

立法會
Legislative Council

LC Paper No. CB(2)449/12-13
(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP

Panel on Manpower

Minutes of meeting
held on Tuesday, 20 November 2012, at 3:30 pm
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon LEE Cheuk-yan (Chairman)
Hon WONG Kwok-kin, BBS (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Frederick FUNG Kin-kee, SBS, JP
Hon CHAN Kin-por, BBS, JP
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon LEUNG Kwok-hung
Hon Michael TIEN Puk-sun, BBS, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu
Dr Hon CHIANG Lai-wan, JP
- Members attending** : Hon WONG Kwok-hing, MH
Hon Frankie YICK Chi-ming
- Members absent** : Hon Albert HO Chun-yan
Hon Tommy CHEUNG Yu-yan, SBS, JP
Dr Hon LEUNG Ka-lau

**Public Officers
attending** : Item IV

Mr Matthew CHEUNG Kin-chung, GBS, JP
Secretary for Labour and Welfare

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

Mr William MAK Chi-tung
Chief Labour Officer
(Statutory Minimum Wage)
Labour Department

**Attendance
by invitation** : Item IV

Session 1

Hong Kong Catholic Commission for Labour Affairs

Miss LAW Pui-shan
Policy Research Officer

Democratic Alliance for the Betterment and Progress
of Hong Kong

Mr NGAN Man-yu
Manpower Deputy Spokesperson

Catering and Hotels Industries Employees General
Union

Ms LUK Kam-shing
Executive Committee Member

Community Care and Nursing Home Workers General
Union

Ms CHEUNG Wai-lin
Chairperson

Environmental Services Contractors Alliance
(Hong Kong)

Mr Mickey YAN
Vice Convener

Cleaning Workers Union

Mr YAU Shu-yan
Executive Committee Member

Federation of Hong Kong Industries

Mr Stanley LAU
Deputy Chairman

Institution of Dining Art

Mr Kelvin YAU
First Vice-Chairman

New People's Party

Mr Hubert HO
Youth Committee Member

Catholic Diocese of Hong Kong - Diocesan Pastoral
Centre for Workers (New Territories)

Mr Augustine YU Siu-po
Program Officer

Northern District Employment Concern Group

Ms Venny KWOK
Convener

Smart and Beauty House

Mr CHOW King
Member

New Territories Evangelical Embassy

Mr Simon TAM
Member

Kwai Chung Estate Labour Right Concern Group

Mr LEUNG Kum-wai
Representative

Kwai Chung Community Trade Union

Miss Vincci WONG
Representative

Neighbourhood and Worker's Service Centre

Miss LEUNG Ching-shan
Representative

Hong Kong Japanese Restaurant Association

Mr Frankie WU Pao-shuen
President

Taxi & P.L.B Concern Group

Mr LAI Ming-hung
Chairman

Federation of International SME

Mr Gary LO
President

The Chinese General Chamber of Commerce

Mr David FONG
Vice Chairman

League of Social Democrats

Mr WONG Ho-ming
Executive Committee Member

Oxfam Hong Kong

Mr Alfred CHOY Man-kit
Programme Officer for Hong Kong Programme

Hong Kong Catering Industry Association

Mr Thomas WOO
Vice Chairman

The Hong Kong General Chamber of Commerce

Mr David O'Rear
Chief Economist

Manpower Concern Group

Mr WONG Kwai-sang
Secretary

The Hong Kong General Union of Security & Property
Management Industry Employees

Ms HUEN Wai-han
Vice Chairman

Hong Kong Environmental Services, Logistics &
Cleaning Employees Association

Mr CHAN Chak-fai
Vice Chairman

Nineteen Action

Mr KEUNG Ling-cheung
Committee Member

Session 2

Civic Party

Mr Patrick LEUNG
Member

Hong Kong Women Workers' Association

Mr SZE Ching-wee
Organizer

Public Omnibus Operators Association

Mr Peter MOK
Committee Member

Hong Kong Federation of Restaurants & Related Trades

Mr TAM Hop-sing
Chief Executive Officer

Chamber of Security Industry

Mr William CHEUNG Wai-lun
Chairman

Hong Kong & Kowloon Motor Boats & Tug Boats
Association

Mr Bondy WEN Tsz-kit
Chairman

Kowloon District Tourists and Passengers Omnibus
Operators Association

Mr Cyrus LAI
Member

Yuen Long District Tourists and Passengers Omnibus
Operators Association

Mr Johnny LEE
Member

Hong Kong District Tourists and Passengers Omnibus
Operators Association

Mr Louis KUNG
Member

Association of Restaurant Managers

Mr LEUNG Kui-tang
Vice Chairman

The Federation of Hong Kong and Kowloon Labour Unions

Mr CHENG Wai-kin
Organizer for Social Affairs Committee

Lok Ma Chau China-Hong Kong Freight Association

Mr Stanley CHAING
Chairman

Labour Party

Mr TAM Chun-yin
General-Secretary

Liberal Party

Mr Kenny YUEN
Member, Executive Committee

Individual

Mr KWOK Chung-man

Hong Kong Association for Democracy and People's Livelihood

Mr KONG Kwai-sang
Community Organizer

Hong Kong Confederation of Trade Unions

Mr LAM Yung-ki
Organizing Secretary

People's Alliance for Minimum Wage

Mr POON Man-hon
Secretary

HK Vehicle Transportation Association

Mr CHAN Kwok-kwong
Chairman

The Chamber of Hong Kong Logistics Industry

Mr LO Wong-fung
Chairman

Individual

Mr Peter SHIU
Eastern District Council member

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 1

Staff in attendance : Ms Rita LAI
Senior Council Secretary (2) 1

Ms Kiwi NG
Legislative Assistant (2) 1

Miss Lulu YEUNG
Clerical Assistant (2) 1

Action

I. Confirmation of minutes of previous meeting
(LC Paper No. CB(2)181/12-13)

The minutes of the meeting held on 16 October 2012 were confirmed.

