

Minimum Wage Commission

Summary of views collected at consultation meetings

Introduction

To gauge the views and concerns on the preliminary impact of the implementation of the initial statutory minimum wage (SMW) as well as on the SMW rate, the Minimum Wage Commission (MWC) conducted consultation meetings with 105 stakeholder groups in the fourth quarter of 2011. The participating stakeholders included major trade unions, major employers' associations, associations of small and medium enterprises (SMEs), associations of low paying sectors (including employers' associations, trade unions, employers and institutes in the sectors), other trade / professional / employers' associations, labour policy concern groups, and think tanks / policy research institutes.

The views and concerns collected at the meetings are summarised below. Please note that the summary should not be conceived as embracing the stakeholders' complete and final views. It is meant to enhance transparency on the work of the MWC and to facilitate community discourse on the SMW rate. In this connection, the MWC looks forward to receiving further views from stakeholders and interested parties with reference to the relevant statistical data.

Summary of views

(1) Impact of the initial SMW rate

Impacts on the economy

- Employers' associations and employer representatives generally held the view that the initial SMW rate was implemented amidst a period of economic upturn in Hong Kong. As such, it did not have serious adverse impact on various sectors and enterprises. Nevertheless, the actual impact of SMW could only become clear over a longer period of time. Given the uncertain economic outlook in 2012, SMW might deal a blow to the business environment and labour market. Besides, with the wages of low-paid workers surging to \$28 per hour, enterprises had to raise output prices to offset the increase in labour costs, hence inducing wage-price spiral and inflation.

- Labour unions and labour policy concern groups considered that the implementation of SMW neither induced negative impact as originally expected nor resulted in waves of business closures. By adopting different mitigating measures, enterprises were able to cope with changes in the business environment brought about by SMW implementation. Inflation was not intensified despite an increase in labour costs. On the contrary, the purchasing power of workers was enhanced by the introduction of SMW, thereby boosting the local economy and benefiting the economy as a whole.

Impacts on the labour market

- Labour unions were generally of the view that 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 introduction of SMW boosted the work incentive of workers and encouraged more people, including women, the middle-aged and the elderly, to re-enter the labour market, hence raising total employment. SMW had benefited society at large.
- Stakeholders (including employers' associations, employer representatives, think tanks, other professional associations and labour policy concern groups) generally agreed that grassroots workers had enjoyed pay rise upon the implementation of SMW and more people were attracted to join the workforce. This at the same time heightened labour market mobility. Some labour unions and employer representatives expressed 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.
- However, some labour unions believed 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. This boosted the labour demand in certain sectors (such as estate management, security and catering industries) and tightened the labour market.
- Stakeholders (including employers' associations, employer representatives, labour unions, other trade / professional associations, labour policy concern groups and think tanks / policy research institutes) pointed out that upon the implementation of SMW, some enterprises managed to offset the rise in labour cost through adopting different mitigating measures, such as reducing employees' non-wage payments and benefits, cutting training and working hours, increasing employees' workload,

laying off staff, varying employment terms, outsourcing some production processes, automation, etc. Enterprises with good bargaining power might transfer the costs to consumers via price increase. Nevertheless, some surveys conducted by professional associations revealed that no significant changes were observed in the manpower structure and the mode of salary payment upon the implementation of SMW.

- A number of employers' associations and employer representatives expressed that some enterprises not only raised the wages of grassroots employees, but also adjusted the wages of employees at other ranks accordingly so as to maintain reasonable wage differentials. However, some enterprises were unable to raise the wages of employees at other ranks because of the need to control labour costs, hence resulting in the loss of talents.
- Some employers' associations expressed that with the significant pay rise for workers in the low paying sectors or lower-skilled occupations upon the implementation of SMW, employees in other industries and occupations would expect to have comparable pay rise. Enterprises thus had to face additional labour costs on top of those required for meeting the statutory requirement of SMW.
- Think tanks and policy research institutes were generally concerned about the SMW's impact on the employment opportunities of marginal and vulnerable workers (including the elderly, the disabled, inexperienced young people, trainees and low skilled workers, etc).

