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Policy Research Unit

Discussion and Position Paper

In recent years, Hong Kong's economy has been picking up. However, the income and employment of elementary workers are getting worse. Even though a worker is able to work full time, he or she can only earn a meagre income which is not adequate to provide for the basic needs of the family. Even though there has been quite a lot of discussion about a minimum wage, most of the views consider whether there is a need to set a minimum wage in terms of economic development and from a market-oriented perspective. It seems that they have not endorsed the basic value that a wage, as a remuneration for work, must primarily provide for an individual and his/her family a minimum livelihood and development.

Economic growth can undoubtedly promote the progress of human beings. However, the value and functions of a family should be valued, as families form the core of social development. We would like to point out that the low-income problem not only has reduced the quality of life of workers, but has also stifled the development of their family members. Moreover, this has affected the functions of a family as a provider of care and support to the elderly and the children, leading to juvenile delinquency, marriage problems and domestic violence. All of this will have an impact on the stability of society and cause a huge demand for social services, increasing the burden of social welfare as a whole. We would like to emphasise that in promoting economic growth and maintaining the stability of society, the most important thing is to maintain family cohesion so as to enable a family to live with dignity. In view of this, a reasonable family income is essential. We would like to appeal to the Government and the general public to affirm the functions and the value of families, caring about the family needs of employees. We would also like to urge the Government to formulate a reasonable wage policy so as to enable employees to enjoy a 'family wage', i.e. a remuneration which can at least support the basic livelihood of the whole family and provide for the family members sufficient protection and development opportunity.

An Appeal for the Formulation of a ‘Family Wage’ Policy¹

Introduction

The issue of the legislative function of setting a minimum wage has been debated for many years, and as yet there is no consensus in society. On the one hand, for example, opponents of the policy argue that a minimum wage policy would interfere with the free market and would not benefit employment. On the other hand, proponents of the policy maintain that a minimum wage would bring long-term benefits to society and would be conducive to the development of manpower resources. However, it seems that both sides, whether in favour of the policy or not, have ignored the issue of justice involved in the wage. In other words, the concern is whether or not a worker, in participating in an economic activity, can receive a minimum wage which is able to safeguard the basic living needs of himself or herself and those of the family.

This year, the Hong Kong Catholic Commission for Labour Affairs is going to advocate the ‘Family Wage’ Campaign. We hope that based on the principles of justice, peace and the value of human dignity laid down in the social teaching of the Catholic Church and through the ‘Family Wage’ Campaign, we can motivate the general public and Catholics to understand and to care about the living situation of low-income families, thus urging the Government to formulate related policies by setting a reasonable wage to safeguard the living standard of the families of elementary workers. The Campaign will start from parishes and make use of various promotional exhibitions, life experience activities and seminars. The present paper aims to investigate the situations of low income and poverty among local employees and to provide the rationale for advocating a ‘family wage’ policy, the principles of setting the minimum wage rate and the positions of our Commission’s Policy Research Unit.

Profiling Low-Income Employees and Employees Being in Poverty in Hong Kong

1. Serious Low-Income Situation among Employees

As a consequence of the Asian financial crisis, Hong Kong suffered from an economic

¹ The present paper is based on the conclusions reached in the meeting of our Commission’s Policy Research Unit on 19 October 2005.

downturn and the unemployment problem among workers was serious. In 2005, despite the improvement in the local economy, the unemployment rate was still high² with more than 200,000 jobless people. The job opportunities of workers have been deteriorating with the majority of elementary workers living in the ‘working poor’ conditions. According to the statistics for the second quarter of 2005 released by the Census and Statistics Department, there were over 500,000 people earning less than \$5,000 per month, an increase of about 86,000 people when compared with the same quarter of 2002.³

Meanwhile, there has been a constant increase in the number of low-income people resorting to the Comprehensive Social Security Assistance (CSSA) Scheme, with a rise of 53.9% from 10,982 cases in 2002 to 16,902 cases in 2004. As of September 2005, the number of low-income applications for the CSSA Scheme has already exceeded 17,900.⁴ This indicates that even though workers have a full-time job, they can only earn a meager income which is insufficient to maintain the basic living needs of themselves and those of their families. In order to meet their basic needs, they have no alternative but to apply for the CSSA Scheme.