Action

II. Information paper(s) issued since the last meeting

2. Members noted that the following papers had been issued since the last meeting -

- (a) letter dated 18 October 2012 from Mr TANG Ka-piu and Mr KWOK Wai-keung proposing discussion items of the Panel;
- (b) letter dated 22 October 2012 from the Hong Kong Fire Services Department Working Hours Concern Group regarding the weekly conditioned working hours of firemen;
- (c) Administration's paper on decisions taken by the Labour Advisory Board; and
- (d) letter from Hong Kong Jockey Club Employees Solidarity Union regarding labour relations as well as employees' rights and benefits in Hong Kong Jockey Club.

In respect of paragraph 2(a) above, members noted that the items proposed in the letter of Mr TANG Ka-piu and Mr KWOK Wai-keung had been added to the Panel's list of outstanding items for discussion, with exception of item 3 (Creation of employment opportunities for environmental industries) and item 4 (Review of policy on importation of labour) which were under the purview of the Panel on Environmental Affairs and the Panel on Security respectively.

III. Date of next meeting and items for discussion

(LC Paper Nos. CB(2)207/12-13(01) and (02))

3. The Chairman informed members that he and the Deputy Chairman had discussed the work plan of the Panel for the 2012-2013 session with the Secretary for Labour and Welfare ("SLW") on 6 November 2012. The list of outstanding items for discussion had been updated accordingly.

Regular meeting in December 2012

4. Members agreed that the following items proposed by the Administration be discussed at the next regular meeting at 4:30 pm on 18 December 2012 -

Action

- (a) Hong Kong's occupational safety performance in the first half of 2012; and
- (b) Policy study on standard working hours.

5. The Chairman informed members that Mr TANG Ka-piu and Mr KWOK Wai-keung had earlier written in proposing the Panel to discuss occupational safety of the construction industry arising from the industrial accident occurred during the construction of the Hong Kong-Zhuhai-Macau Bridge project. In this connection, the Chairman invited members to note that the Administration would also brief members on the measures to enhance the occupational safety of electrical works, work-at-height and infrastructural projects during the discussion of item mentioned in paragraph 4(a) above.

Occupational safety and health of professional drivers

6. With reference to a serious traffic accident happened on 19 November 2012 in Chai Wan, Mr WONG Kwok-hing expressed grave concern about the occupational safety of professional drivers who were currently not covered by the Occupational Safety and Health Ordinance (Cap. 509). He then referred members to his joint letter of 20 November 2012 with Mr TANG Ka-piu and Mr KWOK Wai-keung proposing the Panel to hold a joint meeting with the Panel on Transport to discuss the matter. The Chairman advised members that the Panel on Transport had scheduled a special meeting to discuss the matter on 27 November 2012. He would discuss the suggestion of holding a joint meeting of the two Panels with the Chairman of the Panel on Transport. Alternatively, members of the Panel on Manpower could be invited to join the discussion of the special meeting of the Panel on Transport. Members would be informed of the meeting arrangement in due course. Members agreed.

Manpower in residential care services for the elderly

7. Mr Michael TIEN expressed concern that private residential care homes for the elderly ("RCHEs") faced an acute problem of manpower shortage as many RCHE workers had been attracted to other industries with more decent working environment after the implementation of the statutory minimum wage ("SMW"). Mr TIEN suggested that the Panel should discuss with the Administration ways to address the problem in order to safeguard the interests of RCHE residents.

Action

Admin

8. At the invitation of the Chairman, SLW advised that the Administration had maintained close contact with operators of RCHEs and monitored closely the latest manpower situation. Operators of RCHEs were being requested to provide more statistical information on the vacancies of different work types in RCHEs. The Administration undertook to revert to the relevant Panel in due course.

9. The Chairman advised that to his knowledge, the Panel on Welfare Services had discussed issues relating to manpower of RCHEs time and again. Members might wish to follow up the matter at the Panel on Welfare Services or consider holding a joint meeting of the two Panels when the Administration reverted on the matter.

Special meeting on 3 December 2012

10. The Chairman reminded members that a special meeting would be held on 3 December 2012 to discuss the proposed enhancement of the Work Incentive Transport Subsidy Scheme.

IV. Review of statutory minimum wage rate
(LC Paper Nos. CB(2)207/12-13(03) and (04))

Views of deputations/individual

11. The Chairman advised that the meeting was convened to receive views from deputations on the review of the SMW rate. At the invitation of the Chairman, 49 deputations/individuals presented their views on the subject. A summary of the views of deputations/individuals is in the **Annex**.

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

- (a) The Chinese Manufacturers' Association of Hong Kong;
- (b) FGG;
- (c) Environmental Services Operatives Union; and
- (d) 亞洲和香港民生關注組.

Action

Discussion

13. In response to the views of deputations, SLW advised that -
- (a) in recognition of an inevitable time lag between the date of making recommendation and the date of implementation of SMW, the Provisional Minimum Wage Commission had also taken into account forecasts of inflation and Gross Domestic Product for 2010 as well as other more updated indicators and statistics on the socio-economic and employment situation;
 - (b) in accordance with the Minimum Wage Ordinance (Cap. 608) ("MWO"), the SMW rate had to be reviewed at least once in every two years, without precluding more frequent rate review if there was evidence supporting the need. The existing arrangement under MWO was pragmatic and flexible, striking an optimum balance between the interests of both employers and employees; and
 - (c) The Minimum Wage Commission ("MWC") had submitted its recommendation report on the SMW rate at the end of October 2012. The Administration would make a decision after prudently and thoroughly considering the recommendation of MWC.
14. Mr CHAN Kin-por expressed concern whether the livelihood of low-paid workers had been improved after the implementation of SMW. Mr CHAN pointed out that the implementation of SMW would also result in the wage increase in the middle-income employees apart from that for grass root workers. Mr CHAN asked whether the Administration had taken this into account in reviewing the SMW rate and would consider adopting other measures, such as low-income supplement, to assist the vulnerable workers.
15. SLW replied that the implementation of SMW had helped improve the employment earnings of low-paid employees. As shown from the latest figures (June to August 2012), the average monthly employment earnings for full-time employees (excluding government employees and live-in domestic workers) in the lowest decile group (i.e. the group of the lowest-paid employees) registered a year-on-year growth of 6.3% (or 4.6% in real terms after discounting inflation), outpacing the growth of overall employees of 3.4% (or 0.3% in real terms after discounting inflation).

