

17 June 2010

The Chairman
Provisional Minimum Wage Commission
1/F., Harbour Building
38 Pier Road
Central, Hong Kong

Dear Chairman

**A Submission by the British Chamber of Commerce in Hong Kong
On the Methodology for Setting the Initial Statutory Minimum Wage Rate**

The British Chamber of Commerce recognises that the Provisional Minimum Wage Commission (PMWC) is keen to draw advice and evidence from as wide a constituency as it can. You will be aware that we have already submitted a detailed response, a copy of which is attached to this letter but in order to refresh your minds on this matter in summary our views are as follows:

- That the members of the Chamber are drawn from a wide variety of sectors and employed over 10% of the working population of Hong Kong.
- That two papers on the subject have already been submitted to government and evidence had been given to the relevant Legco Committee and a detailed letter summarising the position adopted by the Chamber was sent subsequently to the PMWC and evidence given in person to a PMWC Panel.
- That there has to be clear separation between dealing with poverty and setting a minimum wage since this would not of itself reduce poverty indeed by setting the incorrect level this might add to it.
- That in the opinion of the Chamber the most important factor in determining the minimum wage was the need to ensure the preservation of jobs.
- That setting the rate too low will be meaningless and politically unacceptable. That setting too high a rate could create distortions in remuneration by ranks.
- That in order to maintain their competitiveness employers affected too greatly by escalating costs which were directly attributable to the WMR might cut back on statutory benefits such as health insurance.
- That any minimum wage must be the setter of a 'wage floor'. With this in mind, we would be very concerned for the reasons already expressed were the minimum wage level to exceed an amount equivalent to 40% of the median wage in Hong Kong.

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It is appreciated that the PMWC is faced with having to make what by any standards will be a highly charged decision with significant political overtones nevertheless we feel that at the heart of this needs to be a recognition that this cannot be a means of alleviating poverty. The Chamber stands ready to offer any further assistance that the PMWC may feel is necessary.

Yours sincerely

Brigadier Christopher Hammerbeck CB.CBE.
Executive Director

Cc: James Riley – Chairman
Kevin Taylor – Vice Chairman
Paul Brough – Vice Chairman
Brian Renwick – Chairman HR Committee
Duncan Abate – General Committee Member

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