Apart from the problem of low income, some workers are faced with multiple job pressures including pay reduction, long working hours and the lack of labour protection. For instance, according to the statistics provided by the Census and Statistics Department, “the median monthly income of those” who were in elementary occupations dropped from \$5,000 in the second quarter of 2002 to \$4,500 in the second quarter of 2005, registering a decrease of 10%. According to the Special Topics Report published by the Census and Statistics Department in December 2004, out of a total of about 2.5 million employees of non-government organisations, nearly 40 per cent (about one million workers) work 8 to 10 hours a day. Moreover, about 350,000 employees work more than 10 hours a day. The survey also found that about 77% of employees did not receive a reasonable allowance for their overtime work.

2. Wider Rich-Poor Gap and Increasing Number of Low-Income Households

In September 2004, a report on the “Growing Seriousness in Poverty and Income

² In Hong Kong, the unemployment rate has declined from 7.3% in 2002 to 6.8% in 2004. During the year of 2005, the unemployment rate, though continually improving, was still high. The unemployment rate from the first quarter to the third quarter of 2005 remained somewhere between 5.5% and 5.9%.

³ Source of information: Census and Statistics Department (2005). *Quarterly Report on General Household Survey*. April-June 2005.

⁴ Source of information: Website of the Social Welfare Department – http://www.swd.gov.hk/tc/index/site_pubsvc/page_socsecu/sub_statistics/

Disparity” published by the Hong Kong Council of Social Service (HKCSS) indicated that the poverty rate⁵ rose significantly from 11.2% in 1991 to 18% in 2002. With an increase of over 50%, the total population living in poverty was 1.25 million people. Similar trends could also be found in the poverty rates of children and elderly people. It was estimated that in 2002, out of every 1,000 children in Hong Kong, 255 were living in poor families; and out of every 1,000 elderly people, 326 were living in poor families. These statistics showed that the poverty situation in Hong Kong has become more serious.⁶

The disparity between the rich and the poor is widening, which is illustrated in the following table showing the ‘percentage distribution of monthly household income by decile groups of domestic households’. In the table, all households were divided into ten equal groups, from lowest to highest, according to the distribution of the incomes, and then the proportion of the monthly household income of each group in the total monthly household of the whole population in Hong Kong was calculated. It was discovered that the proportion of the monthly household income of the lowest group in the total income of Hong Kong dropped from 1.3% in 1991 to 0.9% in 2001. However, the highest group of monthly household income rose from 37.3% to 41.2%. (See Table 1)

Table 1 Percentage distribution of monthly household income by decile groups of domestic households in Hong Kong

Decile group	1981	1991	2001
1st (lowest)	1.4%	1.3%	0.9%
2nd	3.2%	3.0%	2.3%
3rd	4.4%	4.0%	3.4%
4th	5.4%	5.0%	4.4%
5th	6.5%	6.1%	5.6%
6th	7.8%	7.4%	7.0%
7th	9.4%	9.0%	8.8%
8th	11.5%	11.4%	11.1%
9th	15.2%	15.5%	15.3%
10th (highest)	35.2%	37.3%	41.2%

⁵ Poverty rate is the proportion of the number of low-income households in the whole population. Low-income households refer to those households with monthly household income less than half of the median monthly household income of the corresponding household size.

⁶ Source of information: Hong Kong Council of Social Service (2004). *Growing Seriousness in Poverty and Income Disparity*. Hong Kong: Hong Kong Council of Social Service.

If we further divide the statistics concerning the median monthly household income from 2001 to 2004, provided by the Census and Statistics Department, into ten equal groups, we can see that the household income of the 2nd, 3rd, 4th and 7th groups decreased considerably from 2001 to 2004 by 13.4%, 17%, 12% and 12% respectively.⁷ (See Table 2) These figures highlight that during the economic downturn, the disparity between the rich and the poor was getting wider, in that the difference in total household income between the lowest and the highest groups was increasingly larger and the households ranging from the lower class to the middle class suffered a more substantial decline in the median monthly household income.

