

**Panel on Manpower
List of follow-up actions**

Government's response

Item 5: Proposed Member's Bill to amend the Minimum Wage Ordinance

- (a) The number of employees currently earning the Statutory Minimum Wage (SMW) rate and the number of households involved; and whether the Administration would consider exploring the feasibility of conducting the review of the SMW rate on an annual basis based on these data

Based on the 2020 Annual Earnings and Hours Survey of the Census & Statistics Department (C&SD), there were 16 500 employees earning the SMW rate in May - June 2020 (i.e. the SMW rate at \$37.50 per hour). C&SD does not have information on the number of households involved.

2. According to the Minimum Wage Ordinance (Cap. 608), the Chief Executive (CE) must require that a report by the Minimum Wage Commission (MWC) on its recommendation about the SMW rate be made to CE in Council at least once in every two years. In performing its function, MWC must have regard to the need to maintain an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, and to sustain Hong Kong's economic growth and competitiveness. The existing review mechanism of the SMW rate comprises thorough analyses of relevant quantitative indicators and factors that are pertinent to the review of the SMW rate but might not be quantifiable, extensive and in-depth consultations (including listening to the views from various sectors of the community and conducting focused consultation meetings with stakeholders of low-paying sectors), undertaking impact assessments of different SMW test levels under various economic scenario assumptions, deliberations on the recommended SMW rate by MWC, etc. The above-mentioned work can only be accomplished within a biennial review framework. For the time being, we will complete the current review of SMW rate using the existing workflow and methodology.

- (b) The number of affected employers and the impacts on enterprises concerned if an annual review of the SMW rate was to be implemented

3. SMW impacts on various aspects of Hong Kong such as the economy (including the affordability of small and medium enterprises), labour market, social inclusion, inflation, productivity and competitiveness. If the SMW rate is to be reviewed once a year, its impacts will depend on the outcome of each review, i.e. whether there would be an adjustment to the SMW rate and, if so, the direction

and magnitude of the adjustment. Hence, it is difficult at present to assess the relevant impacts.