



Enhancing the Review Mechanism of the Statutory Minimum Wage

First-stage Consultation

28 March to 24 April 2023

Minimum Wage Commission





Introduction

- The community has different concerns and views on the prevailing review mechanism of the Statutory Minimum Wage (SMW).
- The Chief Executive has tasked the Minimum Wage Commission (MWC) to study how to enhance the review mechanism of SMW, and submit the study report by the **end of October this year**.
- MWC now invites views from the public.



The SMW Regime

- Implemented since 1 May 2011.
- Objectives:
 - ✓ Forestalling excessively low wages
 - ✓ Minimising the loss of low-paid jobs
 - ✓ Sustaining Hong Kong's economic growth and competitiveness

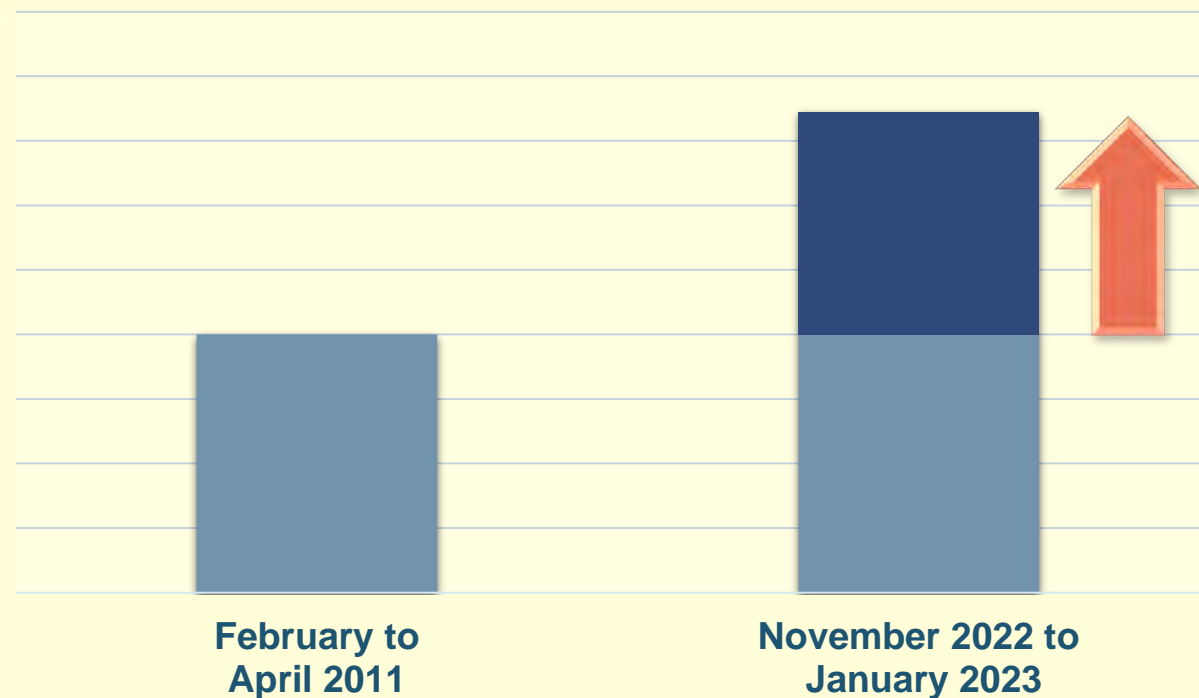
Latest Situation about the Implementation of SMW

- The revised SMW rate of \$40 per hour will take effect from 1 May this year, representing a cumulative increase of 42.9% over the initial SMW rate of \$28 per hour.
- From May 2011 to February 2023, the headline Composite Consumer Price Index rose cumulatively by 34.0% (the headline Consumer Price Index (A) rose cumulatively by 38.5% over the same period).
- The overall inflation should remain moderate in the near term. It is envisaged that the SMW of \$40 per hour at the time of implementation in May this year should be able to maintain the purchasing power of the initial SMW.

Latest Situation about the Implementation of SMW (Cont'd)

Earnings of Low-income Employees

Nominal Average Monthly Employment Earnings of Full-time Low-income Employees^(Note) in the Lowest Decile Group



86.3%

(Rose by 33.5% in real terms after discounting the headline Consumer Price Index (A) inflation over the same period)

(Note: Excluding government employees and live-in domestic workers to whom SMW does not apply.)



