

For information on
19 April 2007

LegCo Panel on Manpower

Preparatory Work for Introducing a Statutory Minimum Wage – Special arrangements on minimum wage for different categories of people

Introduction

This paper provides information on the special arrangements for the more vulnerable groups (such as youths with no/little work experience and disabled persons) in other economies with a statutory minimum wage system.

Background

2. One of the concerns with regard to introducing a statutory minimum wage is that it might adversely affect the job opportunities of the more vulnerable groups. For instance, youngsters with no or little working experience, low-skilled persons and disabled persons may be deprived of job opportunities as employers would tend to recruit staff with higher productivity when a wage floor is in place.

3. Like their able-bodied counterparts, the wage level of disabled employees might vary according to their individual productive capabilities for the work being performed. At present, disabled persons who are employed in the open market and perform the full spectrum of the job duties enjoy equal pay for equal work. However, there are also others who earn lower wages owing to reasons such as their comparatively lower productivity because of their disabilities.

Some Relevant Overseas Experience

4. Some economies with a statutory minimum wage have different arrangements for disabled employees and young workers. For some, disabled employees are exempted from the coverage of a legal wage floor. For others, they are covered under different regulations/arrangements. As for young workers, their minimum wage levels are pegged at a certain percentage of the adult rates in some cases.

5. According to information available online, disabled workers are covered by the National Minimum Wage Act in the United Kingdom whilst there are different statutory minimum wage levels for workers of different age groups. They are the adult rate (for workers aged 22 and above), development rate (for workers aged 18 to 21) and youth rate (for 16 – 17 year olds) which are set at 80% and 60% of the adult rate respectively. As for the United States, subject to meeting the relevant criteria, employers may pay wages lower than the federal minimum wage to workers who have disabilities for the work being performed. Employers are allowed to pay employees under 20 years old a lower wage (at around 80% of the adult rate) for 90 calendar days after they are first employed.

Concluding Remarks

6. The Government is aware that the community have different views on whether, and if so what, special arrangements should be in place for the more vulnerable groups if a statutory minimum wage is introduced in the cleansing and guarding services sectors. The Government keeps an open mind on the issue and welcomes views from stakeholders, but we are mindful of the potential pitfalls (e.g. the discrimination angle) and abuse of such arrangement. We would study this further taking into account overseas experience.

7. Members are invited to note the content of this paper.

Economic Development and Labour Bureau
Labour Department
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