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Publication of Statistic Data of Employee's Average Wage and Minimum Wage Standard in Shanghai Municipality

I Employee's Annual Average Wage of 2007 in Shanghai

According to the data issued by Shanghai Labor and Social Security Bureau and Shanghai Statistic Bureau recently, the employee's annual average wage of 2007 in Shanghai is RMB 34,707, and the monthly average wage is RMB 2,892, increased by 17.4% compared to the data of last year.

The increase in employee's average wage reflects that the cost for the labor force in China continues to increase. On the other hand, it also impacts the calculations of certain figures which are based on the average wage, such as the highest and lowest limit of the social insurance basis in Shanghai, monthly allowance for working women during their maternity leave and so on.

According to the provisions of the *PRC Labor Contract Law* which came into effect on January 1, 2008, the monetary compensation paid by the employer to the employee is also based on the local average wage. Pursuant to this law, if the employee's monthly wage is higher than 300% of the local monthly average wage of the previous year, the amount of the compensation paid by the employer shall be based on the tripled amount of the local monthly average wage of the previous year for each year of the service length of the said employee when the employer gives monetary compensation to the employees, namely, if the employee's monthly wage paid by the employer in Shanghai is higher than RMB8,676, the monetary compensation paid by the employer shall be based on RMB8,676 for each year of service length of that employee.

In addition, the calculation of the work-related injury compensation provided in the *Regulations for Work-Related Injury Insurance* and the *Implementation Regulations for Work-Related Injury Insurance in Shanghai Municipality* is related to the local employee's average wage as well, and it shall also be adjusted with the increase of the employee's average wage.

II Adjustment of the Minimum Wage Standard in Shanghai

Since April 1, 2008, the minimum monthly wage in Shanghai has increased from RMB 840 to RMB 960, the minimum hourly wage has increased from RMB 7.5 to RMB 8. The adjustment of the minimum wage standard also has certain impact.



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For instance, according to the *Labor Contract Law of PRC*, an employee's wage in probation period in Shanghai shall not be lower than RMB 960 monthly or RMB 8 hourly; the labor dispatching company shall pay the minimum wage of RMB 960 to the dispatched employee during the period when the employee does not have a job; the hourly wage of a part-time employee shall not be lower than RMB 8. Other related matters regulated in the *Measures of Wage Payment of Enterprises in Shanghai* such as the monthly prepaid wage of the employee who applies to the annual salary payment, the basis for calculating the wage during holidays, the wage during probation and intern period, the wage paid by the employer during the period of shutdown, the remnant amount of wage after reduction, the remnant amount of wage after deduction and so on shall be carried out according to the above-mentioned new standard.

In addition, according to the provision of the *Opinions on Several Issues Concerning the Implementation of the PRC Labor Law* and the *Notice Regarding the Minimum Wage and Allowance of the Employees during Medical Leave* issued by Shanghai Labor and Social Security Bureau, during the period of the medical leave or non work-related treatment, if the employer has to pay the wage or allowance to the employee during that period in accordance with relevant regulations, the wage or allowance can be lower than the minimum wage standard, but can not be lower than 80% of the minimum wage standard, i.e., RMB 768 in Shanghai.

In respect of labor disputes resolution procedures, according to the provisions of the *PRC Law of Labor Disputes Mediation and Arbitration* which will come into effect on May 1, 2008, the awards of disputes regarding claims for wages, work-related medical costs and monetary compensation, the amounts of which are not higher than twelve months wages according to local minimum wage standard, shall be the final awards. According to the published standard mentioned above, the arbitral award for the disputes, the claimed amount of which is not higher than RMB 11,520 shall be final. The award is binding to the employer since it has been rendered, and the employer cannot appeal to the court against such an award.



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