Action

16. SLW further said that the Administration had put in place a wide range of measures to provide assistance to those in need and to relieve the burden of low-income workers. Specifically, the Administration would propose enhancement measures to the Work Incentive Transport Subsidy Scheme under which an additional option of individual-based applications would be allowed and the income and asset limits would be increased. The Administration would brief the Panel on the details at its forthcoming special meeting on 3 December 2012. SLW added that the newly established Commission on Poverty would commence its work in December 2012, focusing its study on, among others, working poverty.

17. In the light of the diverse views expressed by representatives of labour unions and employers' associations over the frequency of review of the SMW rate, Mr WONG Kwok-hing asked whether the Government would consider adjusting the SMW rate automatically in accordance with the inflation rate and movement of Consumer Price Index compiled by the Census and Statistics Department. In his view, it would resolve the contention between the employers and the employees and address the problem of time lag between data collection and implementation of revised SMW rate.

18. SLW advised that the deliberation of MWC on the SMW rate was based on a Basket of Indicators covering employment, social and economic conditions. Similar review methodology was adopted by overseas SMW jurisdictions. It was important to ensure that the SMW rate would not unduly jeopardize the labour market flexibility and economic competitiveness of Hong Kong. SLW stressed that the Administration would continue to closely monitor the implementation of SMW.

19. Expressing concern about the time lag, Mr POON Siu-ping enquired about the legislative timetable for the relevant subsidiary legislation to specify the revised SMW rate and whether the effective date could be advanced.

20. In response, SLW said that the Administration would make a decision on the SMW rate after seriously examining and considering the recommendation of MWC. The new SMW rate would come into effect in May 2013 after completing the necessary legislative procedures. It was noteworthy that lead time was required for the community to prepare for the new SMW rate.

Action

21. Referring to the latest findings of the Oxfam Hong Kong Poverty Report : Employment and Poverty in Hong Kong Families (2003-2012), Mr LEUNG Kwok-hung noted with concern that the number of working poor had been increasing and the disparity between the rich and the poor had been widening. In his view, the implementation of SMW could not adequately tackle the problem of working poverty. Against a background of increasing operating cost giving rise from high rental, the Administration should consider adopting measures to alleviate the operating difficulties faced by most small and medium enterprises ("SMEs").

22. Mr CHEUNG Kwok-che expressed support for setting the revised SMW rate at \$35. This represented a modest increase of the SMW rate by \$2 only given that labour unions had repeatedly requested that the initial SMW rate should be set at \$33. Mr CHEUNG was concerned about the impact of the implementation of SMW on employment of persons with disabilities. He sought information on the employment of persons with disabilities after the implementation of SMW.

23. SLW said that the productivity assessment mechanism was provided under MWO in response to public concern over the possible impact of SMW on persons with disabilities' employment and to strike a reasonable balance between providing wage protection to persons with disabilities and safeguarding their employment opportunities. This special arrangement for employees with disabilities had been formulated after detailed discussions between the Administration and various stakeholders. Under MWO, employees with disabilities had the right to choose to be remunerated at not less than the SMW level or at a rate commensurate with their productivity. Information from relevant organisations revealed that newly employed persons with disabilities were mostly remunerated at or above the SMW rate and thus needed not undergo productivity assessment. For serving employees with disabilities who opted for the transitional arrangement under MWO before 1 May 2011, they might invoke the assessment at any time as long as they were employed by their existing employers to perform the work concerned. More than 200 employees with disabilities had completed assessment and over 80% of them were assessed to have their productivity level at or above 60%.

Action

Admin

24. Mr CHEUNG Kwok-che requested the Administration to provide the following information -

- (a) the number of employees with disabilities who had not undergone any assessment of productivity and preferred to maintaining the current wage level after the implementation of SMW; and
- (b) a breakdown of the assessment results of those employees with disabilities who had completed an assessment of productivity.

25. Mr CHAN Chi-chuen said that with reference to views of some deputations representing the business sector, he considered that most of them did not fully understand the concept of SMW, but sought to maintain the SMW rate at a low level. Mr CHAN shared the view of Hong Kong Federation of Restaurants and Related Trades that the review of the SMW rate would not necessarily result in an upward adjustment of the hourly rate of SMW. However, as the wage level of low-paid workers had been on the low side in the past years, the review of the SMW rate would likely result in upward adjustment. Noting from the concerns of deputations about the arrangements for meal breaks and rest days for employees, Mr CHAN sought clarification from the Administration on the related arrangements.

26. SLW explained that MWO did not prescribe whether meal breaks and rest days should be paid or not. All along, employers and employees could negotiate and agree on the terms of employment, including the arrangements of pay for meal breaks and rest days or otherwise. SLW added that in tandem with the implementation of SMW, the Administration announced a one-off wage arrangement for non-skilled workers engaged in government service contracts that relied heavily on the deployment of such workers, under which contractors had to pay their non-skilled workers at not less than the SMW rate plus one paid rest day in every seven days.

27. Mr William CHEUNG of the Chamber of Security Industry advised members that the implementation of SMW had directly led to a substantial increase in wage cost of the security industry. In view of the meagre profit of the industry, most property management companies had to increase management fees in order to offset the additional wage cost. In the circumstances, some private building owners tried to save costs by offering the security guards with no paid rest days.

Action

28. The Chairman said that prior to the implementation of SMW, members' attention had been drawn to the ripple effect generated by the implementation of SMW in various sectors, notably waves of business closure and unemployment of low-paid workers. However, since the implementation of SMW, members were told by the deputations that the labour market had stayed firm and some industries faced difficulties in recruitment and retention of employees. The employers could attract or retain employees only by offering wages higher than the SMW level. In his view, the problem of labour shortage should not be attributed to the implementation of SMW, but various factors and the buoyant economy. The Chairman pointed out that as compared with the employment figures in the first quarter in 2011, an addition of some 60 000 workers had joined the labour force and over additional 10 000 vacancies were recorded in the second quarter of 2012. The Chairman took the view that the Administration should examine critically the problem and causes of labour shortage in specific industries and introduce concrete measures to address the problem, such as encouraging economically active female labour to join the work force.

Members agreed to extend the meeting to 6:55 pm.