Table 2 Median monthly household income by decile groups of domestic households

Decile group	2001	2002	2003	2004
1st (lowest)	3,200	3,000	3,000	3,000
2nd	6,700	6,000	5,700	5,800
3rd	10,000	9,000	8,300	8,300
4th	12,500	11,600	11,000	11,000
5th	15,700	15,000	14,000	14,000
6th	20,000	19,000	17,700	17,600
7th	25,000	23,500	22,000	22,000
8th	31,000	30,000	29,000	29,000
9th	42,500	40,000	40,000	39,200
10th (highest)	73,700	70,000	70,000	68,000

As a matter of fact, the *World Development Report 2003* pointed out that the disparity between the rich and the poor in Hong Kong was more serious than that in other Asian and European countries. As reflected by the Gini coefficient, a measure of wealth inequality, Hong Kong witnessed an increase from 0.476 in 1991 to 0.518 in 1996 and even 0.525 in 2001. During the same period of time, the Gini coefficients for the U.S.A., the U.K., China and Taiwan were only 0.480, 0.360, 0.403 and 0.326 respectively.

Rationale for Legislation to Provide for a ‘Family Wage’

1. To Respond to the Needs of Low-Income Employees and Employees being in Poverty

Faced with the above-mentioned low-income problem of workers and the rich-poor

⁷ Source of information: A reply from the Census and Statistics Department on 23 September 2005.

gap, the Government does not seem to be very concerned. Some people even attributed the low-pay issue to the incompetence and the poor qualifications of the individuals. Therefore, the best solution would be to support the low-income earners by means of a remedial-type social welfare system, and there is no need to formulate any positive policies and measures to improve labour employment. However, in fact, the low-income issue did not entirely result from the low skills of the workers. Rather, the Government's policy of outsourcing unskilled contract posts is to blame for causing low income. The survey carried out by Oxfam in 2004 found out that 55% of the cleansing workers engaged in outsourced service contracts earned less than \$4,000 a month. Moreover, the labour rights of nearly 60% of the cleansing workers and security guards were abused by the contractors in the ways that their rest days and statutory holidays were slashed.⁸ Although the Government, in April 2005, formulated a mandatory requirement on wage rates for unskilled workers employed by outsourced government service contractors,⁹ recently individual government service contractors still reduced the wages and other labour benefits and retirement protection entitled to the workers by illegal means.¹⁰ In addition, the Government only values the interests of the industrial and business sectors and there is a lack of a set of legislature that can give workers a full protection of labour rights, e.g. collective bargaining, a minimum wage, or a maximum number of working hours. As a result, employees have no bargaining power to engage in equal labour relations, and employers can slash the pay and benefits of their employees arbitrarily and wilfully using the economic downturn as a justification. We would like to point out that if the Government still remains indifferent to the wage issue, employees will be further forced to accept an unfair and unreasonable wage system in the labour market, throwing the employees and their families into a long-term financial crisis.

⁸ As early as 1999, a survey conducted by the Hong Kong Women Workers' Association discovered that the average monthly salary of a housing estate cleansing worker engaged in an outsourced contract was only \$3,613 and that 90% of the workers did not have a single rest day in a year, or all labour holidays or overtime allowances they were entitled to. Another survey conducted by the Hong Kong Buildings Management and Security Workers General Union in the same year also showed that nearly 90% of the watchmen and the security guards worked twelve hours or more a day and their pay was normally only about \$5,000.

⁹ In April 2005, the Government requested the government service contractors to offer their unskilled workers monthly wages no less than the level of the average monthly market wages for the relevant occupation in the *Quarterly Report of Wage and Payroll Statistics* published by the Census and Statistics Department

¹⁰ From January to May 2005, the Housing Authority received complaints about the wages from 114 workers of eight housing estates employed by outsourced service contractors. On 9 November 2005, eleven cleansing workers of Tuen Mun Market engaged in an outsourced service contract granted by the Food and Environmental Hygiene Department (FEHD) pursued a claim in the Labour Tribunal that their employer, Tai Sang Co. Ltd., had not paid them according to the wages agreed with the FEHD, resulting in a loss of more than thirty dollars in daily wage for each person and an outstanding amount of more than 300,000 dollars in wages over the past two and a half years.

