

**立法會**  
**Legislative Council**

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(These minutes have been seen  
by the Administration)

Ref : CB2/SS/2/16

**Subcommittee on  
Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and  
Employment Ordinance (Amendment of Ninth Schedule) Notice 2017**

**Minutes of meeting  
held on Wednesday, 22 February 2017, at 9:30 am  
in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Wilson OR Chong-shing, MH (Chairman)  
Hon LEUNG Yiu-chung  
Hon Frankie YICK Chi-ming, JP  
Hon YIU Si-wing, BBS  
Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Hon Andrew WAN Siu-kin  
Dr Hon Junius HO Kwan-yiu, JP  
Hon HO Kai-ming  
Hon SHIU Ka-fai  
Hon LUK Chung-hung  
Hon LAU Kwok-fan, MH  
Dr Hon LAU Siu-lai

**Members absent** : Hon LEUNG Kwok-hung  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, JP  
Hon SHIU Ka-chun

**Public Officers attending** : Item II

Miss Mabel LI Po-yi, JP  
Deputy Commissioner for Labour  
(Labour Administration)

Mr Raymond HO Kam-biu  
Assistant Commissioner for Labour  
(Development)

Mr Desmond HOU Ka-chun  
Principal Economist, Economic Analysis and  
Business Facilitation Unit  
Financial Secretary's Office

Ms Betty NG Shuk-fong  
Chief Labour Officer (Statutory Minimum Wage)  
Labour Department

Mr Vincent WAI Yun-lam  
Government Counsel  
Department of Justice

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

**Staff in attendance** : Miss Evelyn LEE  
Assistant Legal Adviser 10

Ms Mina CHAN  
Council Secretary (2) 1

Ms Kiwi NG  
Legislative Assistant (2) 1

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**I. Election of Chairman**

Mr Wilson OR was elected Chairman of the Subcommittee.

2. Members agreed that there was no need for the Subcommittee to elect a Deputy Chairman.

## **II. Meeting with the Administration**

3. The Subcommittee deliberated (index of proceedings attached at **Annex**).

4. Members agreed that it was not necessary for the Subcommittee to hold another meeting to receive views from deputations on the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2017 ("the two Notices").

5. The Subcommittee had completed examination of the provisions of the two Notices. The Chairman concluded that the Subcommittee had completed the scrutiny of the two Notices.

6. Members further agreed that the Chairman would move a motion at the Council meeting of 1 March 2017 to extend the scrutiny period of the two Notices to 29 March 2017. Members also noted that if the scrutiny period was extended, the deadline for giving notice of motions to amend the two Notices, if any, was 22 March 2017. The Chairman would report the deliberations of the Subcommittee to the House Committee at its meeting on 17 March 2017.

## **III. Any other business**

7. There being no other business, the meeting ended at 10:29 am.

Council Business Division 2  
Legislative Council Secretariat  
16 March 2017

**Proceedings of meeting of the Subcommittee on  
Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and  
Employment Ordinance (Amendment of Ninth Schedule) Notice 2017  
held on Wednesday, 22 February 2017, at 9:30 am  
in Conference Room 3 of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
000000 - 000333	Mr LEUNG Yiu-chung Mr Frankie YICK Mr Wilson OR Mr YIU Si-wing	Election of Chairman	
000334 - 000428	Chairman Mr LEUNG Yiu-chung Dr KWOK Ka-ki	Suggestion of holding a meeting to receive public views on the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2017 ("the two Notices")	
000429 - 000923	Chairman Admin	Briefing by the Administration on the two Notices.	
000924 - 001909	Chairman Dr KWOK Ka-ki Admin	<p>Dr KWOK Ka-ki considered that it was not reasonable for the Administration to conduct biennial review of the Statutory Minimum Wage ("SMW") rate, under which the SMW rate had all along failed to catch up with the inflation rate. He asked whether the Administration would review the SMW rate on an annual basis.</p> <p>The Administration explained that:</p> <p>(a) the Minimum Wage Ordinance (Cap. 608) ("MWO") required that the SMW rate should be reviewed at least once in every two years, without precluding more frequent rate review than a biennial review should circumstances so warrant;</p> <p>(b) if the SMW rate was to be reviewed annually, some employers who wished to maintain their flexibility in controlling labour costs might tend to offer short-term employment contracts and replace their permanent staff with casual workers, leading to fragmented employment; and</p> <p>(c) as SMW had far-reaching impact on various areas including socio-economic conditions</p>	

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		<p>and employment market, and it had not been implemented for long in Hong Kong, the existing arrangement of reviewing the SMW rate at least once in every two years should be maintained.</p> <p>Dr KWOK did not subscribe to the Administration's explanation and pointed out that reviewing the SMW rate yearly could provide further wage protection for vulnerable employees, such as those of government outsourced service contractors, who were more prone to exploitation.</p> <p>The Administration advised that as mentioned in the Government's response to a Member's motion at the Council meeting of 8 February 2017, as at October 2016, nearly 90% of non-skilled workers engaged by service contractors of the four major procuring government departments, namely the Food and Environmental Hygiene Department, Government Property Agency, Housing Department and Leisure and Cultural Services Department, were paid wages higher than SMW.</p>	
001910 - 002356	Chairman Mr POON Siu-ping Admin	<p>While respecting the recommendation of the Minimum Wage Commission ("MWC") on the revised SMW rate, Mr POON Siu-ping asked whether due consideration could be given to reviewing the SMW rate yearly having regard to the financial hardship of grassroots workers and the mild impact of the recommended SMW rate on the business sector, which, according to the 2016 Report of MWC, would only lead to an increase of about 0.1% in the total wage bill.</p> <p>While understanding that different stakeholders had diverse views on the review frequency, the Administration reiterated that the current arrangement allowed flexibility in reviewing the SMW rate. MWO did not rule out a shorter review cycle for the SMW rate if so warranted.</p> <p>Mr POON further enquired about the circumstances under which the Administration would kick start the review of the SMW rate ahead of the current two-year cycle.</p>	

