



**Submission to the Provisional Minimum Wage Commission
on Setting of Minimum Wage
Business and Professionals Federation of Hong Kong (BPF)
April 2010**

1. BPF supports the introduction of minimum wage in Hong Kong, subject to appropriate criteria and safeguards. Our study entitled *Legislating the Minimum Wage in Hong Kong*, dated January 2009, outlines our position on this issue.

2. The key criteria and safeguards are:-
 - i) The level of minimum wage and the methodology of setting it must be the responsibility of an independent and objective Minimum Wage Commission, not unduly influenced by political, business or labour pressures.

 - ii) The mechanisms for setting and reviewing minimum wage should follow the most generally accepted international practice which has developed over many years. Globally, minimum wage is generally set between 40% to 50% of the median wage, which equates to around \$23-\$29 in Hong Kong.

 - iii) The setting of minimum wage should not be seen as a trigger or basis for justifying either public or private sector annual wage level negotiations. As a matter of principle therefore minimum wage should not be reviewed in normal circumstances more frequently than every two to three years but might need to be subject to a mid-term review during the first period.

3. BPF also wish to emphasise:-
 - i) There is a relationship between the level of minimum wage and employment. The question is at what level to set the former without too large an impact on the latter. The study commissioned by the Commission should be the basis for this decision.

 - ii) Minimum wage should be about a fair wage base for work performed. It is not a solution to poverty nor is it an answer to family support. These are separate albeit connected issues.



- iii) Anything less than 40% would be unreasonable and anything above 50% may have significant impact on the economy and employment.
- iv) Work opportunity for the young, especially trainees, and for the elderly seeking supplementary income must be sustained.
- v) At the outset, since the full impact is uncertain it is advisable that a prudent approach to minimum wage level be adopted, with the understanding that an adjustment upward will be made following a midterm review, if experience supports this.