Review Mechanism of SMW

- The Minimum Wage Ordinance stipulates that the SMW rate must be reviewed **at least** once in every two years, and a recommendation report be submitted to the Chief Executive in Council by MWC.
- Upon the Chief Executive in Council's acceptance of the recommendation, it will be scrutinised by the Legislative Council.



Review Mechanism of SMW (Cont'd)

- Adopting an evidence-based approach.
- Making reference to the Array of Indicators covering the data on general economic conditions, labour market conditions, competitiveness and social inclusion; listening to the community's views on the review of the SMW rate, as well as taking into account other relevant considerations and impact assessment.
- Striving to maintain an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, and give due regard to sustaining Hong Kong's economic growth and competitiveness.

MWC's Mode of Reviewing the SMW Rate

Underlying principles in discharging the function

- In conformity with the statutory function
- Evidence-based approach
- Dissemination of information and principle of confidentiality
- Overall interest of the community as the major premise

Analysing relevant data and information and conducting consultation activities

Deliberations and discussions on relevant data and information

(statistical data, views of members of the public and stakeholders, other relevant considerations, impact assessment, etc.)

Recommendation on the SMW rate

Analysing relevant data and information

- Array of Indicators, including:
 - Data from Annual Earnings and Hours Survey
 - Data from Annual Survey of Economic Activities
 - Data from other statistical surveys of the Census and Statistics Department and administrative records of other government departments (covering relevant data which were released more frequently and were more up-to-date)

Conducting consultation activities

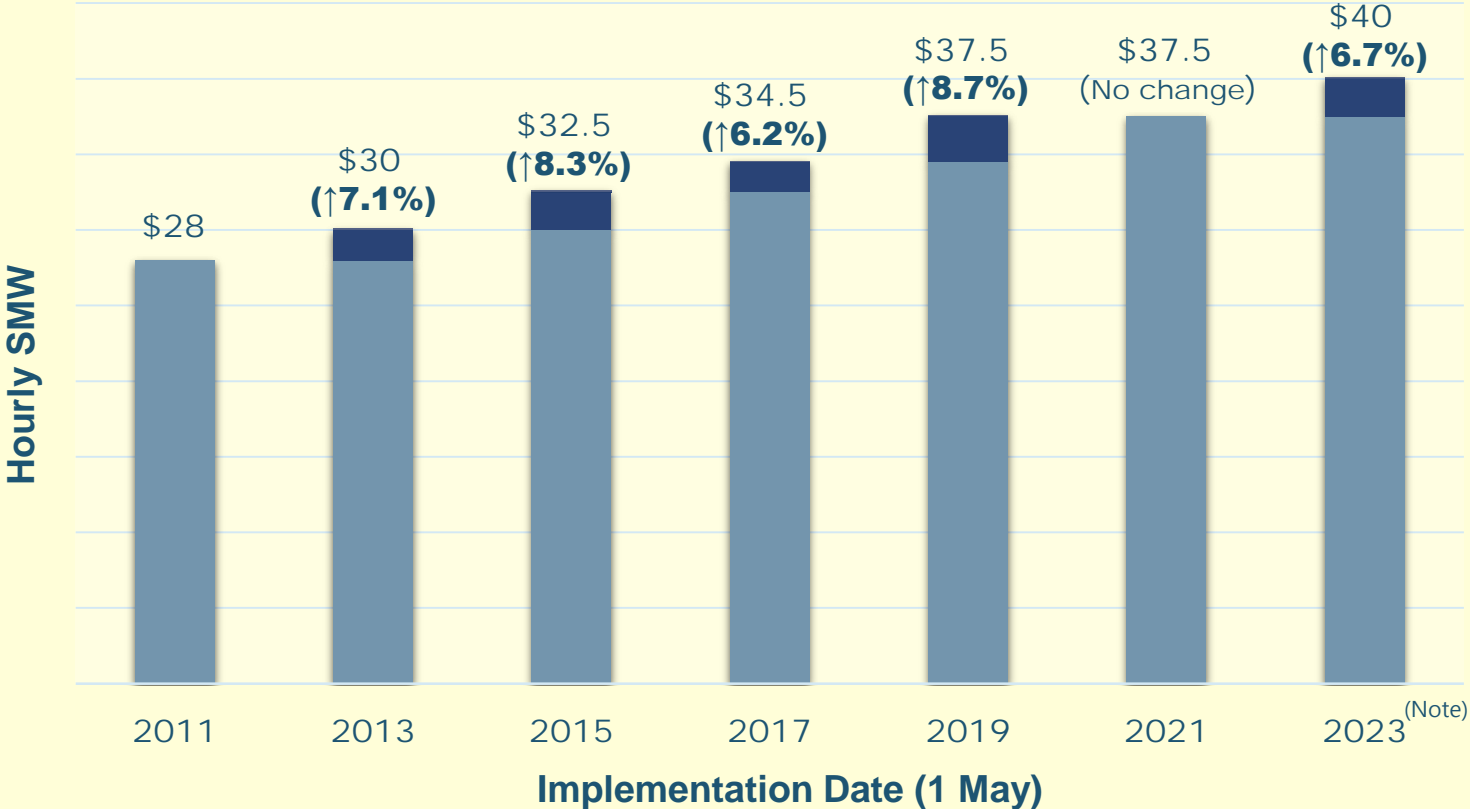
- Focused consultation meetings conducted with stakeholders of the low-paying sectors
- Public consultation
- Consultation meetings conducted with stakeholders

