

LETTERHEAD OF The Hong Kong Construction Association Ltd

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Mrs Sharon TONG
Clerk to LegCo Panel of Manpower
Legislative Council
Hong Kong SAR Government
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Mrs Tong,

Re: Proposal on Minimum Wage in Hong Kong

We refer to the research paper published by the Hong Kong Social Security Society for the subject and submit our comments and opinions in the following for consideration by the Manpower Panel of the Legislative Council.

1. The research paper is misleading. It does not address the reason behind the downward trend of real wages in recent years. In Section 2, it forgot to mention that all those developing countries (China included) are paying a fraction of Hong Kong wages. It predicted, in Section 3, that inflation in 1998 will be 5%, but actually we are in a deflation economy now. That being the case, a minimum wage could become an obstacle to the cost adjustment of our economic activities which is much needed to revitalise our economy.
2. The case of the minimum wage for foreign domestic helpers is a good example. In economic downturn like it is now, as the law prohibits employers of the foreign domestic helpers to reduce their wages some employers may no longer afford to pay the wages and will be forced to repatriate the foreign domestic helpers.
3. The research paper is also wrong in assuming that a 44-hour week is a normal working week of all industry. The construction industry in Hong Kong can not guarantee any construction worker to work an average of 44 hours per week because of its work cycle nature and the effects of uncontrollable circumstances (for example, inclement weather).
4. In our opinion, employees' wages should remain "market-driven", to be decided by "supply and demand".
5. We should not consider the proposal at all, because as side in Point 1 above, it will hinder the adjustment of Hong Kong's economy to regaining its competitive position in the regional and world economy.

6. There are other better ways to improve the wage incomes of the workers. Examples are: training and re-training to equip the workers with better skills efficiency and, measures to accelerate economic revitalisation so that more abundant employment opportunities become available.

7. The imposition of minimum wage is not a good way to “overcome poverty and ensuring that the satisfaction of the needs of all workers and their families” To us, these objectives should be met by our social welfare system, not by muddling our economic system. It is dangerous to confuse the two systems at the detriment of the future of Hong Kong.

We hope the above comments and opinions will be fully considered by the Manpower Panel.

Yours sincerely,

Jimmy Tse
President