29. Mr Frankie YICK said that the labour shortage in certain industries had been resulted from the robust economic development in the past few years. He cautioned that as rightly pointed out by some deputations about the ripple effect of SMW, employers in the transportation industry had been offering wages higher than the SMW rate to retain and attract new recruits. As for the catering industry, the increase in labour costs, instead of high rental, had accounted for the major reason for the difficult business environment of the industry. In his view, a significant increase in the SMW rate would have adverse impact on the business environment.

30. Dr KWOK Ka-ki pointed out that an annual revision exercise had been commonly adopted for the fees and charges of public services and utilities. He considered it unreasonable that the SMW rate for the vulnerable workers was reviewed every two years. The proposed increase of the hourly SMW rate from \$28 to \$30 would mean an increase of the monthly income by \$416 which would be too meager for the grass root workers to maintain their living at times of high inflation. This would depart from the objective of SMW to forestall excessively low wages and to encourage the grass root workers to work. In his view, the Government's land policy had pushed up the rental and thereby the business operating cost, which had made it difficult for SMEs to run their business.

Action

31. SLW stressed that the Administration had not ruled out the possibility of reviewing the SMW rate for more than once in every two years if there was evidence supporting the need. SLW added that earnings of grassroots employees sustained notable growth after the implementation of SMW. According to the findings of the Hong Kong Council of Social Service, some 50 000 people had been lifted out of poverty in 2011.

32. Mr Stanley CHAING of the Lok Ma Chau China-Hong Kong Freight Association reiterated that there was an acute manpower shortage in the industry. This was primarily due to the Government's lack of overall manpower planning when developing the major infrastructure projects. The industry had to offer higher wages to attract drivers in view of labour shortage. SLW advised that the Administration was aware of the issue and would maintain close contact with the industry to address it.

33. In conclusion, the Chairman said that the views and concerns of deputations on manpower shortage in various industries could be followed up by the Panel if necessary. Issues relating to the review of the SMW rate could be further discussed when the relevant subsidiary legislation to specify the revised SMW was gazetted and tabled at the Legislative Council.

34. There being no other business, the meeting ended at 6:55 pm.

Council Business Division 2
Legislative Council Secretariat
8 January 2013

Panel on Manpower

Meeting on Tuesday, 20 November 2012, at 3:30 pm

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	<ul style="list-style-type: none"> ● The recommendation of the Minimum Wage Commission ("MWC") of a revised Statutory Minimum Wage ("SMW") rate from \$28 to \$30 is disappointing. The Government should not accept the recommendation but set the next SMW at a rate not less than \$35, taking into consideration the basic needs of families, inflation rate and the level of Comprehensive Social Security Assistance ("CSSA") when reviewing the SMW rate. ● There are positive impacts since the implementation of SMW. Instead of closure of small and medium enterprises ("SMEs") and rise in unemployment, there is obvious increase in the working force (in particular the middle-aged and women labour force), and the continued decrease in the unemployment rate and the number of CSSA recipients. ● High rental and food prices, instead of SMW, have been the real causes for the rising inflation in recent years according to the figures released by the Census and Statistics Department ("C&SD"), which have made the business operation difficult. ● The initial SMW rate was set on the basis of the statistical data in 2009. The proposed increase from \$28 to \$30 (i.e. 7.1%) could not offset the cumulative inflation from 2009, which is more than 10%. The biennial review of the SMW rate and the time lag between the collection of data and determination of the SMW rate were unreasonable.
2.	Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB")	<ul style="list-style-type: none"> ● The implementation of SMW has been smooth and has helped protect the livelihood of workers at grass root level. A great number of women has joined the labour force by taking up part-time jobs and this has helped raising their household income. ● However, there are side-effects of the SMW rate. These include the replacement of low productivity workers, reduction in working hours in some labour-intensive industries,

No.	Name of deputation/individual	Major views and concerns
		<p>replacement of full-time workers by part-time workers and problem of false self-employment. The Government should address the related issues arising from these problems.</p>
3.	Catering and Hotels Industries Employees General Union	<ul style="list-style-type: none"> ● MWC's recommendation of a revised SMW rate at \$30 is insufficient for workers at grass root level to maintain their basic living. It should be set at \$35. ● The SMW rate should not be the real cause for inflation. The financial industry, tourism and real estate have driven the economy in Hong Kong and the increase in rental has taken the lead in causing the inflation. ● The Government should review the SMW rate on a yearly basis.
4.	Community Care and Nursing Home Workers General Union	<ul style="list-style-type: none"> ● Workers of residential care homes have been benefited little from the implementation of SMW as the employment terms of about 85% of them have been revised to the effect that they were not entitled to paid rest days and meal breaks. As a result, the increase in wage for most of the workers concerned is less than \$1,000 a month. ● The remuneration for workers in the industry is unreasonable, and many of them choose to take up other jobs with a more decent working environment. ● The operators in the industry have claimed problem of labour shortage and have made use of SMW as an excuse to urge for importation of labour.
5.	Environmental Services Contractors Alliance (Hong Kong) [LC Paper No. CB(2)216/12-13(01)]	<ul style="list-style-type: none"> ● The SMW rate should remain unchanged at \$28 and should not be increased to \$30 as recommended by MWC. ● Given the nature of work in the cleaning industry, there has been continuous loss of manpower in the industry after the implementation of SMW and recruitment difficulties as the workers would prefer to take up other types of employment. The operation of the industry has been increasingly difficult as the increase in wage cost cannot be transferred to the service users within the contract period. The operators who suffer most are the contractors of the outsourced services of the Government. Some small companies in the industry have already ceased to operate.

