-seekers. It should be noted that due to recruitment difficulties, many employers of cleansing and environmental services companies had to offer a higher salary. With the initial SMW rate being set at \$28 per hour, the average hourly rate for general cleaners was already 15% above the SMW rate. To offset the additional labour costs, some employers were forced to transfer the SMW-induced additional staff costs to customers through higher service charges, hence inducing wage-price spiral and inflation.

12. The Chairman said that according to the Government's Report on Manpower Projection to 2018, manpower shortfall was found in a number of industries, including the security and guarding industries. While such manpower imbalance would likely be addressed by the wage mechanism and labour mobility across sectors, the most effective measures to solve the problem at root were to encourage the unemployed to join the labour force through SMW and other complementary measures, such as enhanced child care services.

13. Ms Venny KWOK of Northern District Employment Concern Group said that according to her understanding, in raising the wages of all low-paid employees to the statutory level, some employers adopted cost cutting strategies, such as dismissing the least productive employees or cutting their working hours, following the implementation of SMW. Employees who were retained would then be expected to perform more efficiently and take on multi-tasks.

14. Mr LEUNG Yiu-chung expressed concern that if the review of the SMW rate was to be deferred or the SMW rate was to be frozen at its current level, it would be difficult for the management to maintain staff morale.

15. Miss Catherine YAN of ESCA(HK) responded that under a tight labour market, employers had to offer more competitive wage rates to retain staff or attract new recruits.

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16. Mr LEUNG Kwok-hung considered that the problem of recruitment in some industries reflected the prevailing demand and supply situation in the labour market, which, in his view, had little or no relation with SMW. He stressed that in determining the SMW rate, MWC should take into account whether the wages for the low-income groups were pitched at levels adequate to maintain a basic living.

Review conducted by MWC and factors taken into account in assessing the SMW rate

17. Mr Alan LEONG pointed out that MWC, established under the Minimum Wage Ordinance (Cap. 608) ("MWO"), was tasked with an important function of reporting to the Chief Executive ("CE") in Council its recommendation about the amount of the SMW rate. In performing its functions, MWC must have regard to the need to maintain an appropriate balance between the objectives of forestalling excessively low wages and minimizing the loss of low-paid jobs and to sustain Hong Kong's economic growth and competitiveness. Before arriving at the recommendation for inclusion in its report, MWC might as it thought fit consult any organization representative of employers or employees or any other person, consider any submission made to it in the course of its consultations; and analyze and consider any data derived from, and consider any other information contained in, any research or study. He expressed concern on how MWC would take forward its work in considering views from various sectors of the society in order to recommend the appropriate SMW rate.

18. AC for L responded that -

- (a) to gauge the views and concerns on the preliminary impact of the implementation of the initial SMW as well as on the SMW rate, MWC conducted its first-round consultation meetings with 105 stakeholder groups in the fourth quarter of 2011. The participating stakeholders included major trade unions, major employers' associations, associations of SMEs, associations of low-paying sectors, other trade/professional associations, labour policy concern groups, and think tanks/policy research institutes;
- (b) public consultation was launched by MWC from 2 April to 28 May 2012 to share with members of the public and stakeholders the preliminary views of MWC on the study of

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the SMW rate, and invite submissions from members of the public and stakeholders on the SMW rate; and

- (c) MWC would conduct its second-round consultation meetings with stakeholders in June 2012 to listen to their further views on the SMW rate.

19. Responding to Mr Alan LEONG's enquiry on whether MWC would make public the data and information which it had considered in the course of reviewing the SMW rate, AC for L said that apart from making reference to the relevant data in a basket of indicators, MWC would consider views from various sectors of society in order to recommend the appropriate SMW rate. MWC had uploaded its preliminary views on the basket of indicators, supplementary statistical data, views collected at consultation meetings with stakeholders, other relevant considerations and impact assessment onto its website which was accessible by the public. MWC would submit to the CE in Council its recommendation report on the SMW rate by the end of October 2012 at the latest. According to section 14 of MWO, CE must, as soon as practicable after receiving a report made under section 12, cause a copy of it to be published.

20. Mr LEUNG Yiu-chung said that he was given to understand from media reports that MWC would recommend the SMW rate be frozen at its current level of \$28. He sought clarification in this respect.

21. AC for L stressed that the review of the SMW rate was underway. MWC had yet to recommend whether the SMW rate should be adjusted. The Administration did not have any stance on the next SMW rate which was to be recommended by MWC.