Impacts on individual industries and SMEs

- Stakeholders from the estate management industry revealed that the implementation of SMW had pushed up property management fee. Some property owners with limited financial means (especially owners of single block private residential buildings) saved 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.
- Employers' associations and employer representatives of the catering industry pointed out that the profit margin of small and medium sized restaurants was slim. As the industry was labour intensive, the implementation of SMW had significantly increased the labour cost. Since customers of these restaurants were sensitive to price increases, some restaurant operators found it not possible to transfer the additional labour costs to consumers. As a result, they resorted to lowering the quality and quantity of food or reducing business size, leading to

closure of business eventually. Their market shares also shrank and were displaced by large-scale or chain restaurant operators. Nonetheless, some labour unions from the catering industry and think tanks believed that the difficulties faced by restaurant operators were mainly caused by high rent and the effect attributable to SMW was limited.

- Employer representatives from the retail and catering industries also revealed that in the past, lower-paid employees were more inclined to improve their service quality and performance in order to earn higher wages and allowance. However, upon the implementation of the initial SMW rate, as employees were guaranteed a certain level of wages, their incentive to seek continuous improvement in performance and undertake additional duties subsided, resulting in a possible drop in service quality.
- SME associations and employer representatives from the elderly care home industry expressed that owing to the obnoxious nature of the industry, they suffered persistent labour shortage. As the wages of other sectors rose upon the implementation of SMW, an increasing number of employees left the industry, thus affecting the service quality of elderly homes. Moreover, the cost in wages and rental constituted a huge share of the gross expenses of elderly homes. Some operators in the industry started to downsize their business since they were unable to bear the increasing operating cost. Enterprises might choose to relocate their business to the Mainland if labour costs were to increase further.
- Stakeholders from the cleaning services industry revealed that the implementation of SMW had induced more cleaning workers to switch to other sectors. Companies had to pay wages higher than the SMW level to recruit suitable workers. As the premium for employees' compensation insurance was assessed based on the payroll, the related expenditure rose with wage uprating. Some small operators in the industry closed down their business as the operating cost was too high.
- Some stakeholders from the logistics industry expressed that staff turnover in their industry was quite serious after the implementation of SMW. Many frontline workers and those at the junior to middle management level had switched to sectors with better employment terms. In face of labour shortage, increase in labour costs, high rental and gasoline price, the business environment of the logistics industry was becoming more difficult.

- Some think tanks / policy research institutes expressed that the initial SMW rate had negative impact on SMEs with low profit margins. Compared with large enterprises that were able to attract talents by offering better career development opportunities and prospects, SMEs had no competitive edge in recruitment other than offering wages higher than the SMW level. This resulted in a considerable increase in labour costs.
- Some other trade associations pointed out that some enterprises originally unaffected by SMW also had to raise wages for retaining their employees, thereby leading to a rise in labour costs.

(2) Views on the next SMW rate

- Labour unions and labour policy concern groups generally considered that SMW should be able to guarantee the income level of workers for them to live with dignity. MWC, in deliberating the SMW rate, should put emphasis on the basic living needs of individual workers and their families, and collect more data on workers' living standard and basic needs as indicators. They also expressed that the SMW rate should not be lower than the amount of the Comprehensive Social Security Assistance (CSSA) and it should be adjusted in line with inflation. Individual organisations further suggested that MWC should consider dependency ratio or gross domestic product per capita when deliberating the SMW rate so that workers could share the fruits of economic development. MWC should also take into account the wages and employment situation in Hong Kong, such as the median wage, wage differential, workers' work incentive and unemployment rates of different types of workers.
- Labour unions and labour policy concern groups generally recommended that the next SMW rate should not be lower than \$33 per hour. Based on the CSSA amount for a two-person family, a labour union considered that the SMW rate should be set at \$35 per hour so as to cover the basic living expenses of workers and their families.
- Employers' associations and employer representatives generally considered that SMW should only be a wage floor to protect the low-paid workers, while the wages of other workers should be determined by the demand and supply in the labour market. MWC should adopt a neutral and prudent approach in studying the next SMW rate, balance the interests of various parties and refrain from setting too high a rate which would impact on the economy and society negatively. In reviewing the SMW rate, MWC should also consider the prevailing economic