No.	Name of deputation/individual	Major views and concerns
		<ul style="list-style-type: none"> The upward adjustment of the SMW rate will have ripple effect and cause inflation. The services and operation of the cleaning industry would certainly be affected.
6.	Cleaning Workers Union	<ul style="list-style-type: none"> The implementation of SMW has not affected adversely the economy of Hong Kong. The inflation problem had caused hardship to the livelihood of workers at grass root level. The revised SMW rate should not be less than \$35.
7.	Federation of Hong Kong Industries [LC Paper No. CB(2)216/12-13(02)]	<ul style="list-style-type: none"> The review of the SMW rate should adopt an evidence-based approach and make reference to the overall situation in Hong Kong, including the economic trend, labour market and price index. The review of the SMW rate should not be perceived as part and parcel of the welfare policies to help the low-income workers. MWC's recommendation of revising the SMW rate from \$28 to \$30 represents an increase of 7.14%. Such adjustment will be higher than the inflation rate in the same period (5.3% for 2011 and around 3.9% projected for 2012). Given the global economic climate is uncertain and the ripple effect of SMW, the business environment in Hong Kong will be worsening. The revised SMW rate at \$30 is barely acceptable. The review of the SMW rate should be conducted every two years.
8.	Institution of Dining Art ("IDA") [LC Paper No. CB(2)207/12-13(05)]	<ul style="list-style-type: none"> The catering industry is a labour-intensive industry. Should the current SMW rate be adjusted upward, it envisages that the low-skilled workers will leave the industry and take up jobs in other sectors with better working environment. According to a survey conducted by IDA covered some 2 000 restaurants, most of the respondents are all of the view that the importation of labour can effectively solve the problem of manpower shortage in the industry. The upward adjustment of the SMW rate will push up inflation. Many restaurants will have to transfer the increase in wage cost to the consumers. As a result, the pay rise of grass root workers will likely be offset by an increase in inflation brought about by the revised SMW rate.

No.	Name of deputation/individual	Major views and concerns
9.	New People's Party ("NPP")	<ul style="list-style-type: none"> ● NPP welcomes MWC's recommendation of a revised SMW rate of \$30 to cope with the inflation rate. ● The lack of a systematic and scientific review mechanism is the cause of contention between employers and employees when reviewing the SMW rate. NPP suggests that the SMW rate should be revised in accordance with the movement of inflation rate in order to maintain the living standard of the grass root workers and the harmonious relationship between employers and employees. ● It is recommended that in the long run the productivity of different work types be included in the review mechanism of the SMW rate.
10.	Catholic Diocese of Hong Kong - Diocesan Pastoral Centre for Workers (New Territories) [LC Paper No. CB(2)225/12-13(01)]	<ul style="list-style-type: none"> ● The basket of indicators that MWC takes into account when recommending the SMW rate should include household basic living expenses. The SMW rate should be set at \$35 to alleviate the pressure of inflation faced by the grass root workers. Also, the review should be conducted on an annual basis. ● Given the prevailing wage level is unreasonably low, it has been difficult for the grass root workers to support their basic living, not to mention making savings. ● The implementation of SMW should not be regarded as the cause for inflation.
11.	North District Employment Concern Group [LC Paper No. CB(2)225/12-13(02)]	<ul style="list-style-type: none"> ● The implementation of SMW has not caused the closure of SMEs. ● It has been difficult for workers at grass root level to meet the basic living under the present SMW rate, which should be revised to \$35. The SMW rate should be reviewed annually and make reference to the inflation rate. ● Instead of the wage cost, rental is the root cause for the increase in operating costs of business.

No.	Name of deputation/individual	Major views and concerns
12.	Smart and Beauty House	<ul style="list-style-type: none"> ● The Government should review the SMW regime to ensure that the livelihood of vulnerable workers, including persons with disabilities ("PWDs"), is protected. ● The assessment of the productivity of PWDs should be conducted in an impartial manner. PWDs should be remunerated on par with able-bodied workers with similar ability so that they can earn their living and move towards self-reliance.
13.	New Territories Evangelical Embassy	<ul style="list-style-type: none"> ● The implementation of SMW has been proven effective as reflected by the low unemployment rate, increase in the number of workers at grass root level joining the labour force, reduction in the number of CSSA recipients and no waves of closure of SMEs. ● In view of the soaring inflation, the SMW rate should be adjusted to \$35. The review should be conducted on a yearly basis so that the grass root workers can maintain the basic living standard. ● The Selective Placement Division of the Labour Department should be expanded and the publicity work be enhanced to assist job seekers to find suitable employment. PWDs should be provided with more job opportunities so as to improve their quality of livelihood.
14.	Kwai Chung Estate Labour Right Concern Group	<ul style="list-style-type: none"> ● The statistical data based on which SMW was initially set was collected in 2009 and therefore has lagged behind the actual economic situation for more than three years. The increase of SMW from \$28 to \$30 will not be able to catch up with the inflation rate in the recent years. The SMW rate should be revised to \$35 so that the grass root class can maintain the basic living. ● The SMW rate should be reviewed on a yearly basis which will be beneficial to both the employers and employees.
15.	Kwai Chung Community Trade Union	<ul style="list-style-type: none"> ● The statistical data based on which the SMW was initially set was collected in 2009 and therefore has lagged behind the actual economic situation for more than three years. The increase of hourly SMW rate from \$28 to \$30 is lagged behind the rising inflation in the recent years. The SMW rate should be reviewed on a yearly basis and be revised to \$35 so that the grass root workers can maintain the basic living.

No.	Name of deputation/individual	Major views and concerns
		<ul style="list-style-type: none"> ● The increase in rental and cost of raw materials, instead of the SMW rate or the wage cost, has worsened the environment for business operation in Hong Kong. ● The Administration should address the problem of working poverty by improving different labour policies.
16.	Neighbourhood and Worker's Service Centre	<ul style="list-style-type: none"> ● The implementation of SMW has not affected adversely the economy of Hong Kong as demonstrated by the decrease in the unemployment rate and the year-on-year growth rate of 3% of Gross Domestic Product in 2011. ● The SMW rate should be reviewed yearly so as to reflect the socio-economic changes. ● The SMW rate should be set at a level such that the income of workers will be no less than the CCSA payments so as to encourage more grass root workers 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.
17.	Hong Kong Japanese Restaurant Association ("HKJRA")	<ul style="list-style-type: none"> ● HKJRA has no strong view on SMW but is concerned about the allocation of adequate resources by the Government for technical and vocational training to enhance the employability of workers.
18.	Taxi & P.L.B Concern Group ("the Concern Group") [LC Paper No. CB(2)216/12-13(03)]	<ul style="list-style-type: none"> ● The Concern Group supports the SMW rate which should be reviewed every year. ● Since the implementation of SMW, the public light bus industry has been facing great difficulties in recruitment and retention of drivers. ● The Concern Group objects the suggestion of importing labour to address the problem of labour shortage in specific industries. It appeals to the District Councillors to support proposals of fare revision of public light buses so that the remuneration of drivers can be increased to attract new entrants to join the service.