2. To Implement a Reasonable Wage Distribution and to Protect the Family Life of the Workers

At present, the Government's intention of legislating for a minimum wage remains unclear and there is still no consensus in our society over the legislative function of setting a minimum wage. In the Legislative Council, members from functional constituencies voted against the motion 'minimum wage, standard working hours' for two years in succession.¹¹ They argued that a minimum wage would distort the mechanism of the labour market which determines wages on the basis of the capability and performance of workers, and that a minimum wage would increase the costs of production in enterprises and push up the unemployment rate. Even though some citizens supported the adoption of a statutory minimum wage, they were of the view that in formulating the mechanism for setting a minimum wage, the first considerations should be the levels of the wages in the market and of the economic growth.¹² It seems that whether supporting a minimum wage or not, both sides maintained economic growth and cost effectiveness as essential considerations in setting a minimum wage, ignoring the importance of work remuneration to the employees and their families.

In a freely competitive labour market, there is no doubt that the wages of employees should be linked to their working performance and the market mechanism. However, the reality is that a wage of an employee which is set according to the market mechanism will not provide for the consequences of a market failure. We should know that in a fast-changing market, employees are simply short of opportunities for information exchange and will end up reducing their own wages so as to compete for a job. Given the lack of information on the side of employees, employers can lower the market price of the employees. The weaker the organisation and the collective bargaining power of the employees are, the more easily they will become targets of slashed wages and exploitation. The failure in market competition leads to an

¹¹ On 9 November 2005, the Legislative Council held a debate on the motion 'minimum wage, standard working hours'. After discussion, among the members returned by geographical constituencies through direct elections, 25 were in favour of the motion with 2 against it, and thus the motion was passed in this group; while among the members returned by functional constituencies, 11 were in favour of the motion and 15 against it and thus the motion was negatived in this group. Since the current voting mechanism requires that the motion has to be passed by majorities in both groups of the legislature, the motion 'minimum wage, standard working hours' was negatived.

¹² In July 2005, Oxfam Hong Kong conducted the *Survey on the Attitudes of Hong Kong People towards a Minimum Wage and Standard Working Hours*, which revealed that 58% of the respondents supported a statutory minimum wage. On 2 November 2005, a survey of Catholics' views on the wage issue conducted by the Hong Kong Catholic Commission for Labour Affairs found that more than 70% supported the Government to legislate for a minimum wage; among them, more than 40% were of the view that the setting of the level of a minimum wage must primarily take account of the economic growth and the wage level in the market.

imbalance of power between the employees and the employers, in turn creating an unreasonable distribution of wages. Hence, as what the employees do is incommensurate with what they earn, they cannot maintain the livelihood of themselves and their families.

An unreasonable distribution of wages also violates the justice involved in the distribution of wealth. Very often, the root cause of social problems is an uneven distribution of resources. In other words, some people have too much and some have too little. With regard to the wage issue, this refers to the wide gap in income.¹³ As the most important part of the distribution of resources and the accumulation of individual wealth, wage has a most direct impact on the living standard of an individual and that of the family. An unreasonable distribution of wages will create a population of low-income earners, leading to the polarisation of social wealth and a rich-poor gap. The polarisation of wealth and poverty may become a vicious circle which affects the competitiveness and the development opportunities of the low-income earners' younger generation, thus leading to intergenerational poverty. A reasonable wage policy must manifest justice to contend with the imbalance in the wage market so as to make possible a reasonable redistribution of resources, to eradicate poverty, and to safeguard the livelihood of the workers and their families.

