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Subcommittee on Census and Statistics (Annual Earnings and Hours Survey) Order

Background brief

Purpose

This paper provides background information on the Census and Statistics (Annual Earnings and Hours Survey) Order (the AEHS Order). It also provides a summary of the views and concerns expressed by the Panel on Manpower (the Panel) on related issues.

Background

2. The Census and Statistics Department (C&SD) launched a new AEHS in May 2009 as a voluntary survey as notified in the Gazette¹ in accordance with section 11A of the Census and Statistics Ordinance (Cap. 316). The voluntary survey aimed to collect wage, employment and demographic information of employees from about 10 000 business undertakings in Hong Kong on an annual basis. The information is required to compile statistics on various matters which are essential inputs for analyses related to the implementation of the Statutory Minimum Wage (SMW).

3. Given that employee wage data obtained through AEHS have irreplaceable reference value in analyses related to SMW, C&SD proposes that the AEHS should be conducted as a mandatory statistical survey from 2010 onwards, in order to align with the established practice adopted in Hong Kong and other statistically advanced economies to ensure adequate response from selected business undertakings across all sectors and the quality of the data obtained. It is also in line with international practices in conducting SMW-related surveys.

¹ G.N. 2052 published on 3 April 2009

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4. The AEHS Order seeks to implement C&SD's proposal in paragraph 3 above. The AEHS Order contains nine sections and one schedule and provides for the conduct of an annual survey by the Commissioner for Census and Statistics for the purpose of compiling statistics relating to the wage level and distribution, as well as the employment and demographic characteristics of employees in Hong Kong.

5. The AEHS Order was gazetted on 22 January 2010 and tabled in LegCo on 27 January 2010. Subject to the expiry of the negative vetting period, the Order will come into operation on 18 March 2010.

Discussion by the Panel on Manpower

6. On 20 November 2008, the Administration briefed the Panel on the proposal to conduct new and enhanced surveys, including AEHS, for the purpose of implementing SMW. Panel members supported the Administration's proposal to fill the existing data gap for SMW analyses and data requirements to support the setting and the review of the SMW level. They were keen to ensure that the surveys could achieve the purpose of implementing SMW in striking a sensible balance between safeguarding employment and avoiding payment of excessively low wages.

7. According to the Administration, with the introduction of the AEHS, a full range of wage distribution of employees, by percentiles by key industry sector and of a few distinct low-paying industries, could be captured. The AEHS would enumerate around 10 000 establishments across all employment sizes and all industries covered by the Central Register of Establishments. These 10 000 establishments would be randomly selected to reflect a representative sample.

8. Some Panel members have expressed concern about placing special focus on sectors with a high concentration of SMEs, as such arrangement might affect the credibility and impartiality of the surveys. The Administration has advised that detailed and comprehensive business and operating costs data on SMEs in all key industries and specific low-paying industries for impact analyses related to SMW were required. To enable a comprehensive and longitudinal impact assessment of SMW on the economy, collection of relevant information from SMEs, which normally employed fewer workers, was crucial. Currently, enterprises employing less than 10 or 20 persons (depending on the nature of business) were excluded from the Labour Earnings Survey. The Administration has assured the Panel that even though the composition of the sample may put relatively more/less focus on certain groups, such as the low-paying sectors, suitable weighting will be applied to ensure that the survey results will be unbiased.

9. Some Panel members have urged the Administration to make efforts to expedite the survey and complete the data analyses as early as possible. The Administration has advised that there may be a time lag in collecting such statistics which will only be available after the close of the accounting period.

The Subcommittee

10. At the House Committee meeting on 29 January 2010, members agreed that a subcommittee should be formed to study the AEHS Order.

Relevant papers

Information paper provided by the Administration for the Panel on Manpower meeting on 20 November 2008

<http://www.legco.gov.hk/yr08-09/english/panels/mp/papers/mp1120cb2-290-6-e.pdf>

Minutes of the Panel on Manpower meeting on 20 November 2008

<http://www.legco.gov.hk/yr08-09/english/panels/mp/minutes/mp20081120.pdf>

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