

**Subcommittee on Subsidiary Legislation
Relating to Statutory Minimum Wage**

**Administration's Responses to Issues Raised at the
Subcommittee Meetings Held on 30 November and 6 December 2010**

Introduction

This paper provides the Administration's responses to the issues raised by Members of the Subcommittee at its meetings held on 30 November and 6 December 2010.

Commencement date and review of statutory minimum wage (SMW) rate

2. The Subcommittee passed a motion at its meeting on 30 November 2010 calling for the implementation of the initial SMW rate with effect from 1 February 2011 and the initiation of a review based on the 2010 survey on wages and working hours with the implementation of the second SMW rate in the first half of 2012.

3. We note the concern of the Subcommittee. SMW is completely new to Hong Kong. Implementation of the initial SMW rate on 1 May 2011 (i.e. the next Labour Day) can give the community some six months' time for preparation and adaptation. Upon the gazettal of the Notice on the initial SMW rate on 12 November 2010, some establishments may need to review the pricing of their products or services under their business contracts whereas some owners' corporations may also need to adjust the management fees of their cleaning and security services contracts. As for the productivity assessment of persons with disabilities under the Minimum Wage Ordinance (MWO), the Administration will need to table at the Legislative Council relevant subsidiary legislation on the criteria for approved assessors and methods of assessment. Necessary work including recruitment of assessors, vetting of their applications and training will commence after approval of the subsidiary legislation. Moreover, the Labour Department (LD) will conduct a wide range of publicity and promotional activities on the initial SMW rate and the SMW regime. Given the lead time required in these arrangements, the six-month preparation time has reasonably balanced the interests of the

society, employers and employees and is warranted.

4. As regards the review of the SMW rate and the commencement date of the second SMW rate, it is clearly stipulated in the MWO that the Minimum Wage Commission shall make a report on the SMW rate at least once in every two years. In line with the evidence-based approach for setting the SMW rate, the Census and Statistics Department conducts the Annual Earnings and Hours Survey every year to collect comprehensive data on the level and distribution of wages, employment details and demographic profile of employees in Hong Kong. Such information is also accessible by members of the public. Hence, the SMW rate can be reviewed expeditiously when there is evidence justifying such a need.

5. Given Hong Kong's high degree of external economic orientation and the linked exchange rate system, we must ensure that the SMW rate would not cause significant adverse impact on the employment opportunities of the vulnerable employees, and would not unduly jeopardise our labour market flexibility and economic competitiveness. As explained above, with the SMW regime being new to Hong Kong, its precise impact can only be assessed after implementation.

Briefings on the MWO

6. A Member enquired at the meeting held on 6 December 2010 about LD's briefings on the MWO.

7. Prior to the implementation of the SMW, LD will launch large-scale publicity and promotional activities to enhance public understanding of the SMW requirements. Briefings for relevant groups in various industries will be conducted to facilitate employers and employees to understand their respective obligations and rights under the MWO. Detailed arrangements of these briefings are to be finalised. We will include in the publicity materials illustrative examples drawn from different trades and industries to elucidate the application of the MWO. Guidelines to address the unique characteristics of specific sectors will also be drawn up through consultation with the relevant stakeholder groups.

Labour and Welfare Bureau
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