In fact, to ensure a reasonable distribution of wage is the social responsibility of the international community. According to the "International Labour Conventions", wages, as the remuneration for work, must enable the employees to overcome poverty. Hence, the wage must constitute a level which will guarantee a basic, minimum earning for the protection of their livelihood; and the wage level should not be fixed at a lower level than one which would ensure the subsistence of the employees and their families.

The above-mentioned views on wages are very similar to those made by the Catholic Church. The social teaching of the Catholic Church has repeatedly pointed out that workers should receive a just remuneration. In *Laborem Exercens (On Human Work)*, Pope John Paul II explicitly stated that the key problem of social ethics is that of just remuneration for work done; that the justice of a socioeconomic system and, in each case, its just functioning, deserve in the final analysis to be evaluated by the way in which a man's work is properly remunerated in the system; that wages are still a

¹³ For example, a clerk earns as little as \$3,000 to \$4,000 a month whereas administrative/managerial personnel in a big company earn hundreds of thousands of dollars a month. Although it is argued that the difference in wages is attributable to the difference in job nature, can the difference in job nature justify such extremities of wages?

practical means whereby the vast majority of people can have access to those goods which are intended for common use. **A fair and reasonable wage level should be at least equivalent to a ‘family wage’ which is at least sufficient for the basic needs of the family and the development opportunities of the family members.**

3. To Strengthen the Functions of the Family; to Consolidate the Cohesion in Family and Society

With a lower income, workers are unable to meet the basic needs of their families at all. To make ends meet, workers have to draw on their savings and to budget carefully in every aspect of daily life. Living frugally, they experience intense anxiety for their livelihood and cannot feel at peace with themselves on top of a depleted quality of life. According to a survey conducted by the Society for Community Organisation, low-income families were in strained financial circumstances as their expenses on rent, health, education and public services amounted to half of their family income.¹⁴ In 2002, a survey carried out by Caritas Community Development Service, Hong Kong also found that 80% of the workers interviewed felt worried and anxious owing to the fact that the income they received barely covered their expenses.¹⁵

In order to earn money, some workers have to work overtime frequently,¹⁶ which not only damages the physical and mental health of the workers¹⁷ but also has an impact on family life and structure, often leading to a series of family problems including juvenile delinquency, juvenile emotional problems, marriage problems and domestic violence. It is an undeniable fact that low income has resulted in the weakening of the cohesion of the family. In 2003, the Chinese University of Hong Kong carried out a survey concerning financial income and family life. The survey showed that the lower an individual's income was, the more likely it would be for an individual to have rows with the family members, the weaker the family ties would be and the more

¹⁴ Source of information: The Society for Community Organisation (2005). *A Report on Questionnaire Survey concerning the Difficulties of Low-Income Families*. http://www.soco.org.hk/news/new_c.htm

¹⁵ Source of information: Caritas Community Development Service, Hong Kong (2000). *A Report on Survey concerning the Impact of Poor Working Conditions on the Physical and Mental Health of Low-Income Earners*.

¹⁶ The Special Topics Report published by the Census and Statistics Department in December 2004 showed that out of about 2.5 million employees working in the non-government sector, more than 20% worked overtime during the 7 days before enumeration was provided. However, out of this group of employees, about 77% did not receive reasonable overtime pay. The survey also discovered that the lower the rank the employees hold, the longer their working hours are.

¹⁷ According to *A Survey on the Effect of Long Hours on Family and Community Life* conducted by the Centre for Labour Research, Adelaide University, excessively lengthy and unreasonable working hours affect employees' physical and mental health, family life, social life and job performance. (Pocok, Barbara (2001). *The Effect of Long Hours on Family and Community Life: A Survey of Existing Literature*. Centre for Labour Research, Adelaide University.)

dissatisfied with family life an individual would be. This not only weakens the traditional functions of the family as a provider of care, support and education to the younger generation, but also leads to numerous social and family problems, thus affecting social stability.¹⁸

Low income has also affected the life of the employees' children and their chances for an all-round development. In 2003, a survey conducted by the Hong Kong Council of Social Service found that most of the children from low-income families could not afford to take part in extra-curricular activities, or to purchase books and computers. This will have a negative effect on children's exposure to new developments and new knowledge. They might be even trapped in intergenerational poverty and find it hard to escape.¹⁹

