

28 February 2007

Clerk to Bills Committee
Legislative Council Secretariat
3/F, Citibank Tower
3 Garden Road, Central
Hong Kong

Fax : 2509 0775

Dear Sir/Madam,

Employment (Amendment) Bill 2006

The proposed changes to the Employment Ordinance has been reviewed by the Hong Kong General Chamber of Commerce back in June last year and the following policy statement was issued to Mr Matthew Cheung, Permanent Secretary for Economic Development and Labour (Labour), on 22 June 2006:

"The formula set out under Sections 41 and 41C of the Employment Ordinance for calculating statutory holiday pay and annual leave pay, respectively, is itself inadequate to produce a justifiable calculation of the statutory entitlements. Hence, it is suggested that the Labour Department should first look carefully into the specific sections under the Employment Ordinance and consider the potential implications to employers and employees before amending the law to include commissions into calculation of statutory entitlements."

Further to the above position, the Chamber would like to present the following view for the Bills Committee's consideration:

While it is fairer to use average wages over a 12-month period, rather than wage of last month worked as the basis for calculation of statutory entitlements, we suggest that the Committee should also take into account the proposed introduction of a wage ceiling for calculating statutory entitlements to give more certainty and transparency to the process.

Given that contractual commission in various forms is very common in Hong Kong, employers are concerned that the proposed amendments would have an adverse impact on employer-employee relations and hence this matter has to be handled delicately to avoid unnecessary confusion or disputes.

Sincerely,


Alex Fong
CEO