

For information on  
16 April 2019

## **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 provide a wage floor which forestalls excessively low wages, whilst without unduly jeopardising Hong Kong's labour market flexibility, economic growth and competitiveness and causing significant loss of low-paid jobs.

3. Since the implementation of SMW, the economy, society and employment situation of Hong Kong have remained broadly stable. Alongside the low unemployment rate, total employment has gone up while the employment earnings of grassroots workers have shown discernible improvement. The seasonally adjusted unemployment rate was 2.8% in December 2018 to February 2019, which was 0.8 percentage point lower than that in the pre-SMW period (i.e. February to April 2011). Total employment went up by 324 400 to 3 866 700 (provisional figure) over the same period, with female workers contributing over 70% (242 400) of the total increase. Although these are overall figures for all working population in Hong Kong, they reflect that SMW has helped attract more people to enter or re-enter the labour market. As regards the earnings of grassroots workers, compared with the pre-SMW period, the average monthly employment earnings of full-time employees<sup>1</sup> in the lowest decile group rose by a cumulative 59.3% in November

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

2018 to January 2019, translating into an increase of 23.1% in real terms after discounting inflation. This shows that the earnings of grassroots workers have witnessed an appreciable real improvement since the implementation of SMW.

4. Upon the completion of the legislative procedures for the two pieces of subsidiary legislation related to the revised SMW rate on 20 March 2019, the new SMW rate of \$37.5 per hour will come into force on 1 May 2019. This is the fourth uprating of SMW.

## **Preparatory work for the implementation of the revised SMW rate**

### *Publicity and promotion*

5. To promote the new SMW rate and the requirements of MWO, LD has embarked on territory-wide publicity activities to assist employers and employees in understanding their respective obligations and entitlements under the SMW regime. Apart from broadcasting new television and radio Announcements in the Public Interest, LD is also advertising on different types of public transport, and in 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 bills of public utilities<sup>2</sup>; displaying outdoor banners; and organising roving exhibitions in different districts, etc. New publicity channels include showing promotional messages in mobile applications<sup>3</sup>, displaying wall-mounted advertisements in footbridges and pedestrian subways in various districts, and placing comics in newspapers.

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 concerned stakeholders. The reference materials have been uploaded to LD's homepage and distributed extensively through various channels, including relevant offices of LD, other departments such as the Home Affairs Enquiry Centres of the Home Affairs Department, public libraries and markets, as well as other relevant organisations such as employers' associations, labour organisations, owners' incorporations, mutual

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<sup>2</sup> Electricity and gas bills.

<sup>3</sup> Including mobile applications of LD and newspapers.

aid committees of housing estates, non-governmental organisations, and hospitals and clinics of the Hospital Authority. 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 seminars for employers, employees, human resources practitioners and the general public to promote the new SMW rate and the requirements of MWO.

#### *Consultation and conciliation services*

8. LD provides 24-hour telephone enquiry service through its hotline at 2717 1771 (handled by "1823") to answer public enquiries on the requirements of MWO as well as the new SMW rate. The number of enquiries received by this hotline has dropped significantly from 13 946 cases for April 2011 (i.e. the month before the implementation of SMW) to 322 cases for March 2019, 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 services on MWO to employers and employees in need, with a view to helping both parties resolve their differences. 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 breach of employees' rights and benefits.

#### *Inspections and enforcement*

10. In tandem with the implementation of the new SMW rate, LD will adopt a multi-pronged enforcement strategy, including conducting proactive workplace inspections of various establishments and mounting targeted enforcement campaigns for low-paying sectors, to check employers' compliance with the revised SMW rate. 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 MWO and to pursue against those employers and company responsible individuals who wilfully defy the law.

11. Since the implementation of SMW and up to March 2019, labour inspectors conducted 339 900 inspections to enforce MWO. Together with reported cases, 209 cases involving suspected violation of MWO were detected. Except for individual cases for which investigation is in progress and a small number of cases in which the employees subsequently withdrew their complaints, etc., LD confirmed that the employees in the above cases had received SMW or recovered the shortfall of wages. A total of 54 convicted summonses for underpayment of SMW were recorded during the period. The overall state of employers' compliance with MWO has thus far been satisfactory.

### **Way forward**

12. LD will continue to take forward the above preparatory work and closely monitor the implementation of the new SMW rate.

Labour and Welfare Bureau  
Labour Department  
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