The issue of low income is shaking the foundations of the family and social stability, stifling manpower development in the long term. This is an incalculable price for society to pay. Therefore, while cost effectiveness should not be the sole consideration for development, family cohesion should also be valued. Family income determines the standard of family life, and resources as well as the development opportunities which the family members enjoy. A stable and basic family income can enable family members to avoid working extra shifts and overtime for the sake of financial needs. As a result, this can enable the family to have more time to get together as well as strengthening the social function of the family in nurturing the children, and reducing the social problems brought by family poverty.²⁰

4) To Promote Parenthood and to Ease the Problems of an Ageing Population

In view of the fact that Hong Kong faces a serious ageing crisis, Chief Executive Donald Tsang has called on every family to have three children. However, the reality is that as family income is declining and the necessary supporting measures to

¹⁸ In 2000, *A Report on a Survey concerning the Impact of Poor Working Conditions on the Physical and Mental Health of Low-Income Earners* published by Caritas Community Development Service, Hong Kong also pointed out that more than 40% of the respondents, because of financial problems in the family, always squabbled with their family members and the family relationship was tense. About 50% of the respondents said that owing to long working hours, their chance of seeing and getting along with their family members and friends had become less and thus their relationship was distant.

¹⁹ Source of information: Hong Kong Council of Social Service (2003). *A Survey Concerning the Living Conditions and Expectations of Children*.

²⁰ Reference: Voydanoff, Patricia (1987). *Work and the Family*. London: Sage Publications. In citing a number of academic research articles, the book points out that a minimum level of family income is essential to family stability and cohesion. Without a stable family life, a person will lack the motivation and encouragement provided by the family. Once a family reaches the basic standard of economic needs, satisfaction becomes more important, which in turn determines happiness, cohesion and stability.

enhance birth policy are inadequate, citizens are not interested in having more children. As a result of the decline in the birth rate in Hong Kong, there is not enough new blood to take over from senior experts in terms of manpower resources. It was projected that the percentage of population aged 65 or over would increase significantly from 11.7% in 2003 to 27% in 2033, and that the median age would also increase from 38 in 2003 to 49 in 2033. With a low birth rate and a continual decline in the mortality rate, Hong Kong will face an ageing population. The expenses on long-term medical care, medical services and social services will rise persistently.²¹ We maintain that a reasonable wage policy can enable employees to plan their future family development and promote parenthood, which may help in reversing the adverse impact of an ageing population in society.

Some Controversies about a Family Wage Policy

Although a statutory ‘family wage’ can eradicate poverty and safeguard family life, some people still raise doubts about the rationale for and the feasibility of legislating for a ‘family wage’.

Some contend that a statutory ‘family wage’ violates the principle of paying wages on the basis of the productivity and the performance of the employees and that the number of members varies from one family to another. Therefore, the implementation of a ‘family wage’ policy will increase the financial burden of employers, further undermine the market mechanism which has been in operation effectively in the labour market, and increase the production costs of enterprises, leading to corporate bankruptcies, and a higher unemployment rate. As a consequence, workers will suffer more than gain. There are arguments that as people hold different views on family needs, the idea of a reasonable level of ‘family wage’ varies from individual to individual, and thus it is unfeasible to set a wage level that everyone agrees with. A statutory family wage may prompt the employers to select those employees who are unmarried or married with fewer family members, thus causing employment discrimination in disguise.

Admittedly, the productivity and the performance of an employee are important factors in assessing a wage level. However, we should emphasise that the setting of a ‘family wage’ does not mean to push up the operating costs and wage limits, or to

²¹ According to the information provided by the Social Welfare Department, a total of 150,399 elderly people received the Comprehensive Social Security Assistance (CSSA) Scheme up to April 2005, accounting about 50% of the overall CSSA caseload and showing a 2% increase when compared with the figure during the same period of time in 2004.