22. Mr CHAN Kin-por noted with concern that enterprises employing a higher proportion of low-paid workers (for example, those in the catering industry or the security and cleaning industry) would face heavier wage cost impacts and were more affected by the implementation of SMW. He asked whether MWC would take this into account in the process of deliberating the next SMW rate.

23. AC for L replied in the affirmative, adding that MWC would consider and study all relevant data and information in detail in reviewing the SMW rate and before making a decision on whether adjustment to the SMW rate was needed. Moreover, the relevant data and information available at MWC's website included, among others, the estimated

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increases in wages of employees involved and in wage bill of enterprises analyzed by sector at different SMW test levels as well as the operating characteristics of enterprises analyzed by sector.

24. Mr CHAN Kin-por said that at times of high inflation, raising the wages of the low-paid workers might only result in a vicious cycle aggravating the inflation problem. In his view, the Government should consider devising more comprehensive measures, such as providing food subsidy for the low-income group or improving the Work Incentive Transport Subsidy Scheme to better serve its policy objectives, in order to assist the most vulnerable workers.

25. In response, AC for L said that the objective of SMW was to forestall excessively low wages but without causing significant adverse impact on the employment opportunities of vulnerable workers and without unduly jeopardizing Hong Kong's economic growth and competitiveness. Regarding the Administration's efforts in poverty alleviation, a wide range of measures had been put in place to provide assistance to those in need.

26. Mr LEUNG Kwok-hung held the view that the SMW rate should be set at a level commensurate with the rate of inflation, in order to protect the basic living of workers. He explained that the impact of SMW on the pay hierarchy was only limited to ranks at the lower levels and enterprises which needed to increase the wages of employees earning below the SMW level. Its effect was minimal on high salaried posts. In view of the need to protect the interests of the lowest-income group, he expressed opposition to the proposal to freeze the SMW rate at its current level. Mr LEUNG further said that the Administration should have a clear stance on the matter and widely publicize the objectives and importance of implementing SMW, so as to deter employers from making any excuses for objecting to the conduct of review on and adjustment to the SMW rate.

27. AC for L responded that since the implementation of SMW, Hong Kong's labour demand had stayed firm in tandem with the buoyant economy. The labour market had been in a state of virtually full employment with a low unemployment rate, thereby helping cushion to some extent the anticipated impact brought about by SMW. As the Secretary for Labour and Welfare had stated in a number of occasions, earnings of low-income workers sustained notable growth after the implementation of SMW. AC for L further said that according to data collected in the first quarter of 2012, the average monthly employment

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earnings for full-time employees (excluding government employees and live-in domestic workers) in the lowest decile group had recorded a year-on-year increase by 13.2%, or by 8.2% in real terms after discounting inflation.

28. Responding to the Deputy Chairman's enquiry about the feasibility of conducting yearly review on the SMW rate, AC for L said that MWO specified the frequency of at least once in every two years, without precluding more frequent rate review if this was appropriate and necessary. It was noteworthy that the SMW rate would be deliberated in line with the evidence-based approach, and MWC would take into account a basket of indicators, supplementary statistical data and other relevant considerations when studying the SMW rate, apart from the wage statistics compiled by the Census and Statistics Department.

(The meeting was suspended at 10:58 am and resumed at 11:08 am.)

29. Mr LEUNG Yiu-chung was concerned about the recruitment difficulties claimed to have been prevailing for some time in different sectors, such as the cleansing industry or the transportation industry. He questioned the validity of the comments made by some deputations that the recruitment problem was mainly attributed to "wages". In his view, "long working hours" was also a cause for concern. The Administration should therefore proceed to legislate for "standard working hours" in order to enhance the protection for workers.

30. Mr LAI Ming-hung of Taxi & P.L.B Concern Group responded that public light bus drivers were working on a shift system. Even those on night shift were required to work continuously at most for nine hours per shift. It was probably because of the nature of and danger associated with the job that prevented people from joining the industry.

31. Mr Alan CHAN of China Hong Kong and Macau Boundary Crossing Bus Association ("BCBA") pointed out that the average salary of all boundary crossing bus drivers had increased from some \$16,200 in 2011 to around \$19,400 in 2012 following the implementation of SMW, far exceeding the average earnings of university graduates. The additional wage cost brought about by SMW on the sector as a whole was around 19.5%. According to his knowledge, at present, most bus companies absorbed the SMW-induced wage bill increases through reducing profit, instead of passing them on to consumers through price increase. While bus operators were already subject to fierce competition from other public transport providers and faced difficulties in recruitment

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and retention of bus drivers, the proposal to legislate for standard working hours would make it even more difficult for bus operators to survive.