cycle of Hong Kong, the overall economic development and business environment, impact of SMW on inflation and prices, additional labour costs to be borne by enterprises arising from the increase in statutory benefits and other expenses induced by SMW, and the impacts of SMW on workers in different industries, age groups and geographical locations.

- Employers' associations and employer representatives generally recommended that the SMW rate should be maintained at \$28 per hour. SMEs with limited financial means and competitiveness were unable to control their costs through bulk purchase and mass production as adopted by large enterprises. The impact of SMW on SMEs was therefore greater and an exceedingly high SMW rate would hamper their survival. SMEs might eventually be squeezed out of the market by large enterprises. Some employer representatives expressed that the current SMW rate had already greatly increased the wage bill of enterprises. If the SMW rate was raised to \$33 per hour, some enterprises might find it unsustainable and might choose to relocate their business to other places or even close down the whole business.
- Most employers' associations and employer representatives held the view that as SMW had only been implemented for a short period of time, it was difficult to assess its actual impact. MWC should therefore keep in view related statistical data and commence the review on the SMW rate only when adequate data and evidence were available. Labour unions and labour policy concern groups generally considered that as high inflation had already been eroding workers' purchasing power, MWC should kick off the review as soon as possible to ensure that the SMW rate could catch up with inflation and maintain workers' standard of living.

Minimum Wage Commission

最低工資委員會

List of stakeholders attending consultation meetings in the 4th quarter of 2011

於 2011 年第四季出席諮詢會面的相關組織名單

| Name of Organisation 團體名稱 * | |
|-----------------------------|---|
| 1. | Advance Caterers Ltd. 駿昇飲食有限公司 |
| 2. | Aegean Coast Owners' Committee 愛琴海岸業主委員會 |
| 3. | Association of Health Service Workers 健康服務從業員協會 |
| 4. | Association of Restaurant Managers 現代管理（飲食）專業協會 |
| 5. | Belle Worldwide Ltd. 百麗環球有限公司 |
| 6. | Business and Professionals Federation of Hong Kong 香港工商專業聯會 |
| 7. | Cafe de Coral Holdings Ltd. 大家樂集團有限公司 |
| 8. | Caritas Youth and Community Service 明愛青少年及社區服務 |
| 9. | Catering and Hotels Industries Employees General Union 飲食及酒店業職工總會 |
| 10. | Catering Trade Chiuchow and Cantonese Workers Union 飲食業潮粵籍職工會 |
| 11. | Commercial Organization and Domicile Services Employees Association 商業機構及家居服務從業員協會 |
| 12. | Commodities Promotion and Retailing Employees General Union 商品推廣及零售業僱員總會 |
| 13. | Community Care and Nursing Home Workers General Union 社區及院舍照顧員總工會 |
| 14. | Community, Social and Personal Services (New Territories West) Employees General Union 社區、社會及個人服務業（新界西）總工會 |
| 15. | Dah Chong Hong Ltd. 大昌貿易行有限公司 |
| 16. | Eating Establishment Employees General Union 飲食業職工總會 |
| 17. | Employers' Federation of Hong Kong 香港僱主聯合會 |
| 18. | Environmental Services Contractors Alliance (Hong Kong) 香港環境衛生業界大聯盟 |
| 19. | Estate Restaurant Merchant Association Ltd. 港九新界屋邨酒樓業商會 |
| 20. | Fairwood Holdings Ltd. 大快活集團有限公司 |
| 21. | Federal Restaurant Group Ltd. 聯邦酒樓集團有限公司 |
| 22. | Federation of Hong Kong Industries 香港工業總會 |
| 23. | G2000 (Apparel) Ltd. 縱橫二千有限公司 |
| 24. | Hang Yick Properties Management Ltd. 恒益物業管理有限公司 |
| 25. | Happiness Cuisine 囍慶藝廚酒家 |
| 26. | Hong Kong & Kowloon Electrical Appliances Merchants Association 港九電器商聯會 |

