

# Minimum Wage Commission delighted by acceptance of its recommended new Statutory Minimum Wage rate

The following is issued on behalf of the Minimum Wage Commission:

After detailed analyses, in-depth assessment and thorough consideration, the Minimum Wage Commission (MWC) has by unanimous consensus recommended that the current Statutory Minimum Wage (SMW) rate of \$34.50 per hour be raised to \$37.50 per hour.

The Chairperson of the MWC, Ms Priscilla Wong, said today (January 11), "We are delighted to learn that the Chief Executive in Council has accepted our recommendation about the new SMW rate after considering the report of the MWC."

Ms Wong added, "Our recommendation is based on the unanimous consensus and support of all the MWC Members. The recommended new SMW rate maintains an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, while giving due regard to the need to sustain Hong Kong's economic growth and competitiveness. We earnestly hope that the recommended new SMW rate could be accepted by the Legislative Council."

The MWC has adopted an evidence-based approach to review the SMW rate in an objective and balanced manner. Apart from making reference to the data of an Array of Indicators (covering four areas of consideration, namely general economic conditions, labour market conditions, competitiveness and social inclusion, and including a large number of indicators which were released more frequently and more up to date), the MWC also studied in detail the findings of other surveys and fully considered the views of the community on the review of the SMW rate. In parallel, the MWC considered other factors that were pertinent to the review of the SMW rate but could not be fully quantified, and conducted stress tests under four economic scenarios to assess the potential impact of different SMW test levels on employees, enterprises, the unemployment rate and inflation.

Based on the data from the Census and Statistics Department and assuming the Hong Kong economy would grow by 2.5 per cent to 3.5 per cent in real terms over the year earlier for the first half of 2019, the MWC roughly estimated that the number of employees with an hourly wage less than \$37.50 in the first half of 2019 before the implementation of the recommended new SMW rate (i.e. pre-adjustment employees involved) would be around 61 500 to 75 500, representing 2.0 per cent to 2.5 per cent of all employees in Hong Kong. Since the labour market would keep adjusting before and after the implementation of the recommended new SMW rate, the assumptions underlying the above rough estimates on the number of pre-adjustment employees involved

might differ from the actual outcomes. Taking into account the impact of the knock-on effect on pay hierarchies (knock-on effect) and drawing on the experience gained from previous SMW upratings, the MWC envisaged that, barring any abrupt economic downturn, the number of employees benefiting from pay rises owing to the uprating of the SMW would eventually be greater than the number of pre-adjustment employees involved, as well as the number of employees earning the recommended new SMW rate after the adjustment.

For enterprises, taking into account rest day pay and meal break pay (for employees who are granted these payments according to their employment contracts or agreements) and the impact of the knock-on effect in addition to the amount payable by enterprises to comply with the statutory requirement, the MWC estimated that the total wage bill would increase by about \$800 million to \$930 million or approximately 0.1 per cent. The MWC envisaged that the impact of the recommended new SMW rate would be manageable for most enterprises, while the overall business environment and incentives for business start-ups should not be significantly affected.

Regarding the impact on the unemployment rate, the MWC estimated that the recommended new SMW rate would lift the overall unemployment rate by about 0.1 to 0.3 percentage points. With the prevailing low unemployment rate in Hong Kong, barring any abrupt economic downturn, the recommended new SMW rate would unlikely trigger a marked deterioration in labour market conditions.

As for the impact on inflation, assuming a full pass-on of additional wage bills to prices of products and services and taking into account the first round of wage-price spiral effect, the MWC estimated that the Composite Consumer Price Index (CPI) inflation and CPI(A) inflation (the latter being a better measure for the impact of price changes on the grass roots) would both go up by about 0.1 percentage points. Nevertheless, as it would be unlikely for all enterprises to fully pass on the additional wage bills to consumers, the actual impact of the recommended new SMW rate on inflation should be smaller than the above estimates.

The full text of the "2018 Report of the Minimum Wage Commission" has been uploaded to the MWC's website ([www.mwc.org.hk](http://www.mwc.org.hk)).

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## **Chief Executive in Council adopts recommendation on Statutory Minimum Wage rate**

The Chief Executive in Council has adopted the recommendation of the Minimum Wage Commission (MWC) to raise the Statutory Minimum Wage (SMW) rate

from its prevailing level of \$34.5 per hour to \$37.5 per hour, an increase of \$3 or 8.7 per cent.

The Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2019 will be published in the Government Gazette next Friday (January 18) and tabled in the Legislative Council (LegCo) on January 23. Subject to the approval of LegCo, the revised SMW rate will come into force on May 1, the next Labour Day.

The Secretary for Labour and Welfare, Dr Law Chi-kwong, paid warm tribute to the Chairperson of the MWC, Ms Priscilla Wong, and all its members for their hard efforts and sterling contribution in accomplishing the important and challenging mission of reviewing the SMW rate.

Dr Law said, "The Government has carefully considered the report of the MWC and is of the view that the MWC has ably discharged its statutory function of reviewing the SMW rate with thorough and balanced deliberation."

He added, "Since the SMW came into effect on May 1, 2011, the earnings of low-income employees have continued to improve and the employment market has remained largely stable. The smooth implementation of the SMW has been attributable to the support of the community and co-operation of stakeholders."

The full text of the "2018 Report of the Minimum Wage Commission" is available at the MWC's website ([www.mwc.org.hk](http://www.mwc.org.hk)).