No.	Name of deputation/individual	Major views and concerns
19.	Federation of International SME	<ul style="list-style-type: none"> ● As staff cost is the main portion of the operation cost of the business of SMEs, SMEs have been heavily struck by the implementation of SMW. ● The implementation of SMW has narrowed the wage gap among various industries and it has been difficult for specific industries (like vehicle and escalators maintenance) to recruit new entrants. ● Given the worsening of the external economy, it would be difficult for SMEs to continue operation if there is more than 7% increase in the SMW rate, in addition to the knock-on effects. It is anticipated that some SMEs will shrink or even cease to operate if they cannot afford the increase in staff cost. Should the wage level continue to rise, it is likely that some SMEs may give up the business in Hong Kong and move to other places where the labour cost is lower. It will then affect the economy and employment in Hong Kong. ● It supports the review of the SMW rate on a biennial basis.
20.	The Chinese General Chamber of Commerce ("CGCC") [LC Paper No. CB(2)216/12-13(04)]	<ul style="list-style-type: none"> ● CGCC supports MWC's recommendation of revising the SMW rate from \$28 to \$30, representing an increase of 7.1%. It is believed that the setting of the revised rate has taken into consideration the pressure of inflation faced by workers at grass root level and the objective of protecting them to maintain the basic living standard. ● The setting of the SMW rate should cope with the development of economy in Hong Kong and be beneficial to the community at large. CGCC supports the evidence-based approach adopted by MWC in reviewing the SMW rate through data research and analysis. This serves as an objective review mechanism. ● The review of the SMW rate every two years should be maintained.

No.	Name of deputation/individual	Major views and concerns
21.	League of Social Democrats	<ul style="list-style-type: none"> ● As shown in the latest Oxfam Hong Kong Poverty Report, the number of people living in poor households is more than 650 000 in 2011. It reflects that the level of the SMW rate is too low and it cannot catch up with the inflation rate. It has been difficult for the workers at grass root level to maintain the livelihood. ● The implementation of SMW has not resulted in higher unemployment as previously projected by the Liberal Party. Rather, there is an increase in labour force, in particular those aged over 50 years old. The major cause for business closure is the drastic increase in the rental rather than the implementation of SMW. ● The SMW rate should be revised to \$35 and it should be reviewed on a yearly basis.
22.	Oxfam Hong Kong ("Oxfam") [LC Paper No. CB(2)225/12-13(03)]	<ul style="list-style-type: none"> ● As shown in the latest Oxfam Hong Kong Poverty Report, the numbers of both working poor and low-income households have reached a record high of more than 650 000 and 190 000 in the second quarter of 2012 respectively. Though the wage of individual workers has risen since the implementation of SMW, it has not increased the household disposable income of these families correspondingly because of high inflation and the time lag of the review of the SMW rate. ● The SMW rate should be reviewed on a yearly basis and be adjusted in accordance with the inflation rate. It should be set at a level such that the income of workers will be higher than the CSSA payments.
23.	Hong Kong Catering Industry Association [LC Paper No. CB(2)207/12-13(07)]	<ul style="list-style-type: none"> ● The setting of the initial SMW rate at \$28 has caused great ripple effects. The wage of more than 50% of employees in the catering industry has been increased. The catering industry is gravely concerned about the MWC's suggestion of revising the SMW rate to \$30. It is projected that the wage of more than 50% of employees in total will need to be adjusted upward if the SMW rate is to be revised to \$30, which will further increase the operating cost. In addition, the catering industry is facing the problem of manpower shortage and rising inflation. ● Owing to the increase in operating cost in the past year, the less competitive enterprises have withdrawn from the market. In anticipation of the slackened local economic growth, the SMW rate should be maintained at a conservative and prudent level.

No.	Name of deputation/individual	Major views and concerns
24.	The Hong Kong General Chamber of Commerce ("HKGCC")	<ul style="list-style-type: none"> ● In face of both the global and local slackened economic growth environment, there is no room for upward adjustment of the SMW rate, especially in the catering and retail business. The implementation of SMW has driven up the operating cost of SMEs sharply. ● Members of HKGCC are concerned about the knock-on effects of the introduction of SMW. One of the consequences of the implementation of SMW is that experienced and skilled employees rightly expect that their wage level should be higher than the SMW rate. Apart from this, employees tend to opt for jobs with more favourable working conditions and this has caused manpower shortage in specific industries. ● Statistical evidence on the impact of the 2-year implementation of SMW will not be available until August 2013. It is premature to conduct review of the SMW rate at the moment.
25.	Manpower Concern Group	<ul style="list-style-type: none"> ● As a result of an acute shortage of manpower in the telebet department of the Hong Kong Jockey Club, it is extremely difficult for the staff therein to handle the great number of telephone calls from customers. This has caused serious health problem of employees concerned.
26.	The Hong Kong General Union of Security & Property Management Industry Employees ("the General Union") [LC Paper No. CB(2)251/12-13(01)]	<ul style="list-style-type: none"> ● The General Union is disappointed with MWC's recommendation of a revised SMW rate at \$30 and the effective date of the revised SMW rate being from May 2013. ● The revised SMW rate should be adjusted to \$33 and it should be reviewed on a yearly basis.
27.	Hong Kong Environmental Services, Logistics & Cleaning Employees Association [LC Paper No. CB(2)251/12-13(02)]	<ul style="list-style-type: none"> ● Given the inflation and the rise in rental since the implementation of SMW, the SMW rate should be further increased to at least \$33 with a view to protecting the basic living of workers at grass root level. ● The SMW rate should be reviewed on a yearly basis and the inflation rate should be taken into consideration in the adjustment. ● The Government should monitor the implementation of SMW.