32. The Deputy Chairman and Mr WONG Kwok-kin recalled that when the bill on SMW was introduced to the Council in 2009, major trade unions and employers' associations had voiced their strong views and concerns that SMW, if implemented, would inevitably lead to job losses and higher unemployment rate, particularly in the low-paying sectors. They were surprised to note from some deputations attending this meeting that employers of different sectors were indeed facing difficulties in staff recruitment. Given the low unemployment rate prevailing at the moment, they sought clarification about the real causes for the difficulties in staff recruitment in those industries.

33. Mr TANG Chi-keung of Tsuen Wan District Tourists and Passengers Omnibus Operators Association said that while the problem could be caused by a number of factors such as job nature and undesirable working condition, he considered that manpower mismatch was the crux of the problem at present. He further said that as the average salary of bus drivers stayed in the region of \$15,000 to \$20,000 per month, remuneration should not be a cause for concern in this context.

34. Mr Michael WONG of the Chamber of Security Industry ("CSI") said that the Chamber of Security Industry was supportive of the implementation of SMW. However, against a background of low unemployment rate and high salary offered across-the-board in the low-paying sectors, he considered that SMW had become literally meaningless. He shared some deputations' views that at times of high inflation, raising the wages of the low-skilled workers might only result in a vicious cycle aggravating the inflation problem. To address the problem of working poverty at root, the Administration should consider providing the low-income groups with other forms of assistance, such as transport subsidy. Mr WONG further said that as Hong Kong's economic structure had already changed from labour-intensive to service-oriented and knowledge-based, the Administration should actively develop high technology and high value-added industries to seek economic revival, which, in the long run, could improve people's living standard.

(Members agreed to extend the meeting by 15 minutes.)

35. Stressing the policy objective of SMW, Mr WONG Kwok-kin said that employees originally earning a wage below the SMW level were the targetted beneficiaries of SMW and hence, enterprises already paying

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their staff wages in excess of SMW should not be affected by its implementation. Therefore, he could not understand the reason why some deputations repeatedly claimed that the problem of recruitment and SMW were interlinked.

36. Mr Alan CHAN of BCBA said that there was a rising trend that experienced bus drivers choose to resign or apply for early retirement, in order to pursue a more relaxing and comforting life by taking up a less risky and demanding job in other industries, such as the security and guarding industries. In face of labour shortage, employers in the transportation industry had no choice but to offer higher wages to attract new recruits. Given the increase in labour costs, high rental and high gasoline price, the business environment of the transportation and the logistics industries was becoming more difficult.

37. Mr Michael WONG of CSI said that following the implementation of SMW in May 2011, the average wages of security guards had surged by 15%-20% over 2010. Many property management companies had to increase management fees in order to offset the additional costs. Some property owners with limited financial means tried to save costs by reducing security guard service to one-shift through dispensing with the night shift service. Employment opportunities of elderly security guards were thus affected.

38. Concluding the discussions, the Chairman said that it was generally considered that the implementation of SMW had guaranteed workers' income level and improved their standard of living without causing job losses or pushing up the unemployment rate. Besides, the implementation of SMW boosted the work incentive of workers and would encourage more people, including women, the middle-aged and the elderly, to re-enter the labour market, hence raising total employment. SMW had benefitted the society at large. Some employer representatives however expressed the view that some workers had switched to sectors with more pleasant working environment and stable working hours, which in turn caused labour shortage in other sectors. Enterprises had to attract or retain employees by offering wages higher than the SMW level. Nevertheless, it was pointed out that labour shortage in certain sectors was attributed to various factors. The initial SMW rate was introduced amidst an economic upturn with many new business start-ups and opening of new commercial buildings, thus boosting the labour demand in certain sectors (e.g. estate management, security and catering industries) and tightening the labour market. The Chairman opined that the above views and concerns of deputations revealed that Hong Kong was in a

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state of manpower imbalance, which, in his view, should be addressed from a wider perspective.