The Government will also publish in the Government Gazette on January 18, and table in LegCo on January 23, the Employment Ordinance (Amendment of Ninth Schedule) Notice 2019. The Notice amends the monthly monetary cap on recording the total number of hours worked. An employer will be exempted from the requirement to record the total number of hours worked by an employee in a wage period if wages payable to the employee for that wage period are not less than \$15,300 (currently \$14,100) per month. In tandem with the commencement of the revised SMW rate, the revised monetary cap will come into force on the same day on which the revised rate takes effect, that is May 1 this year.

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## **SED on National Anthem Bill**

Following is the transcript of remarks by the Secretary for Education, Mr Kevin Yeung, at a media session after officiating at the opening ceremony of a special classroom and the inauguration of the four houses of Alliance Primary School, Whampoa today (January 11):

Reporter: Mr Yeung, once the National Anthem Law is introduced, does that mean it will be compulsory for schools to teach students the national anthem?

Will they be penalised for not teaching that? And also, do you think that this will amount to bringing the Mainland authorities or Mainland interference into Hong Kong's education system for bringing this kind of national anthem law into schools?

Secretary for Education: I think it is a local legislation, and what the Bill (National Anthem Bill) says is the Secretary for Education has to give directions to the schools so that students could learn the national anthem at school and also they could learn the history and the necessary attitude when they sing the national anthem. So it is just following the existing local system, the local education system, in terms of learning and teaching. So there is no question of any interference from the Mainland.

Reporter: And will schools be penalised for not teaching the national anthem?

Secretary for Education: Under the law, under the Bill, that part of the Bill does not carry any penalty. But of course, when we make the direction, if there are any problems that the schools face in teaching the national anthem, we will provide professional advice to the schools.

(Please also refer to the Chinese portion of the transcript.)

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## **MD announcement**

Attention duty announcers, radio and TV stations:

Please broadcast the following as soon as possible and repeat it at suitable intervals:

The Marine Department today (January 11) reminded masters, coxswains and persons-in-charge of vessels navigating in Hong Kong waters to proceed at a safe speed and exercise extreme caution because restricted visibility of less than 2 nautical miles has been reported.

Appropriate sound signals shall be made when underway or at anchor. All vessels must comply with the International Regulations for Preventing Collision at Sea.

Also, when radar is used without the benefit of adequate plotting facilities, the information obtained from the equipment is rather limited and should be construed accordingly.

Visibility reports are broadcast by the Vessel Traffic Centre (VTC) on VHF channels 02, 12, 14, 63 and 67.

In the event of an accident, a report shall be made immediately to the VTC at Tel: 2233 7801.

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## Appointments to Women's Commission

The Government today (January 11) announced the appointment of four new members and the re-appointment of seven incumbent members to the Women's Commission (WoC) for a term of two years with effect from January 15, 2019.

The four new members are Ms Mary Huen Wai-yi, Ms Melissa Kaye Pang, Ms Rigam Rai and Mr Walter Tsui Yu-hang.

Ms Mary Huen Wai-yi is the Chief Executive Officer of Standard Chartered Bank (Hong Kong) Limited. She is also a panel member of the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal.

Ms Melissa Kaye Pang is the first female President of the Law Society of Hong Kong. She is also the Chairperson of the Committee on the Promotion of Civic Education.

Ms Rigam Rai is the first Nepalese lawyer in Hong Kong. She is also a member of the Committee on the Promotion of Racial Harmony.

Mr Walter Tsui Yu-hang is a founder of CareER, a non-profit-making organisation. He is also a member of the Rehabilitation Advisory Committee.

The seven re-appointed incumbent members are Professor Cecilia Chan Lai-wan, Ms Susanna Chiu Lai-kuen, Mrs Emily Tim-yi Lam Ho, Dr Kevin Lau Chung-hang, Ms Elaine Lo Yuen-man, Ms Wong Siu-wah and Ms Yvonne Yeung Kin-ha.

The Secretary for Labour and Welfare, Dr Law Chi-kwong, welcomed the appointments and re-appointments. He said, "Coming from a diverse background, the newly appointed and re-appointed members have rich experience in their professions and community services. I look forward to their giving valuable advice on the work of the WoC."

Dr Law also thanked the four outgoing members, Ms Aruna Gurung, Ms Juan Leung Chung-yan, Mr Philip Tsai Wing-chung and Ms Rabi Yim Chor-pik, for their active participation in and valuable contribution to the work of the WoC in the past years.

The WoC was set up on January 15, 2001, as a central mechanism to promote the well-being and interests of women in Hong Kong. It plays a strategic role in advising the Government on policies and initiatives on women's issues.

Following is the membership list of the WoC with effect from January 15, 2019:

### Non-official members

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Ms Chan Yuen-han (Chairperson)

Professor Cecilia Chan Lai-wan  
Ms Susanna Chiu Lai-kuen  
Ms Mary Huen Wai-yi  
Professor Shirley Hung Suet-lin  
Ms Angelina Kwan  
Mrs Emily Tim-yi Lam Ho  
Dr Kevin Lau Chung-hang  
Ms Melaine Lee Kam-ha  
Ms Elaine Lo Yuen-man  
Ms Yolanda Ng Yuen-ting  
Ms Melissa Kaye Pang  
Ms Scarlett Pong Oi-lan  
Ms Rigam Rai  
Dr Loletta So Kit-ying  
Ms Michelle Tang Ming-sum  
Miss Sherry Tsai Hiu-wai  
Mr Walter Tsui Yu-hang  
Ms Wong Siu-wah  
Mrs Viola Wong Ho Suk-ying  
Ms Yvonne Yeung Kin-ha

Ex-officio members

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Permanent Secretary for Labour and Welfare or representative (Vice-Chairperson)

Secretary for Constitutional and Mainland Affairs or representative  
Director of Social Welfare or representative