

For information on  
23 June 2025

## **Legislative Council Panel on Manpower**

### **Implementation of the Statutory Minimum Wage**

#### **Purpose**

This paper briefs Members on the implementation of the Statutory Minimum Wage (SMW) and the arrangements for implementing the new annual review mechanism of SMW (New Mechanism).

#### **Background**

2. The Minimum Wage Ordinance (MWO) establishes the SMW regime which provides a wage floor to protect grassroots employees against excessively low wages, without unduly jeopardising Hong Kong's labour market flexibility, economic growth and competitiveness, while minimising the loss of low-paid jobs<sup>1</sup>.

#### **Enhancing the review mechanism of SMW**

3. In April 2024, the Chief Executive (CE) in Council accepted the recommendations of the Minimum Wage Commission (MWC) on enhancing the review mechanism of SMW, including adopting the formula<sup>2</sup> for reviewing the SMW rate once a year and reviewing the New Mechanism five to ten years after

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<sup>1</sup> Under MWO, SMW also protects employees with disabilities. MWO provides a special arrangement for employees with disabilities to opt for a productivity assessment to determine whether they should be remunerated at not lower than the SMW rate or at a rate commensurate with their productivity. This strikes a reasonable balance between providing wage protection to persons with disabilities and safeguarding their employment opportunities.

<sup>2</sup> The annual rate of adjustment in SMW (%) = Headline Consumer Price Index (A) (CPI(A)) inflation<sup>#</sup> (subject to a lower bound of zero) + [(the growth rate of the real Gross Domestic Product (GDP) in the latest year – the trend growth rate of the real GDP in the latest decade) × 20%] (economic growth factor)\*

<sup>#</sup> It refers to the year-on-year rate of change in the headline CPI(A).

\*The economic growth factor is subject to an upper bound of one percentage point and a lower bound of zero.

its implementation.

### **Last review of the SMW rate**

4. MWC agreed to adopt the formula for reviewing the last SMW rate and worked out the implementation arrangements, including the adoption of statistical figures for 2023 and 2024 as the data coverage period of the review, locking the data of the indicators in the formula, and rounding the new SMW rate to the nearest ten cents. The relevant implementation arrangements and calculations are set out at **Annex**. According to the then latest actual figures of the three indicators in the formula, MWC derived the rate of \$42.1 per hour (the new rate), which was 5.25% higher than the then prevailing SMW rate of \$40 per hour<sup>3</sup>.

5. The CE in Council accepted MWC's recommendation. After the scrutiny of the relevant subsidiary legislation by the Legislative Council (LegCo), the new rate has taken effect from 1 May 2025.

### **Arrangements for implementing the New Mechanism**

6. As announced in the CE's 2024 Policy Address, the Government will implement the New Mechanism. The Secretary for Labour and Welfare, in exercise of the authority delegated by CE, has required MWC to submit to the CE in Council its recommendation report on the review of the next SMW rate on or before 28 February 2026 in accordance with MWO. MWC is conducting the review under the New Mechanism, including formulating the workplan and the implementation arrangements for adopting the formula to review the next SMW rate. MWC has also been briefed on the major results of the 2023 Annual Survey of Economic Activities and the 2024 Annual Earnings and Hours Survey (AEHS) by the Census and Statistics Department (C&SD), and has examined the latest situation of the indicators in the formula.

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<sup>3</sup> The SMW rate was \$28 per hour when it was implemented in May 2011. Subsequently, it was uprated to \$30, \$32.5, \$34.5, \$37.5, \$40 and \$42.1 per hour in May 2013, May 2015, May 2017, May 2019, May 2023 and May 2025 respectively.

7. If the recommendation report to be submitted by MWC is accepted by the CE in Council, the Government will table the relevant subsidiary legislation on amending the SMW rate for negative vetting by LegCo. Subject to the scrutiny by LegCo, the next SMW rate is expected to take effect on 1 May 2026.

## **Implementation of SMW**

### Number of employees earning the SMW rate

8. According to the results of the 2024 AEHS<sup>4</sup>, in May – June 2024, the number of employees earning hourly wages at the then prevailing SMW rate (i.e. \$40 per hour) was 12 300, representing about 0.4% of all employees<sup>5</sup>.

9. According to the estimations by MWC during the last review of the SMW rate, before the SMW uprating to \$42.1 per hour in the first half of 2025, the number of employees earning hourly wages below the new rate would be around 22 100 to 36 700, representing 0.8% to 1.3% of all employees<sup>6</sup>.

### Labour market conditions

10. According to the results of the General Household Survey by C&SD, in January – March 2025, after excluding government employees and live-in domestic workers to whom SMW does not apply, the nominal average monthly employment earnings of full-time employees in the lowest decile group increased cumulatively by 6.8% as compared with the period (February – April 2023) before the implementation of the last SMW rate (i.e. \$40 per hour). After discounting the headline CPI(A) inflation (4.3%) over the same period, the cumulative increase in real terms was 2.4%.

11. Hong Kong's labour market conditions remained broadly stable. While the overall unemployment rate increased somewhat in recent months, it was still at a relatively low level. The seasonally adjusted unemployment rate

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<sup>4</sup> The results released on 24 March 2025 are the latest statistics.

<sup>5</sup> Employees exclude government employees, student interns, work experience students and live-in domestic workers as exempted by MWO, as well as employees with zero working hours in the survey reference period.