39. There being no other business, the meeting ended at 12:43 pm.

Council Business Division 2
Legislative Council Secretariat
10 July 2012

Panel on Manpower

Special meeting on Tuesday, 29 May 2012

Summary of views and concerns expressed by deputations/individual on the review of statutory minimum wage

No.	Name of deputation/individual	Major views and concerns
1.	Hong Kong Catholic Commission for Labour Affairs [LC Paper No. CB(2)2302/11-12(01)]	<ul style="list-style-type: none"> ● Basic living necessities of families should be the prime factor for consideration by the Minimum Wage Commission ("MWC") in reviewing the Statutory Minimum Wage ("SMW") rate. It should be included into the basket of indicators that MWC takes into account when recommending the SMW rate. ● The SMW rate should be set at a level higher than the Comprehensive Social Security Assistance ("CSSA") payment for a two-person household, so as to encourage CSSA recipients to seek employment. ● The SMW rate should be reviewed annually and adjusted according to the inflation rate. Taking into account that inflation was worsening acutely, the next SMW rate should be set at \$34 per hour and \$35 per hour for 2012 and 2013 respectively.
2.	Oxfam Hong Kong ("Oxfam") [LC Paper No. CB(2)1960/11-12(02)]	<ul style="list-style-type: none"> ● The Government should review the SMW rate on a yearly basis and adjust it to reflect inflation and social changes. ● SMW should provide CCSA recipients with an incentive to work, and should be set with regard to deprivation indicators. The current SMW rate at \$28 per hour is lower than CCSA payment which is equivalent to an hourly wage of \$29.7 for a full-time worker. According to the findings of the survey conducted by Oxfam as set out in its submission, mean deprivation scores fall substantially with hourly wage rates at \$32 or above. It is recommended that MWC should consider reviewing SMW with reference to CSSA benefits and deprivation indicators. Oxfam suggests that the next SMW rate should be set above \$32 per hour. ● Workers paid with SMW should not be deprived of other benefits. The Government and employers must ensure that employees' remuneration and benefits are not reduced with the implementation of SMW. As the Government requires its outsourcing contractors to pay their workers not less than SMW plus one paid rest day per week, Oxfam encourages private enterprises to follow the same practice to enhance the well-being of low-paid employees.

No.	Name of deputation/individual	Major views and concerns
3.	The Chinese General Chamber of Commerce ("CGCC") [CB(2)1966/11-12(02)]	<ul style="list-style-type: none"> ● MWC should adopt an evidence-based approach in reviewing the SMW rate through data research and analysis. It should also take into account the views of stakeholders and the socio-economic circumstances of Hong Kong. The empirical data and evidence considered by MWC should be made available to both employers and employees. ● CGCC supports that the SMW regime should be established to forestall excessively low wages but without unduly jeopardizing the labour market flexibility and economic competitiveness and without causing significant adverse impact on the employment opportunities for vulnerable employees. ● Given that the economic outlook is unclear and may continue to deteriorate, there should not be a frequent review of and a substantial increase in the SMW level.
4.	Institution of Dining Art ("IDA") [LC Paper No. CB(2)1960/11-12(03)]	<ul style="list-style-type: none"> ● IDA conducted a survey of its 440 members in April 2012 to collect their views on the SMW rate. According to the survey results, about 89% of its members consider that the SMW rate should remain at \$28 per hour. After the implementation of SMW, the wages of employees in the catering industry at different ranks have been increased by 9.4% on average, which is higher than the inflation rate. This has led to a drastic increase in the staffing cost of the restaurants. ● Since the economic outlook is unclear, raising the SMW rate will affect adversely the business of the catering industry. Given that the catering industry is a labour-intensive industry, raising the SMW rate will induce the low-skill employees in the industry to switch to other industries. ● It is expected that raising the SMW rate will push up inflation.
5.	Economic Synergy [LC Paper No. CB(2)1966/11-12(03)]	<ul style="list-style-type: none"> ● The SMW regime should be established to forestall excessively low wages but without unduly jeopardizing the labour market flexibility and economic competitiveness and without causing significant adverse impact on the employment opportunities for vulnerable employees. In the light of this, MWC should take into account a basket of indicators and adopt an evidence-based approach in reviewing the SMW rate. ● As the economic outlook is unclear, a proper balance should be struck between protecting employees' rights and reflecting the prevailing economic conditions. MWC should not only take into consideration the proposal from labour organizations on the next SMW rate. Raising the initial SMW rate from \$28 per hour to \$33 per hour as demanded by labour organizations may induce inflation, thus resulting in higher food and services prices to be paid by consumers.