| Name of Organisation 團體名稱 * | |
|-----------------------------|---|
| 27. | Hong Kong & Kowloon Restaurant & Cafe Workers General Union 港九酒樓茶室總工會 |
| 28. | Hong Kong & Kowloon Trades Union Council 港九工團聯合總會 |
| 29. | Hong Kong Air Freight Transport and Express Transport Employees Union 香港航空貨運及速遞業工會 |
| 30. | Hong Kong Beauty and Fitness Professionals General Union 香港美容健體專業人員總會 |
| 31. | Hong Kong Beauty and Hair Care Employees' Union 香港美容美髮職工會 |
| 32. | Hong Kong Building Management and Security Workers General Union 香港物業管理及保安職工總會 |
| 33. | Hong Kong Catering Industry Association 香港飲食業聯合總會 |
| 34. | Hong Kong Catholic Commission for Labour Affairs 香港天主教勞工事務委員會 |
| 35. | Hong Kong CFS & Logistics Association Ltd. 香港集裝箱貨倉及物流服務聯會有限公司 |
| 36. | Hong Kong Christian Council 香港基督教協進會 |
| 37. | Hong Kong Civic Association 香港公民協會 |
| 38. | Hong Kong Confederation of Trade Unions 香港職工會聯盟 |
| 39. | Hong Kong Construction Association 香港建造商會 |
| 40. | Hong Kong Container Tractor Owner Association 香港貨櫃車主聯會 |
| 41. | Hong Kong Department Stores & Commercial Staff General Union 香港百貨商業僱員總會 |
| 42. | Hong Kong Federation of Insurers 香港保險業聯會 |
| 43. | Hong Kong Federation of Restaurants & Related Trades 香港餐飲聯業協會 |
| 44. | Hong Kong Federation of Trade Unions 香港工會聯合會 |
| 45. | Hong Kong General Chamber of Commerce 香港總商會 |
| 46. | Hong Kong General Chamber of Pharmacy 港九藥房總商會 |
| 47. | Hong Kong General Chamber of Small and Medium Business 香港中小型企業總商會 |
| 48. | Hong Kong General Chamber of Social Enterprises Ltd. 香港社會企業總會有限公司 |
| 49. | Hong Kong Housing Management Employees Union 香港樓宇管理僱員工會 |
| 50. | Hong Kong Institute of Housing 香港房屋經理學會 |
| 51. | Hong Kong Institute of Human Resource Management 香港人力資源管理學會 |
| 52. | Hong Kong Institute of Real Estate Administrators 香港地產行政師學會 |