<sup>6</sup> Statistics on employees earning the prevailing SMW rate in May – June this year will be compiled based on the results of the 2025 AEHS, and will be released next year.

was 3.4% in February – April 2025, while the unemployment rate was 3.0% in the period before the implementation of the last SMW rate. Total employment was 3 677 000, slightly lower than the period before the implementation of the last SMW rate (3 685 000).

### Publicity and promotion

12. The Labour Department (LD) has carried out diversified promotional activities to enhance the understanding of employers and employees about their obligations and entitlements under the SMW regime. The promotional activities include broadcasting Television and Radio Announcements in the Public Interest, holding seminars, publishing feature articles in newspapers, displaying outdoor publicity banners, providing online interactive games on LD’s website, and placing advertisements in newspapers, mobile applications and online platforms.

13. LD has produced posters, leaflets and publications (including the “Concise Guide to SMW” and “SMW: Reference Guidelines for Employers and Employees”), as well as SMW industry-specific reference guidelines for nine industries<sup>7</sup>. LD widely distributes the reference materials through the departmental website and different channels<sup>8</sup>. Members of the public can also make use of the Minimum Wage Reference Calculator on LD’s website for quick and initial computation of the minimum wage for reference.

### Consultation and conciliation services

14. LD provides 24-hour telephone enquiry service through its hotline at 2717 1771 (handled by “1823”) to answer public enquiries on MWO. The number of SMW-related enquiries received by this hotline dropped from 2 625 cases in 2023 to 1 968 cases in 2024.

15. The 10 branch offices of LD’s Labour Relations Division provide free in-person consultation and voluntary conciliation services on MWO to employers and employees, and actively facilitate both parties to resolve their differences.

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<sup>7</sup> The nine industry-specific reference guidelines are for catering, retail, property management, security services, cleaning services, hotel, tourism, logistics and real estate agency.

<sup>8</sup> Including the relevant offices of LD, other government departments (e.g. Home Affairs Enquiry Centres of the Home Affairs Department, post offices and public libraries, etc.), as well as other relevant organisations (e.g. hospitals under the Hospital Authority, owners’ incorporations, estate offices, non-governmental organisations, employers’ associations and labour groups, etc.).

In 2023, LD handled six claims<sup>9</sup> involving SMW, and seven in 2024. LD actively follows up all the cases with suspected breaches of employees' rights and benefits.

### Law enforcement

16. LD adopts a multi-pronged enforcement strategy, including conducting workplace inspections to various establishments and mounting targeted enforcement campaigns for low-paying sectors, to ensure employers' compliance with MWO. During workplace inspections, labour inspectors explain to employers and employees the requirements of MWO. Should irregularities be detected, labour inspectors will require employers to take appropriate measures to ensure their compliance with MWO including immediate payment of wages falling short of SMW to employees. LD also widely publicises its complaint hotline (2815 2200) to encourage employees to report promptly cases on suspected breaches of MWO. LD investigates all complaints expeditiously and pursues against those employers and company responsible individuals who wilfully defy the law.

17. In 2023 and 2024, six and seven cases involving suspected violations of MWO were detected by LD respectively. During the same period, three and 11 convicted summonses for underpayment of SMW were recorded respectively, involving four cases in total. Except for individual cases where investigations are underway or the employees have subsequently withdrawn their complaints, etc., LD has followed up all the cases and confirmed that the employees have received SMW or recovered the shortfall of wages. The overall state of employers' compliance with MWO has thus far been satisfactory.

### **Conclusion**

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

Labour and Welfare Bureau  
Labour Department  
June 2025

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<sup>9</sup> Each involving 20 or less employees.

## **Implementation arrangements and calculations of the last review of the Statutory Minimum Wage rate by the Minimum Wage Commission**

### **Implementation arrangements**

- (i) Adopting uniformly calendar-year figures (i.e. January to December of 2023 and 2024<sup>1</sup>) as the reference period of the three indicators in the formula, so as to facilitate public understanding and minimise data lag as far as possible;
- (ii) Rounding the data of the indicators in the formula to one decimal place and the Statutory Minimum Wage (SMW) rate to the nearest ten cents based on the percentage rate of adjustment derived from the formula (up to two decimal places at most) with reference to the practice of the Census and Statistics Department (C&SD) of rounding the published data to one decimal place; and
- (iii) Locking the data of the indicators in the formula<sup>2</sup> to avoid subsequent adjustments in case of C&SD's further revisions to the relevant indicators, so as to maintain certainty of the SMW rate.

### **Calculations**

Recommended SMW rate =

The then prevailing SMW rate (i.e. \$40 per hour) ×

(1 + percentage rate of adjustment as obtained by applying 2023 data to the formula) ×

(1 + percentage rate of adjustment as obtained by applying 2024 data to the formula)

The relevant figures are tabulated below:

Year	Indicators in the formula			Rate of adjustment obtained by using the formula (%)	Recommended SMW Rate (\$)
	Headline Consumer Price Index (A) (CPI(A)) inflation <sup>3</sup> (%)	Growth rate of the real Gross Domestic Product (GDP) in the latest year (%)	Trend growth rate of the real GDP in the latest decade (%)		
2023	2.3	3.2	1.1	2.72	42.1
2024	2.1	2.5	1.1	2.38	

<sup>1</sup> Considering that the then prevailing SMW rate took effect on 1 May 2023 and the recommended SMW rate would take effect on 1 May 2025, statistical figures for 2023 and 2024 were adopted as the data coverage period of the review.

<sup>2</sup> The relevant figures were the latest ones as of 3 February 2025.

<sup>3</sup> It refers to the year-on-year rate of change in the headline CPI(A).