deprive employers of their reasonable production profits. Instead, we aim to establish a reasonable family wage system for the entire Hong Kong society so that workers can be free from poverty, receive a reasonable wage while participating in the process of economic activities, and sustain their own family needs. In other words, the living needs of an individual as well as those of his family are the most basic criteria for an employer to assess an employee's wage level; and a minimum wage level in the society should also at least be equivalent to or more than a 'family wage'. Moreover, when a wage is too low for a worker to maintain his or her family's livelihood, the worker has to apply for the CSSA Scheme. If the Government cannot bear such heavy expenditure on the CSSA Scheme, it might consider tax increases and reduction in public expenditure. The cost of employers exploiting elementary workers by paying low wages will be ultimately borne by the entire society and the employers. In terms of economics, we believe that no taxpayers would like to see this happen.

We agree that given the realities of society, the level of a 'family wage' cannot be set too high and it is not feasible for employers to pay different wages on the basis of the number of family members each employee has. Therefore, under the principle of a family wage, we propose that employers should fulfill their basic responsibility of taking care of the employees' family needs by paying them a standardised statutory wage (i.e. 'family wage'). If that wage level is insufficient to support the livelihood and protection that the whole family needs, the Government should provide the final care and shoulder the responsibility of distributing resources by supplying these families with financial assistance in terms of a family member subsidy scheme. Therefore, the 'family wage' policy is not a uni-directional wage system targeting the employers. When necessary, the Government still needs to share with the employers the responsibility for taking care of every family member in the society.

Since a 'family wage' is a standardised wage level, then how can a 'reasonable' level be set? We suggest using a 'minimum standard of living acceptable to the community', which should take account of the living and development needs of the family members as the criterion for setting a reasonable wage for an individual. Furthermore, a reasonable wage should take account of an individual's basic living needs and the needs must be commensurate with the level of development of the society. In addition to such basic needs as clothing, food, housing and transport that workers are entitled to, the basic need items, on the basis of the actual development of the society, should include essential items, e.g. the use of a computer, and participation in leisure activities and studies, so as to enable the workers to take part

in social life and to enjoy equal development opportunities.²² Moreover, according to the principles of social ethics, anyone who is able to work has the responsibility to support others who have no work capability and the wage level of workers should be able to provide for the livelihood and development of their family members. Therefore, a just ‘family wage’ should be equivalent to the ‘expenditure on an individual’s basic needs’ multiplied by the ‘number of family members the worker has to support’. Given the fact that the number of family members varies from one worker to another, the number of dependants each worker supports should be calculated on the basis of the mean number of the dependants supported by each household. According to the results of the 2001 Population Census, the average household size in Hong Kong was 3.1 and the average labour force for each household is 1.67. In other words, each household worker needs to support 1.86 persons. Without doubt, the above are simply criteria for the calculation of a ‘family wage’. In fact, each age group should have a different list of basic living needs. Therefore, we hold the view that the decisions concerning the above issues should be jointly made by the Government, employers, employees, general public and experts.

In addition, based on the principle of equal pay for equal work, as long as an adult worker, regardless of marital status and sex, does the job, he or she has the right to enjoy a ‘family wage’. Here, it is worth emphasising that a family wage is not restricted to a working mode that only involves either a working father or a working mother. Instead, a family wage should permit the uniqueness and the diversity of different families, accepting a working mode that different family members can go out to work, and ensuring that both sexes have room to achieve their individual potential in their jobs.²³ Perhaps, some people might query that if a ‘family wage’ permits family uniqueness, some households, which have two working adults or more, can receive two ‘family wages’ or more, far exceeding a ‘reasonable living level for an individual and his or her family’. In this paper, we should repeatedly emphasise that a ‘family wage’ is the most basic wage to provide for the living needs of an

²² Source of information: The adoption of a ‘minimum standard of living acceptable to the community’ as the criterion for a reasonable wage for an individual is based on the criterion for basic needs suggested in *Basic Needs Study* published by the Hong Kong Council of Social Service in 2005. The study aims to formulate a basic list of goods and services needed with reference to the principle of consensus and participation so as to strive for a consensus in society. As a matter of fact, overseas living wage campaigns consider a reasonable living wage as a wage that enables a worker to be independent financially, to meet his/her own basic needs (i.e. clothing, food, housing and transport), to choose a life style that includes recreational and leisure activities as well as further studies, and to take part in social life.

