

Labour Department (Headquarters)

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13 June 2011

Clerk to the Manpower Panel Legislative Council 8 Jackson Road Central, Hong Kong

(Attn: Mr Raymond LAM)

Fax: 2509 0775

Dear Mr LAM,

Panel on Manpower meeting on 11 April 2011

Wage arrangement for non-skilled workers engaged in government service contracts

At the Panel on Manpower's meeting on 11 April 2011, Members requested the Administration to provide further information on the captioned subject, which is now set out in the following paragraphs for Members' reference.

The Government has thoroughly and carefully examined the likely impact of the implementation of the statutory minimum wage (SMW) on government service contracts that rely heavily on the deployment of non-skilled workers, and sought to strike a balance among various considerations before formulating the new wage arrangement for such non-skilled workers. These considerations include the elements of existing government service contracts, the expected outcome and impact of implementation of SMW, concerns over employment and protecting non-skilled workers' rights and benefits, prevention of any impact on public service delivery as well as ensuring the prudent use of public funds with a view to achieving a lawful, reasonable and sensible arrangement. The new wage arrangement is to mandate service contractors to pay their non-skilled workers at not less than the SMW rate plus one paid rest day in every period of seven days.

The provision of one paid rest day in every period of seven days is developed solely for government service contracts that rely heavily on the deployment of non-skilled workers and in no way seeks to set a guideline for the private sector. It would be for private enterprises to decide on their individual appropriate arrangements, taking into account their own business conditions, affordability and needs.

Under the Employment Ordinance (EO), employers must provide their employees engaged under a continuous contract with at least one rest day in every period of seven days. The EO does not prescribe whether rest days should be with pay or not. All along, employers and employees are free to negotiate and agree on the terms of employment having regard to the circumstances of individual enterprises. Accordingly, whether rest days are paid should be subject to the prevailing agreement and/or practices between an employer and his employees rather than the relevant arrangement adopted by the Labour Department or the Government.

Yours sincerely,

(Crystal LAM)

for Commissioner for Labour