No.	Name of deputation/individual	Major views and concerns
28.	Nineteen Action	<ul style="list-style-type: none"> ● It has been difficult for the grass root workers to maintain their livelihood with the present SMW rate because of inflation. The high rental, instead of SMW, should be the real cause for inflation. Manual workers should be remunerated appropriately. ● The revised SMW rate should be \$35 or above and be reviewed on a yearly basis.
29.	Civic Party [LC Paper No. CB(2)244/12-13(01)]	<ul style="list-style-type: none"> ● The implementation of the SMW rate has helped alleviate the problem of working poverty. There is an increase in the labour force and reduction in the number of CSSA recipients. Yet, in face of the high inflation rate, the proposed 7.1% increase (i.e. to be revised from \$28 to \$30) will not be able to offset the effects of inflation on daily life in the past two years. ● The Civic Party strongly requests the Administration to conduct the review of the SMW rate on a yearly basis and to make timely inflationary adjustment to the SMW rate.
30.	Hong Kong Women Workers' Association	<ul style="list-style-type: none"> ● The SMW rate should be reviewed on an annual basis and be revised to no less than \$35, which should be implemented as soon as possible. ● The increase in the prices for raw food and rental, instead of the introduction of SMW, is the major cause for inflation. The impact of annual wage adjustment for those whose remuneration is higher than the SMW rate on the operating costs should not be regarded as the ripple effects of the implementation of SMW. ● The problem of labour shortage in specific industries can be addressed by raising the wage level for the workers to a reasonable level.
31.	Public Omnibus Operators Association	<ul style="list-style-type: none"> ● The Government should conduct a structural analysis to find out the impact of the implementation of SMW on different industries. In its view, the problem of manpower shortage in specific industries is not necessarily related to the wage level but some other factors. ● The industry is facing difficulties in recruiting bus drivers.

No.	Name of deputation/individual	Major views and concerns
32.	Hong Kong Federation of Restaurants & Related Trades ("the Federation") [LC Paper No. CB(2)207/12-13(08)]	<ul style="list-style-type: none"> ● The Federation has conducted a survey of its members on the review of the SMW rate. The results of the survey indicate that 63%, 29% and 13% of members support the SMW rate at \$28, \$29 and \$30 respectively. Overall speaking, the revised SMW rate will have great impact on the operation of business in the industry. ● The Federation supports a 2-year cycle for conducting a review of the SMW rate, which should be based on sufficient data evidence and analysis. The SMW rate should be adjusted according to the economic situation and the labour market, i.e. the rate can be adjusted upward, frozen or downward. ● Given the global weak economy, the revised SMW rate at \$30 should be considered appropriate. The employers are facing severe pressure arising from the ripple effects of the implementation of SMW. The average increase in staff cost since the implementation of SMW has amounted to 11.1%.
33.	Chamber of Security Industry ("CSI") [LC Paper No. CB(2)207/12-13(09)]	<ul style="list-style-type: none"> ● The SMW rate should remain at \$28. Yet, CSI reluctantly accepts the revised SMW rate to be set at \$30. ● It points out that the industry has to absorb the additional staff cost arising from the implementation of SMW but no corresponding adjustment has been made to the service contract price, in particular Government outsourcing service contracts. ● Since the implementation of SMW, less competitive security guards, such as those aged around 60, have been forced out of the industry prematurely.
34.	Hong Kong & Kowloon Motor Boats & Tug Boats Association	<ul style="list-style-type: none"> ● It supports the implementation of the SMW regime as it can improve the livelihood of low-income workers. However, the adjustment of the SMW rate should be gradual and take into account the prevailing inflation rate and the affordability of enterprises. ● MWC's recommendation of a revised SMW rate at \$30 is moderate. Should both the employers and employees accept the proposed revision, it will be beneficial to the community and maintain social harmony. ● The legislative process of the revised SMW rate should be expedited.

No.	Name of deputation/individual	Major views and concerns
35.	Kowloon District Tourists and Passengers Omnibus Operators Association	<ul style="list-style-type: none"> ● Consideration should be given to setting different SMW rates for different work types. ● Since the implementation of SMW, some omnibus drivers have opted to work in other industries with more favourable working conditions as the wage gap between these industries has been narrowed. Consideration should be given to importing labour to address the problem of manpower shortage in the industry.
36.	Yuen Long District Tourists and Passengers Omnibus Operators Association ("the Association")	<ul style="list-style-type: none"> ● Since the implementation of SMW, some omnibus drivers have opted to work in other industries with more favourable working conditions as the wage gap has been narrowed. Accordingly, there is manpower shortage in some specific industries with less favourable working conditions. ● The Association accepts that the SMW rate be revised to \$30. Any further increase will aggravate the business environment of SMEs. ● The review of the SMW rate should be conducted every two years so as to address concerns of the less competitive workers being displaced involuntarily.
37.	Hong Kong District Tourists and Passengers Omnibus Operators Association	<ul style="list-style-type: none"> ● The Government should conduct a structural analysis on the impact of the implementation of SMW on different industries, including the ripple effects, before implementing a higher SMW rate in 2013. ● The industry is facing difficulties in operation and recruitment and retention of staff, including omnibus drivers, maintenance staff and nannies for school buses. Following the implementation of SMW, these personnel have been attracted to work in other industries as the wage gap has been narrowed and the working conditions are more favourable. Some small operators in the industry have already discontinued to operate.

No.	Name of deputation/individual	Major views and concerns
38.	Association of Restaurant Managers [LC Paper No. CB(2)207/12-13(07)]	<ul style="list-style-type: none"> ● Following the implementation of SMW, many employers have streamlined the manpower requirement so as to reduce the operating cost. Yet, the quality of service has been compromised. ● The upward adjustment of the SMW rate will lead to inflation and the workers can hardly benefit from such increase to improve their living. Also, it has been difficult for the employers to operate the business in face of the increase in staff cost and rental. ● The Government should review the welfare policies and encourage the CSSA recipients to join the labour force in order to address the manpower shortage in specific industries.
39.	The Federation of Hong Kong and Kowloon Labour Unions [LC Paper No. CB(2)225/12-13(04)]	<ul style="list-style-type: none"> ● The SMW rate should be reviewed on an annual basis. Should the 2-year review cycle be maintained, the collection of data should be conducted in 2011, the next SMW rate will be determined in 2014 and be ready for implementation in 2015. As a result, the time lag will be three to four years. ● In the process of review of the SMW rate, the Government has invited some academics to give views on the subject. However, these academics focused on the economic theories and the negative impacts of the implementation of the SMW regime, including the ripple effects like unemployment and rise of inflation rate.
40.	Lok Ma Chau China-Hong Kong Freight Association	<ul style="list-style-type: none"> ● Since the implementation of the SMW regime, there are reshuffling of manpower in some industries. The industry is facing difficulties in recruitment and retention of drivers and the rise in staff cost. Employees in the industry have opted to work in the industry with more favourable working conditions. ● The Government should address the problem of labour shortage in specific industries resulted from the implementation of SMW.