| Name of Organisation 團體名稱 * | |
|-----------------------------|---|
| 53. | Hong Kong Jewellers' & Goldsmiths' Association 香港珠石玉器金銀首飾業商會 |
| 54. | Hong Kong Logistics Association 香港物流協會 |
| 55. | Hong Kong Professionals and Senior Executives Association 香港專業及資深行政人員協會 |
| 56. | Hong Kong Restaurant & Eating House Merchants General Association 香港飲食業總商會 |
| 57. | Hong Kong Retail Management Association 香港零售管理協會 |
| 58. | Hong Kong Sea Transport and Logistics Association 香港航運物流協會 |
| 59. | Hong Kong Security Association 香港保安業協會 |
| 60. | Hong Kong Small and Medium Enterprises Association 香港中小型企業聯合會 |
| 61. | Hong Kong Women Development Association Ltd 香港婦聯 |
| 62. | Hong Yip Services Co. Ltd. 康業服務有限公司 |
| 63. | Hotels, Food & Beverage Employees Association 酒店及餐飲從業員協會 |
| 64. | Institution of Dining Art 稻苗學會 |
| 65. | ISS EastPoint Property Management Ltd. 置邦物業管理有限公司 |
| 66. | JLW Management Services Ltd. 仲量聯行物業管理有限公司 |
| 67. | Joint Council of Estate Agents Associations 地產代理業界聯席會議 |
| 68. | Kam Hing Food Factory Ltd. 錦興食品集團 |
| 69. | Li & Fung (Retailing) Ltd. 利豐（零售）有限公司 |
| 70. | Lucky House Restaurant Group 敘福樓飲食集團 |
| 71. | Oxfam Hong Kong 樂施會 |
| 72. | People's Alliance for Minimum Wage 民間爭取最低工資聯盟 |
| 73. | Retail, Commerce and Clothing Industries General Union 零售、商業及成衣業總工會 |
| 74. | Sa Sa Cosmetic Co. Ltd. 莎莎化妝品有限公司 |
| 75. | Savills Property Management Ltd. 第一太平戴維斯物業管理有限公司 |
| 76. | Seafood Delight Restaurant 昇悅集團 |
| 77. | Service Industry General Union 服務業總工會 |
| 78. | Sham Tseng Yue Kee Roast Goose Restaurant Ltd. 深井裕記燒鵝飯店 |
| 79. | SME Global Alliance 中小企國際聯盟 |
| 80. | Synergis Management Services Ltd. 新昌管理服務有限公司 |
| 81. | The Association for Hong Kong Catering Services Management Ltd. 香港餐務管理協會 |
| 82. | The British Chamber of Commerce in Hong Kong 香港英商會 |
| 83. | The Chamber of Hong Kong Logistics Industry 香港物流商會 |
| 84. | The Chinese General Chamber of Commerce 香港中華總商會 |

| Name of Organisation 團體名稱 * | |
|-----------------------------|--|
| 85. | The Chinese Manufacturers' Association of Hong Kong 香港中華廠商聯合會 |
| 86. | The Dairy Farm Company Ltd. 牛奶有限公司 |
| 87. | The Elderly Services Association of Hong Kong 香港安老服務協會 |
| 88. | The Federation of Environmental and Hygiene Services 中港澳環衛總商會 |
| 89. | The Federation of Hong Kong & Kowloon Labour Unions 港九勞工社團聯合會 |
| 90. | The Hong Kong Association of Property Management Companies Ltd. 香港物業管理公司協會有限公司 |
| 91. | The Hong Kong Council of Social Service 香港社會服務聯會 |
| 92. | 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 |
| 93. | The Hong Kong Shippers' Council 香港付貨人委員會 |
| 94. | The Incorporated Owners of Goldfield Tower 金輝行業主立案法團 |
| 95. | The Lion Rock Institute 獅子山學會 |
| 96. | The Wing On Department Stores (HK) Ltd. 永安百貨有限公司 |
| 97. | Travel Industry Council of Hong Kong 香港旅遊業議會 |
| 98. | Tsui Wah Group 翠華集團 |
| 99. | Urban Property Management Ltd. 富城物業管理有限公司 |
| 100. | Well Born Real Estate Management Ltd. 偉邦物業管理有限公司 |
| 101. | (No English name) 天主教爭取家庭工資聯盟 |
| 102. | (No English name) 天主教家庭工資關注組 |
| 103. | (No English name) 保安業最低工資關注組 |
| 104. | (No English name) 洗髮業職工會 |
| 105. | (No English name) 香港理髮化粧品業職工總會 |

* listed in alphabetical order
按英文字母次序排列