No.	Name of deputation/individual	Major views and concerns
6.	Hong Kong Japanese Restaurant Association ("HKJRA") [LC Paper No. CB(2)2200/11-12(01)]	<ul style="list-style-type: none"> ● HKJRA does not object to implementing SMW because it helps protect the basic living of low-income workers. However, HKJRA considers it inappropriate to set the SMW rate across-the-board to all work types in different business sectors, as many workers will be attracted to take up jobs with a more comforting working environment. ● Given that SMW has only been implemented for a short period of time, it is still too early to commence the review of the initial SMW rate. More time will be needed for reviewing the implementation of SMW, including its impact on the wage and price movements.
7.	Civic Party [LC Paper No. CB(2)2245/11-12(01)]	<ul style="list-style-type: none"> ● The implementation of SMW has neither resulted in higher unemployment nor waves of business closures. There is drop in the number of CCSA recipients since the implementation of SMW and this shows that SMW has encouraged more people to rejoin the labour market. ● It raises concern that if the SMW rate is reviewed biennially, the adjustment in the SMW rate will often lag behind the increase in inflation. As such, the SMW rate should be reviewed annually.
8.	Liberal Party Concern Committee for SME [LC Paper No. CB(2)2302/11-12(02)]	<ul style="list-style-type: none"> ● It points out that the economic outlook in Hong Kong is unclear and may be deteriorating. The business of the small and medium enterprises ("SMEs") is more significantly hit in times of economic uncertainty. ● In its view, the SMW rate should not be raised substantially as raising in SMW will worsen inflation problem, and SMEs as well as general households will be affected most as a result. Given that the recent inflation rate is around 5% - 6%, the SMW rate should not be raised to \$33-\$35 per hour.
9.	Smart and Beauty House [LC Paper No. CB(2)2335/11-12(02)]	<ul style="list-style-type: none"> ● Under the SMW regime, persons with disabilities have the right to choose to have their productivity assessed to help determine whether they should be remunerated at not lower than the SMW rate or at a rate commensurate with their productivity. However, there is no appeal mechanism if they find the assessment results unsatisfactory. Persons with disabilities are also concerned that employers may dismiss them even if they are assessed to have an 80% productivity of their able-bodied counterparts. ● It holds the view that the productivity assessment is unfair to persons with disabilities and should be abolished. It is suggested that the Government should mandate companies to hire persons with disabilities.

No.	Name of deputation/individual	Major views and concerns
10.	Northern District Employment Concern Group [LC Paper No. CB(2)2335/11-12(03)]	<ul style="list-style-type: none"> ● The SMW rate should be set at \$35 per hour as food prices have soared to a high level. ● The SMW rate should be reviewed every year.
11.	New Territories Evangelical Embassy [LC Paper No. CB(2)2335/11-12(04)]	<ul style="list-style-type: none"> ● The SMW regime is established to provide better livelihood protection to the low income labour and help address the problem of working poverty. The implementation of SMW has neither resulted in higher unemployment nor waves of business closures, and can encourage more unemployed to rejoin the labour market. The downtrend in unemployment rate and the drop in the number of CCSA recipients shows the effectiveness of the implementation of SMW. ● It considers that the next SMW rate should be set at \$35 per hour and the SMW rate should be reviewed every year. ● It also shares the view that the Government should mandate companies to employ a certain number of persons with disabilities.
12.	Hong Kong Container Tractor Owner Association [LC Paper No. CB(2)2302/11-12(03)]	<ul style="list-style-type: none"> ● According to a survey conducted by the Association on the SMW rate, 90% of the respondents consider that the SMW rate should remain at \$28 per hour. ● As the world economic climate has worsened and the economic outlook is uncertain, the business of the logistics and transport industries has continued to decline since November 2011. It raises concern about the knock on effects caused by the raising of the SMW rate. It considers that more statistical data should be collected before recommending the next SMW rate.
13.	Association of Restaurant Managers [LC Paper No. CB(2)2200/11-12(01)]	<ul style="list-style-type: none"> ● Since the implementation of SMW, many Chinese restaurants in the industry have been facing difficulties in running their business. It opines that it is misleading for the Census and Statistics Department ("C&SD") to claim that the labour cost of the catering industry will only rise by 3.8% if the initial SMW rate is increased from \$28 to \$33 per hour. It is pointed out that such presumption has not taken into account the ripple effects of SMW. ● After the implementation of SMW, many Chinese restaurants have to offer wages at a higher level than the SMW rate so as to attract new recruits to join the catering industry. Therefore, if the SMW rate is increased to \$33 per hour, they may have to pay \$40 or more per hour to recruit new staff. In its view, the SMW rate should remain at \$28 per hour.