No.	Name of deputation/individual	Major views and concerns
41.	Labour Party	<ul style="list-style-type: none"> ● The upsurge in rental should be the real cause for difficult business operation of SMEs rather than the implementation of SMW. ● The implementation of the SMW regime should not be blamed for causing the problem of manpower shortage in specific industries. ● MWC's recommendation of a revised SMW rate at \$30 will not be able to catch up with the inflation. The Government should conduct the review of the SMW rate on an annual basis. The SMW rate should be increased to not less than \$35 and it should take effect from 1 January 2013.
42.	Liberal Party [LC Paper No. CB(2)244/12-13(02)]	<ul style="list-style-type: none"> ● SMEs are facing difficulties in their operation because of the knock-on effect and the ripple effect after the implementation of SMW. The average increase in staff cost is 11.1% and even 18.5 % for some labour-intensive industries. ● SMEs face difficulties in staff recruitment. Many grass root workers have chosen to work in industries with more favourable working conditions, which has led to manpower shortage in specific industries. ● Given the global unclear economic outlook and the slackened economy in the Mainland China, it will not be an appropriate time to revise the SMW rate substantially. MWC's proposed revision of the SMW rate from \$28 to \$30 represents an increase of 7.1% which will aggravate the operation of SMEs. Further, it will lead to a vicious cycle of inflation and the rise of wage level.
43.	Mr KWOK Chung-man	<ul style="list-style-type: none"> ● Given the upsurge in inflation, the implementation of SMW cannot address the problem of working poverty. There is a time lag between the collection of data and recommendation of the SMW rate by MWC. Consideration should be given to adopting inflationary forecast method for the determination of the revised SMW rate. ● The setting of the SMW rate should make reference to the CSSA Scheme and the income limit for one-person applicant for public rental housing flat adopted by the Hong Kong Housing Authority. Also, the setting of a poverty line would be crucial to the setting of the SMW rate.

No.	Name of deputation/individual	Major views and concerns
44.	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● It supports the setting of a revised SMW rate at not less than \$33, and the SMW rate should preferably be set at \$35 as advocated by different labour organizations. The increase of the SMW rate from \$28 to \$30 can hardly offset the impact of inflation since its implementation. The grass root workers will not be able to maintain their living under the proposed revised SMW rate at \$30. ● The review of SMW rate should be conducted on a yearly basis so as to catch up with the inflation. There will be a problem of time lag for the data reference if the review is to be conducted every two years. ● It is illogical to blame the implementation of SMW for causing difficulties in staff recruitment and inflation, which are in effect resulted from the upsurge in rental and prices of raw materials for production.
45.	Hong Kong Confederation of Trade Unions [LC Paper No. CB(2)244/12-13(03)]	<ul style="list-style-type: none"> ● MWC's recommendation of a revised SMW rate at \$30 is disappointing. This represents an average yearly increase of 3.5% only, which is lower than both the average wage increase in the second quarter of 2012 and the inflation rate in the same period. Given the soaring inflation, it will be difficult for the grass root workers to maintain their livelihood with a revised SMW rate at \$30. ● The SMW rate should not be less than the CSSA level. It should be set at \$35, which is higher than the inflation rate and the average wage increase so as to address the problem of income disparity. ● The transparency of the operation of MWC should be enhanced to facilitate monitoring and there should be more representation from labour organizations.
46.	People Alliance for Minimum Wage [LC Paper No. CB(2)244/12-13(04)]	<ul style="list-style-type: none"> ● The SMW rate should be set at \$35 so that income of the grass root workers can meet their basic expenditure. ● The review of the SMW rate should be conducted on a yearly basis. While the employers consider the increase of 7.1% (from \$28 to \$30) too high, it is insufficient for the grass root workers to catch up with the inflation.

No.	Name of deputation/individual	Major views and concerns
		<ul style="list-style-type: none"> It is undeniable that there is a time lag of the 2009 data, based on which the initial SMW rate was set. Consideration should be given to taking into account projected statistical data to address the problem of time lag when reviewing the SMW rate.
47.	HK Vehicle Transportation Association	<ul style="list-style-type: none"> Since the implementation of SMW, the industry is facing difficulties in staff recruitment and retention, notwithstanding that the hourly pay is around \$60. The workers in the industry have chosen to work in other industries (most of them in the security industry) with more favourable working conditions. Further increase of the SMW rate should be considered prudently. Otherwise, it will lead to serious manpower shortage in specific industries.
48.	The Chamber of Hong Kong Logistics Industry	<ul style="list-style-type: none"> It accepts a revised SMW rate at \$30. However, it is unacceptable if the SMW rate be revised to \$35 as this represents a 25% increase in the wage level. The implementation of SMW has pushed up the average wage level and caused serious manpower shortage in the industry as the workers in the industry have been attracted to work in other industries with more favourable working conditions. The industry has been heavily stricken. Some courier companies and more than 100 logistics companies have closed down already in the past year. As a result of serious manpower shortage, the logistics industry will lose its competitiveness as the pillar of Hong Kong's economy. It is believed that that the industry will shrink and even vanish.
49.	Mr Peter SHIU, Eastern District Council member	<ul style="list-style-type: none"> Since the implementation of the SMW regime, the low productivity workers have been displaced from the workforce. Moreover, the less-educated and low-skilled workers cannot maintain their living standard to cope with the inflationary pressure if they are paid with the SMW rate. Also, SMEs will be less competitive as a result of increasing staff cost. Consequently, the market will be taken up by large enterprises. The Government should make minimal interference to the free market.

Council Business Division 2
Legislative Council Secretariat
8 January 2013