²³ Source of information: Wu Jiaqing (2001). “A Just Remuneration – a Family Wage”. In: Justice and Peace Commission of the Hong Kong Catholic Diocese, Oxfam, Hong Kong Catholic Commission for Labour Affairs (eds.) *Essays on a Minimum Wage*. Hong Kong: Justice and Peace Commission of the Hong Kong Catholic Diocese, Oxfam, Hong Kong Catholic Commission for Labour Affairs.

individual and his or her family, and that an ideal ‘family wage’ should also enable a family to improve their livelihood and be able to make savings as an objective.

Criteria for Setting a ‘Family Wage’

On the basis of the above-mentioned rationales, the ‘family wage’ policy should meet the following criteria for calculation and implementation:

- 1) Calculate a standardised wage level according to an individual’s basic living needs and the mean number of dependants that each household worker supports;
- 2) A minimum wage level of the society should be at least equivalent to or more than a ‘family wage’;
- 3) Each basic need item involved in a ‘family wage’ and the wage amount should be jointly delimited by the Government, employers, employees, general public and experts;
- 4) The ‘family wage’ policy should be implemented throughout the Hong Kong society;
- 5) Identify with the principle of equal pay for equal work. A worker, regardless of identity, can enjoy a ‘family wage’;
- 6) Value the uniqueness and diversity of families. Do not restrict the number of family members going out to work;
- 7) Employers and the Government jointly shoulder the responsibility to take care of the living needs of employees and those of their family members.

In light of employers’ capability, the market and the development of the society, we must make regular adjustments to the ‘family wage’ according to the living needs of workers and those of their families, the economic growth (inflation/deflation), the employment rate and the level of social protection, in order to identify a just, reasonable ‘family wage’ which can meet the needs of workers and the development of our society.

The Position of the Commission’s Policy Research Unit on a ‘Family Wage’ Policy

In recent years, though there has been quite a lot of discussion about a minimum wage, most of the views focussed on economic growth and cost effectiveness. It seems that they have ignored the issue of justice involved in the wage, i.e. whether or not the workers can receive a minimum remuneration while participating in economic

activities in order to safeguard the basic living needs of individuals and those of their family members.

Even though economic growth can undoubtedly promote the progress of human beings as a whole, the livelihood and the development of family members should be valued as families form the core of social development. Despite the fact that Hong Kong's economy has been picking up and the unemployment rate has been declining in recent years, elementary workers' income and employment rate are getting worse, and the problem of the rich-poor gap is deteriorating. Even though a worker is able to get a full-time job, he or she can only earn a meagre income which is not adequate to provide for the basic needs of an individual and the family members. The problem of employment poverty not only has reduced the quality of life of workers and their families, but has also stifled the development of the family members. This has also affected the functions of a family as a provider of care and support to the elderly and the children, leading to juvenile delinquency, marriage problems and domestic violence. All of this is an incalculable price for society to pay.

We should emphasise that to promote economic growth and a harmonious, stable society, the most important thing is to maintain family cohesion so that the family can enjoy a stable life with dignity. In view of this, a reasonable family income is essential. In this paper, we would like to make the following appeals:

- 1) The general public should attach great importance to the functions of a family and its core value in society;
- 2) We should endorse that a wage, as a remuneration for work, must enable an employee to overcome poverty and to meet the living needs of the family;
- 3) Enterprises, while trying to make profits, should give their employees a 'family wage' by taking account of the living needs of their employees' families;
- 4) The Government should legislate as soon as possible, formulating a standardised 'family wage' policy for the entire Hong Kong society. This policy should enable workers to receive a minimum wage which is at least equivalent to or more than a 'family wage' while taking part in economic activities so as to safeguard the basic living standard of an individual and his or her family.

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<p>Any reader who wishes to express views on the issues concerned, please post them on our discussion board (http://www.hkccla.org.hk).</p>
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