No.	Name of deputation/individual	Major views and concerns
14.	Environmental Services Contractors Alliance (Hong Kong) [LC Paper No. CB(2)1960/11-12(04)]	<ul style="list-style-type: none"> ● Since the implementation of SMW, wages for low-skill labour employed under government outsourced service contracts have been raised to about \$35 per hour (including paid rest days). Therefore, the actual wage level for low-skill labour is well above the initial SMW rate of \$28 per hour. ● However, raising of an hourly wage of \$1 will lead to a 5% increase in the operating cost of the cleaning industry. Should there be a substantial increase in the SMW rate, many operators in the cleaning industry will have to pay more in order to retain and recruit employees. This will increase their operation costs substantially and the operators may be forced to cease business eventually. Therefore, it considers that the SMW rate should be maintained at \$28 per hour.
15.	The Federation of Hong Kong & Kowloon Labour Unions [LC Paper No. CB(2)2151/11-12(02)]	<ul style="list-style-type: none"> ● After the implementation of SMW, the unemployment rate has not been increased and the unemployment rate of labour aged 55 or above has remained stable. The enrollment number of training courses offered by the Employees Retraining Board has also increased, and this shows that more labour is willing to seek employment. ● The initial SMW rate of \$28 per hour was determined by reference to the findings of the 2009 Annual Earnings and Hours Survey ("AEHS"), which collected the wage data of the second quarter of 2009. Therefore, there is a time lag between the collection of data, determination of the SMW rate and the date of its implementation. Taking into account the findings of the 2011 AEHS and the inflation rate, the SMW rate should be increased to \$35 per hour.
16.	Hong Kong Catering Industry Association ("HKCIA") [LC Paper No. CB(2)2200/11-12(01)]	<ul style="list-style-type: none"> ● Many business operators in the catering industry are facing difficulties in running their business due to the rise in operating costs. ● The initial SMW rate of \$28 per hour has narrowed the wage gap between low- and mid-level employees in the catering industry. If the SMW rate is increased to \$33 per hour, it may further narrow the wage gap between senior- and low-level employees, thus greatly affecting the pay hierarchy and business operation of the industry. ● According to a survey on the SMW rate conducted by HKCIA, 61% of the respondents considered that the SMW rate should remain at \$28 per hour.

No.	Name of deputation/individual	Major views and concerns
17.	Catering and Hotels Industries Employees General Union ("the General Union") [LC Paper No. CB(2)1984/11-12(01)]	<ul style="list-style-type: none"> ● The main factors contributing to the hardship facing the business operators in the catering industry are high rental and high food prices. The pay rise brought about by the implementation of SMW is not the cause for the soaring operating costs of the catering industry. ● The next SMW rate should be set at \$33 per hour and should be reviewed every year to reflect more accurately the inflation rate.
18.	Environmental Services Operatives Union [LC Paper No. CB(2)1960/11-12(05)]	<ul style="list-style-type: none"> ● The Government and the large enterprises should adjust the service charges paid to the cleaning companies according to the inflation rate so that their outsourced service contractors can adjust the salaries of their employees according to the SMW level. ● The SMW rate should remain at \$28 per hour as a further increase in the SMW rate will inevitably aggravate inflation, which will in turn undermine the purchasing power of workers earning the SMW rate.
19.	Social Welfare Organizations Employees Union	<ul style="list-style-type: none"> ● It raises concern that the on-call and standby time for healthcare workers of residential care homes for the elderly and rehabilitation services facilities provided by non-government organizations is not counted as hours worked under the SMW regime and these healthcare workers do not receive any subsidy. It considers that healthcare workers of residential care homes and rehabilitation services facilities subsidized by the Government should be paid with allowance for performing on-call and stand by duties.
20.	Community Care and Nursing Home Workers General Union	<ul style="list-style-type: none"> ● The employment terms of about 90% of the union's members working in residential care homes have been revised since the implementation of SMW. Under the new terms of employment, they are not entitled to paid leave, meal hours and stand-by-duty hours. ● High rental rather than SMW is the main factor contributing to the hardship facing the residential care homes for the elderly.
21.	Catholic Diocese of Hong Kong - Diocesan Pastoral Centre for Workers (NT) ("the Centre") [LC Paper No. CB(2)2335/11-12(01)]	<ul style="list-style-type: none"> ● The basket of indicators that MWC takes into account when recommending SMW rate should also include basic living necessities of families. The SMW rate should be set at a level higher than the CSSA rate with a view to encouraging CSSA recipients to seek employment. ● According to a survey conducted by the Centre, about 20% of SMEs responded to the survey indicate that high rental is the main factor contributing to the present difficult situation faced by them.

