

**Subcommittee on Minimum Wage Ordinance
(Amendment of Schedule 3) Notice 2015
and Employment Ordinance
(Amendment of Ninth Schedule) Notice 2015**

**Government's Response to Issues Raised at the
Subcommittee Meeting Held on 30 January 2015**

Introduction

This paper provides information requested by Members of the Subcommittee at its meeting held on 30 January 2015.

Unemployment Rate, Total Employment, and Number and Expenditure of Comprehensive Social Security Assistance Cases

2. A Member enquired about the unemployment rate, total employment, and the number and expenditure of Comprehensive Social Security Assistance (CSSA) cases since the introduction of Statutory Minimum Wage (SMW).

3. Since the implementation of SMW on 1 May 2011, the labour market has remained largely stable. Compared with the pre-SMW situation (i.e. February to April 2011), the seasonally adjusted unemployment rate in October to December 2014 fell by 0.3 percentage point to 3.3%. Total employment rose to 3 797 200 in October to December 2014, up by 254 900 over the pre-SMW level (3 542 300). Female workers contributed 164 700 to the increase. These reflected that SMW has encouraged more people to participate in the labour market.

4. Regarding the number of CSSA cases, as at December 2014, there were 18 650 unemployment cases and 7 584 low earnings cases out of a total of 253 054 CSSA cases, representing a respective reduction of 36% and 46% in the number of unemployment cases and low earnings cases before the introduction of SMW¹. The expenditure of CSSA on the unemployment and low earnings cases in 2013-14 (\$ 1,271 million and \$ 742 million, inclusive of the one-off additional month of CSSA

¹ In 2011, out of 282 351 CSSA cases, there were 29 206 unemployment cases and 13 992 low earnings cases.

standard rates granted to the recipients) decreased by 23% and 31% respectively when compared with 2010-11².

Number of Employees in the Restaurant Sector

5. A Member requested information on the number of employees in the restaurant sector earning an hourly wage below the recommended SMW rate (including the current SMW rate) in May to June 2013 and the relevant breakdown from the Annual Earnings and Hours Survey (AEHS) conducted by the Census and Statistics Department (C&SD).

6. According to AEHS conducted by C&SD, there were 213 900 employees in the restaurant sector in May to June 2013, accounting for 7.3% of the total number of employees in Hong Kong. The numbers and percentage shares of employees earning the current SMW rate (i.e. \$30 per hour) as well as those earning an hourly wage less than \$31, \$32 or \$32.5 in the sector are as follows:

May to June 2013					
Industry section	Number of employees ('000)	Numbers of employees ('000) earning the following hourly wage and percentage shares			
		\$30	less than \$31	less than \$32	less than \$32.5
Restaurants	213.9	14.4 (6.8)	22.6 (10.6)	32.3 (15.1)	45.3 (21.2)
Chinese restaurants	69.9	2.8 (4.0)	5.5 (7.9)	8.8 (12.6)	11.7 (16.8)
Restaurants, other than Chinese	68.6	1.8 (2.6)	3.2 (4.6)	4.6 (6.7)	7.5 (10.9)
Fast food cafes*	53.1	8.9 (16.7)	12.5 (23.6)	16.7 (31.5)	22.6 (42.5)
Hong Kong style tea cafes	22.3	1.0 (4.3)	1.3 (5.9)	2.2 (9.7)	3.6 (16.1)
All industry sections	2 917.2	98.1 (3.4)	133.9 (4.6)	200.6 (6.9)	255.2 (8.7)

² In 2010-11, the expenditure of CSSA on the unemployment and low earnings cases are \$ 1,660 million and \$ 1,069 million respectively.

Notes: () Figures in brackets denote the percentage share of employees in the respective industry section.

* Including takeaway shops.

Number of employees is rounded to the nearest hundred. Percentage is derived from unrounded figures.

Owing to rounding, the sum of individual figures may not be the same as the total.

Source: Annual Earnings and Hours Survey, Census and Statistics Department.

Survey Reference Period of the Annual Earnings and Hours Survey

7. A Member enquired about the reasons for adopting May to June as the survey reference period of AEHS.

8. Generally speaking, wage levels in the first and fourth quarters of a year are generally more susceptible to effects of guaranteed bonuses and tend to show larger fluctuations in their year-on-year changes; while wage levels in the third quarter are usually subject to influence of summer workers' wage rates. Wage levels of employees in the second quarter are comparatively more stable and thus more suitable for year-on-year comparisons. In view of this, the second quarter was adopted as the survey reference period for the 2009 and 2010 rounds of AEHS. Subsequently, in consideration of SMW implementation on 1 May 2011, the survey reference period was changed to May to June as from the 2011 round such that the survey results can be directly used for analyses related to SMW. Apart from the afore-mentioned considerations, reference was also made to the practices of other places in conducting similar surveys when determining the survey reference period of AEHS. For instance, the United Kingdom and Australia adopt April and May as the survey reference period for their survey respectively.

Information relating to Employees with Disabilities

9. A Member asked about the number of employees with disabilities earning wages below SMW, and the amount of public funding involved if the Government were to provide wage subsidy to these employees.

10. According to information provided by C&SD, data on hourly wage were not collected in the Survey on Persons with Disabilities and Chronic Diseases 2013. Hence, the number of persons with disabilities earning wages below SMW is not available.

11. The Government considers that persons with disabilities should

be given assistance in finding appropriate jobs having regard to their abilities rather than disabilities in an inclusive society which duly recognises the rights, capabilities and contribution of persons with disabilities. We do not think that it is consistent with our policy objective to provide wage subsidy for persons with disabilities or other categories of social groups owing to the significant policy implication involved. The Government cannot assess the public expenditure involved in providing wage subsidy as the relevant statistics on persons with disabilities earning less than SMW are not available. The Government will continue to provide vocational training and employment support for persons with disabilities, while adopting positive encouragement measures to enhance job opportunities for persons with disabilities such as giving due recognition to good employers, sharing good practices and providing incentive and assistance to employers, etc.

Review Frequency of the SMW Rate in Other Places

12. A Member enquired about the review frequency of the SMW rate in 10 other places, including the Mainland, Taiwan, South Korea, the United Kingdom, France, Ireland, Australia, New Zealand, the United States and Canada.

13. It is noteworthy that according to the information available from the internet, of the above 10 places, some like the United Kingdom, Ireland, the United States and Canada (such as British Columbia and Ontario) do not specify the review frequency of the SMW rate in their respective minimum wage legislation. Other places (i.e. the Mainland, Taiwan, South Korea, France, Australia and New Zealand) have set out the frequency of review in their legislation. For instance, the SMW rate shall be reviewed at least once in every two years on the Mainland, once a year in Taiwan, South Korea, Australia and New Zealand, and at least once a year in France.

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