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		<p>The Administration explained that MWC would monitor, among other things, an array of indicators covering general economic conditions, labour market conditions, competitiveness and social cohesion with latest statistics. Should circumstances warrant, a review of the SMW rate could be conducted within a period shorter than two years.</p>	
002357 - 002829	<p>Chairman Mr LUK Chung-hung Admin</p>	<p>Mr LUK Chung-hung pointed out that according to the 2016 Report of MWC, only 2.5% of all employees (around 74 100 employees) in Hong Kong would benefit from the uprating of SMW to \$34.5 per hour, whereas generally 10% of the working population could enjoy minimum wage coverage in other overseas SMW jurisdictions. He called on the Administration to kick off the annual review as soon as possible, so that the SMW rate could catch up with inflation and help maintain grassroots workers' standard of living.</p> <p>The Administration advised that as set out by MWC in its report, based on experience upon the implementation of SMW, with the knock-on effect on pay hierarchies, the number of employees receiving a pay rise attributable to the uprating of SMW was generally larger than the number of employees earning just the SMW rate.</p>	
002830 - 003329	<p>Chairman Dr LAU Siu-lai Admin</p>	<p>Dr LAU Siu-lai pointed out that the SMW rate could not cover the basic living expenses of grassroots workers. In view of the aggravating problem of working poverty in Hong Kong, the Administration should review the SMW rate annually so as to ensure adequate protection for vulnerable employees.</p> <p>The Administration explained that:</p> <ul style="list-style-type: none"> <li>(a) the array of indicators considered by MWC in reviewing the SMW rate covered, among others, standard of living under the dimension of social inclusion; and</li> <li>(b) since the introduction of SMW in May 2011 and up to the fourth quarter of 2016, the average monthly employment earnings of full-time employees in the lowest decile group had increased by 49.9% (21.5% after</li> </ul>	

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		discounting inflation), suggesting that wages of low-paid employees had improved notably upon the implementation of SMW.	
003330 - 003711	Chairman Mr LEUNG Yiu-chung Admin	<p>Mr LEUNG Yiu-chung expressed the view that:</p> <p>(a) it would be easier for employers to absorb the increase in wage bills if the SMW rate was reviewed annually; and</p> <p>(b) the Administration should give due regard to the adverse impact of time lag in implementing the revised SMW rate on the livelihood of grassroots workers.</p> <p>In response to Mr LEUNG's enquiry on the recommended SMW rate of \$34.5 per hour, the Administration advised that Chapter 6 of the 2016 Report of MWC had set out in detail its considerations and assessment.</p>	
003712 - 004407	Chairman Mr SHIU Ka-fai Admin Dr LAU Siu-lai	<p>Mr SHIU Ka-fai pointed out that the introduction of SMW had led to the remarkable price increase of products and services which comprised mainly labour costs.</p> <p>In response to Mr SHIU's enquiry, the Administration advised that the cumulative increase of underlying inflation rate during May 2015 (i.e. the last adjustment of SMW) to January 2017 was 3.7%.</p> <p>Dr LAU Siu-lai's clarification on her views regarding the review cycle of the SMW rate.</p>	
004408 - 004854	Chairman Dr Fernando CHEUNG Admin	<p>Dr Fernando CHEUNG's enquiry and the Administration's reply regarding the number of employees who would benefit from the uprating of SMW.</p> <p>Dr CHEUNG disagreed with the view that the introduction of SMW would result in price increase of products and services.</p> <p>Dr CHEUNG's support for an annual review of the SMW rate and the Administration's response.</p>	

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004855 - 005255	Chairman Dr CHIANG Lai-wan Admin	<p>Dr CHIANG Lai-wan expressed the view that:</p> <p>(a) in considering the revised SMW rate under the biennial review cycle of the SMW rate, MWC should take into account the income foregone if there was upward pay adjustment in the labour market in the year when there was no uprating of SMW; and</p> <p>(b) it was reasonable to review the SMW rate on an annual basis.</p> <p>The Administration would convey Dr CHAING's suggestion in (a) to MWC, which would continue to closely monitor the implementation of SMW.</p>	
005256 - 005405	Chairman Mr Frankie YICK	Mr Frankie YICK remarked that owing to the ripple effect, enterprises faced with severe recruitment difficulties had to raise wage levels to retain and recruit staff.	
005406 - 005712	Chairman Mr YIU Si-wing Admin	<p>Mr YIU Si-wing cast doubt on the accuracy of the estimated corresponding rise in the Consumer Price Index (A) inflation of 0.3 percentage point brought about by the recommended SMW rate.</p> <p>The Administration explained that in considering the potential impact on inflation brought about by the uprating of SMW to the recommended level, MWC assumed a full pass-on of additional wage bill to prices of products and services and took into account the first round of wage-price spiral effect. As it would be unlikely for all enterprises to fully pass on the additional wage bill to consumers, the actual impact of the recommended SMW rate on inflation should be smaller than the above estimate.</p>	
005713 - 005732	Chairman Mr Frankie YICK Mr YIU Si-wing Mr SHIU Ka-fai	Members agreed that it was not necessary to hold another meeting to receive views from deputations on the two Notices.	
005733 - 005750	Chairman	Extension of scrutiny period of the two Notices.	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
005751 - 005909	Chairman Admin ALA10	Examination of the provisions of the two Notices.	
005910 - 005933	Chairman	Closing remarks	

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