No.	Name of deputation/individual	Major views and concerns
22.	Catholic Family Wage Concern Group	<ul style="list-style-type: none"> ● Taking into account the soaring inflation rate and the basic living necessities of families, the SMW rate should not be lower than \$35 per hour. ● The SMW rate should be reviewed each year so as to address the time lag issue between the collection of data, determination of the SMW rate and the date of its implementation. ● Apart from implementing SMW, the Government should also introduce other initiatives to improve the livelihood of labour, such as universal retirement protection scheme and standard working hours etc.
23.	Federation of International SME [LC Paper No. CB(2)2302/11-12(04)]	<ul style="list-style-type: none"> ● In determining the SMW rate, MWC should take into account the prevailing inflation rate. The adjustments of SMW rate should reflect the productivity of employees. ● The SMW rate should be reviewed every two years. ● It raises concern about the negative impact of the implementation of SMW on the employment of persons with disabilities and the elderly.
24.	Hong Kong & Kowloon Motor Boats & Tug Boats Association [LC Paper No. CB(2)2151/11-12(03)]	<ul style="list-style-type: none"> ● It supports the objective of implementing the SMW regime as it can improve the livelihood of low-income labour. However, the adjustment of the SMW rate should be gradual and take into account the prevailing inflation rate and the affordability of enterprises. ● If the SMW rate is increased to \$35 per hour, the business of SMEs in some labour-intensive industries will be adversely affected. ● Employees' salaries should reflect their individual skills and contributions to companies, and there should not be a standardized rate for all employees in different industries.
25.	Hong Kong Waste Disposal Industry Association	<ul style="list-style-type: none"> ● It supports the implementation of the SMW regime as it helps improve the livelihood of low-income labour. However, it considers that the SMW rate should be adjusted by market force and the adjustment of the SMW rate should not be mandatory. ● It raises concern that SMW will force SMEs to cease business.

No.	Name of deputation/individual	Major views and concerns
26.	Mr WONG Yun-tat, Kwai Tsing District Council member	<ul style="list-style-type: none"> ● The objective of implementing SMW is to ensure that the living standard of the low-income labour can be maintained at a reasonable level. The implementation of SMW has neither resulted in higher unemployment nor waves of business closures. The drop in the number of CCSA recipients indicates that SMW has encouraged more people to rejoin the labour market. ● MWC should take into account the prevailing inflation rate and basic living necessities of families in reviewing and determining the SMW rate.
27.	Neighbourhood and Worker's Service Centre [LC Paper No. CB(2)2151/11-12(04)]	<ul style="list-style-type: none"> ● The SMW rate should be set a level higher than CCSA so as to encourage more workers at grass root level to seek employment and to address the problem of working poverty. In its view, the SMW rate should not be less than \$35 per hour. ● To reflect more accurately the socio-economic circumstances in Hong Kong, the SMW rate should be reviewed every year. In reviewing the SMW rate, MWC should not only take into account the basket of indicators but should give due considerations to the livelihood of workers at grass root level. ● MWC should have more communications with different concern groups over the SMW regime when deliberating the next SMW rate.
28.	Public Omnibus Operators Association [LC Paper No. CB(2)2165/11-12(01)]	<ul style="list-style-type: none"> ● The industry is facing difficulties in recruitment and retention of bus drivers. Since the implementation of SMW, many public omnibus drivers have chosen to resign in order to pursue a more relaxing and comforting life by taking up a less risky and demanding job in other industries (e.g. the security and guarding industries). ● In its view, the livelihood of low-income labour cannot be improved merely by the raising of the SMW rate. As the raising of the SMW rate will worsen inflation, the Government should address the inflation problem to protect the livelihood of low-income labour. ● It supports that the SMW rate should be reviewed every two years and should be adjusted with reference to the inflation rate. As the current inflation rate is about 5%, the SMW rate should only be adjusted from \$28 per hour to \$29.5 per hour.

No.	Name of deputation/individual	Major views and concerns
29.	China Hong Kong and Macau Boundary Crossing Bus Association	<ul style="list-style-type: none"> ● The average salary of all boundary crossing bus drivers has increased from some \$16,200 in 2011 to around \$19,400 in 2012 following the implementation of SMW, far exceeding the average earnings of university graduates. The additional wage cost brought about by SMW on the sector as a whole is around 19.5%. At present, most bus companies absorb the SMW-induced wage bill increases through reducing profit, instead of passing them on to consumers through price increase. ● The industry is facing difficulties in recruitment and retention of bus drivers. At present, the median age of the bus drivers is 49.72 years old and only 13%-14% of the bus drivers are below 40 years old. It is expected that about half of the bus drivers will leave the industry in 10 years' time. ● It raises concern that if the SMW rate is increased significantly, the problem of shortage of drivers will worsen acutely.
30.	Tsuen Wan District Tourists and Passengers Omnibus Operators Association	<ul style="list-style-type: none"> ● Since the implementation of the SMW regime, the wages of the omnibus drivers have been increased twice or three times. The average salary of these drivers is now around \$15,000 to \$20,000 per month. However, the industry is still facing serious difficulties in recruiting drivers. It considers that manpower mismatch is the crux of the problem as many drivers have been attracted to work in other industries with the implementation of SMW. ● The SMW rate should be adjusted according to the labour market conditions of different industries.
31.	Chamber of Security Industry [LC Paper No. CB(2)2200/11-12(02)]	<ul style="list-style-type: none"> ● It points out that the higher the SMW level is set, the higher is the likelihood of guards aged between 60 and 64 years old being displaced from the workforce. The labour shortage problem in the industry is aggravated by this "involuntary" displacement of guards who have not yet reached the retirement age. ● The current SMW rate of \$28 per hour is considered appropriate in the foreseeable future. If a new SMW rate has to be implemented in May 2013, it considers that the SMW rate should be determined by a mechanism based on objective economic data.