Sharing information


- Disseminating the latest news and information, including press releases, on the MWC webpage
- Meeting with the media
- Uploading the relevant reference data and information onto the MWC webpage

Results of the Past Reviews of the SMW Rate

➤ Results of the past reviews of the SMW rate:



(Note: SMW has a cumulative increase of 42.9% after five upratings.)



Study on Enhancing the Review Mechanism of SMW

- Please click [here](#) for a summary of the community's views on the review mechanism of SMW in recent years.
- MWC will study **how to enhance the review mechanism of SMW, including the review cycle, how to improve efficiency, and balancing a host of factors such as the minimum wage level and sustained economic development.**

Views Sought

- SMW aims to maintain an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, and give due regard to sustaining Hong Kong's economic growth and competitiveness.
- Based on the above objectives, MWC cordially invites the public to give views on the following areas in enhancing the review mechanism of SMW.

Review Cycle

1. Do you find it **necessary to adjust the review cycle of the SMW rate** (currently at least one review in every two years)?
2. If an adjustment is considered necessary, how often should the SMW rate be reviewed?
3. What are the **factors to be considered** when determining the review cycle? Please provide suggestions and explain.

Views Sought (Cont'd)

Mode of Conducting the Review

4. Do you think the **prevailing review mechanism should be maintained** (please refer to slide 8 for the prevailing review mechanism)?
5. If you consider the prevailing review mechanism should not be retained, what will be the preferred approach for conducting the review?
6. There are suggestions that the SMW rate should be pegged with specific indicators or adjusted by a formula. Do you agree?
7. If you agree that the SMW rate should be pegged with specific indicators or adjusted by a formula, which indicators or what formula would you suggest? Please provide suggestions and explain.
8. If an enhancement proposal is adopted, do you consider it necessary to review the mechanism at an agreed time in future? If yes, please provide your suggestion.



Views Sought (Cont'd)

An illustration of a person with short grey hair, wearing a mustard yellow sweater and dark blue pants, standing and speaking into a red and yellow microphone. Two speech bubbles, one blue and one red, are positioned above the person's head. The background is a light yellow with a large blue shape at the top right and a red circular graphic at the top left.

Others

9. Other views are welcome.

Giving Views

- You are most welcome to give your views through the following channels **on or before 24 April 2023:**

E-Form on MWC's Website:

<https://www.mwc.org.hk/en/consultation/eform.html>

Email:

mwc@labour.gov.hk

Fax:

2110 3518

Post:

The Minimum Wage Commission,
1/F, Harbour Building,
38 Pier Road, Central

- For enquiries, please contact the MWC Secretariat at 2852 3862.

Points-to-Note

- This consultation document is for reference only and does not imply that MWC has any preconceived stance or has come to any conclusion on the study.
- MWC attaches great importance to the community's views and will peruse views received with due prudence. **MWC calls for the public to provide information and data that are accurate, reliable and verifiable when submitting views.** Where necessary, MWC will follow up the source of information or request for supplementary information from the person/organisation providing the views.
- MWC may reproduce, quote, summarise and publish the submissions received in whole or in part, as appropriate, without the consent of the persons providing the views.
- Any personal data provided by the persons submitting views will only be used by MWC, Labour Department and other government departments/agencies for purposes directly related to this consultation.



Your views are welcome.

Thank you.

