

For information on
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Legislative Council Panel on Manpower

Preparatory work for the implementation of the revised Statutory Minimum Wage rate

Purpose

This paper briefs Members on the preparatory work undertaken by the Labour Department (LD) for the implementation of the revised Statutory Minimum Wage (SMW) rate.

Background

2. The Minimum Wage Ordinance (Cap. 608) (MWO) has been implemented since May 2011. MWO establishes the SMW regime to protect grassroots employees by providing a wage floor, which forestalls excessively low wages without unduly jeopardising Hong Kong's labour market flexibility, economic growth and competitiveness or causing significant adverse impact on the employment opportunities of low-income employees.

3. The Legislative Council completed scrutiny of the subsidiary legislation on the revised SMW rate on 29 March 2017. The current SMW rate of \$32.5 per hour will be raised to \$34.5 with effect from 1 May 2017. This is the third time for the current-term Government to increase SMW.

4. Since its implementation and the two subsequent upratings, SMW on the whole has been operating smoothly. The overall labour market has remained stable while the employment earnings of low-income employees have continued to improve. The seasonally adjusted unemployment rate was 3.3% in December 2016 to February 2017, which was 0.3 percentage point lower than that in the pre-SMW period (February to April 2011). Total employment increased by 282 100 to 3 824 400 (provisional figure), with female employees accounting for over 70% (206 300) of the rise. The increases were most apparent among older female workers and those in the lower-skilled segment (employment for female workers aged 50 and above and those in the lower-skilled segment increasing by 157 900 and 114 100 respectively). Compared with the pre-SMW period, the average monthly employment earnings

of low-income (i.e. the lowest decile group) full-time employees¹ rose by 49.1% (20.7% in real terms after discounting inflation) in November 2016 to January 2017.

Preparatory work for the implementation of the revised SMW rate

Publicity and promotion

5. To tie in with the implementation of the revised SMW rate, LD has embarked on extensive publicity and promotional activities with a view to enhancing the awareness of employers, employees and the public on the new rate. The television and radio Announcements in the Public Interest on promoting the new SMW rate have been broadcast on various television and radio channels since 6 April 2017. In addition, LD is staging territory-wide publicity activities to widely disseminate messages on the new rate, including placing advertisements in different types of public transport, newspapers, publications of employers' associations and labour organisations, the GovHK website and the Support and Consultation Centre for Small and Medium Enterprises e-newsletter of the Trade and Industry Department; featuring promotional messages in electricity bills; and staging roving exhibitions in various districts.

6. LD has also produced new posters and leaflets, and updated the "Concise Guide to SMW", "SMW: Reference Guidelines for Employers and Employees" as well as the SMW industry-specific reference guidelines for nine industries, which include catering, retail, property management, security services, cleaning services, hotel, tourism, logistics and real estate agency, for reference of employers, employees and other stakeholders. LD distributes the reference materials extensively through the departmental website and various channels, including relevant offices of LD, other departments such as the Home Affairs Enquiry Centres of the Home Affairs Department, post offices, public libraries and markets, as well as other organisations such as hospitals and clinics of the Hospital Authority, owners' incorporations, mutual aid committees of housing estates, non-governmental organisations, employers' associations and labour organisations. Members of the public can also make use of the Minimum Wage Reference Calculator on LD's homepage for quick and initial computation of SMW for the more common work patterns for reference.

7. Apart from staging territory-wide publicity activities and providing comprehensive reference materials, LD will continue to organise large-scale talks for employers, employees and the general public and seminars targeting at

¹ Excluding government employees and live-in domestic workers to whom SMW does not apply.

human resources practitioners to promote the new SMW rate and the related provisions.

Consultation and conciliation service

8. LD provides 24-hour telephone enquiry service through its hotline at 2717 1771 (handled by “1823”) to answer public enquiries on MWO as well as the new SMW rate. The number of enquiries received by this hotline has dropped significantly from 13 946 cases in April 2011 (i.e. before the implementation of SMW) to 535 cases in March 2017, indicating that members of the public have become familiar with the SMW requirements.

9. Through a network of 10 branch offices across the territory, the Labour Relations Division (LRD) of LD provides in-person consultation and voluntary conciliation service on MWO to employers and employees in need, with a view to helping both parties to resolve their differences. From the launch of SMW in May 2011 to March 2017, LD handled 635 claims relating to SMW, representing 0.7% of the total 96 867 claims handled in the period. Employers and employees in doubt on compliance with SMW may use LRD’s in-person consultation service or, if necessary, conciliation service. LD will actively follow up all cases with suspected infringement of employees’ rights and benefits.

Enforcement work

10. In tandem with the implementation of the revised SMW rate from 1 May 2017, LD will adopt a multi-pronged enforcement strategy, including conducting proactive workplace inspections to establishments of various trades and mounting targeted enforcement campaigns for low-paying sectors, to ensure compliance with MWO. During workplace inspections, labour inspectors will explain to employers and employees the requirements of MWO and remind them of the new SMW rate. Should irregularities be detected, labour inspectors will require employers to take appropriate measures to ensure their compliance with MWO including immediate payment of any wages falling short of SMW to employees. LD will also widely publicise its complaint hotline (2815 2200) to encourage employees to report promptly cases on suspected breaches of MWO. All complaints received will be investigated expeditiously. LD will sustain its all-out efforts in undertaking enforcement actions to ensure employers’ compliance with SMW and to pursue against those employers and company responsible individuals who wilfully defy the law.

11. From May 2011 to March 2017, labour inspectors conducted 244 544 workplace inspections to enforce MWO. Together with reported cases, 187

cases involving suspected violation of MWO were detected. LD has taken follow-up actions on all these cases and confirmed that employees in most of the cases had received SMW or recovered the shortfall of wages. A total of 44 convicted summonses for failure to pay SMW were recorded. The overall state of employers' compliance with SMW has been satisfactory.

Way forward

12. LD will keep up its efforts to prepare for the implementation of the revised SMW rate and closely monitor its implementation.

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

Labour and Welfare Bureau
Labour Department
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