No.	Name of deputation/individual	Major views and concerns
32.	Hong Kong District Tourists and Passengers Omnibus Operators Association	<ul style="list-style-type: none"> ● The industry is now facing great difficulties in recruitment and retention of bus drivers. If SMW is increased to \$33 per hour, the labour shortage problem will worsen. ● The SMW rate should be adjusted with reference to the inflation rate. According to C&SD, the consumer price index ("CPI") for April 2012 had risen by 4.7% and the year-on-year rate of increase in the underlying inflation rate was 5.6%. Therefore, the current SMW rate of \$28 per hour should only be increased to \$29.5 per hour. ● The SMW rate should be reviewed every two years.
33.	Taxi & P.L.B Concern Group	<ul style="list-style-type: none"> ● Since the implementation of SMW, the industry is facing great difficulties in staff recruitment and retention. Even though the daily wages for minibus drivers have risen to about \$400, the operators of the industry still cannot attract new recruits. ● MWC is cautioned that it should take into account the knock on effects of SMW when reviewing the SMW rate.
34.	People's Alliance for Minimum Wage ("the Alliance") [LC Paper No. CB(2)2200/11-12(03)]	<ul style="list-style-type: none"> ● According to a survey conducted by the Alliance on the SMW rate, 83.4% of the respondents consider that the SMW rate should be raised, and 73% of the respondents consider that the SMW rate should be reviewed in 2012. ● The SMW rate should be set at \$35 per hour so that it can protect the basic living of workers and their family members. ● Annual review of the SMW rate will bring benefits to both employers and employees. If the SMW rate is reviewed annually, the adjustment rate will be more moderate and employers will be more willing to accept the adjusted level of SMW. ● MWC should include other indicators such as basic living necessities of families into the basket of indicators that it takes into account when recommending the SMW rate. It should also conduct more surveys to gain a better understanding on the impacts of SMW (e.g. its impacts on people from less privileged groups).

No.	Name of deputation/individual	Major views and concerns
35.	Hong Kong Confederation of Trade Unions [LC Paper No. CB(2)2200/11-12(04)]	<ul style="list-style-type: none"> ● According to C&SD, rental and food prices account for 50% and 28% of the inflation rate respectively. Hence, the implementation of SMW is not a major factor leading to an upsurge in inflation. ● The initial SMW rate was set with reference to the statistical data collected in 2009. However, CPI(A) has risen by 13.2% between June 2009 and March 2012, and if inflation rate is further raised by 4% by mid-2013, the accumulated inflation rate between mid-2009 and mid-2013 will be 17.7%. Therefore, the next SMW rate should be set at \$33 per hour. ● Biennial review of the SMW rate will not be beneficial to both employers and employees. The SMW rate should be reviewed annually as the adjustments will be gradual and moderate. Employers will be more willing to accept the adjusted level of SMW.
36.	Hong Kong School Clerks & Janitors General Union ("the General Union")	<ul style="list-style-type: none"> ● It raises concern that the stand-by time for school janitors is not counted as hours worked under the SMW regime and school janitors do not receive any subsidy for performing such duties. It hopes that the Government will provide funding to schools to pay for their stand-by-duty hours.
37.	Cleaning Workers Union [LC Paper No. CB(2)2200/11-12(05)]	<ul style="list-style-type: none"> ● As the initial SMW rate of \$28 per hour was determined with reference to statistical data collected in 2009, the next SMW rate should be set at \$35 per hour. ● The SMW rate should be reviewed each year so as to address the time lag issue between the collection of data, determination of the SMW rate and the date of its implementation.