



WAGE COMMISSION

Recommendations for the Minimum Hourly Wage in Bermuda

June 2025

This Report is in accordance with section 9 of the Employment (Wage Commission) Act 2019 and follows the Report of the Wage Commission submitted to the Minister responsible for labour in April 2021 entitled *Recommendations for A Minimum Wage in Bermuda*.

Introduction

Minimum wages play a crucial role in protecting the income and purchasing power of low-paid workers and their families, especially amidst rising costs of everyday goods and services.

In March 2023, the Government established a minimum hourly wage rate of \$16.40, which took effect on 1 June 2023 based on the recommendations of the Wage Commission made in April 2021. This statutory minimum hourly wage rate ensures that all workers receive a dignified wage, allowing them to provide for themselves and their families.

The Wage Commission (the “Commission”) has been tasked with monitoring the minimum hourly wage rate and its effects on the economy and providing a report to the Minister responsible for Labour on any proposed amendments to the minimum hourly wage rate in Bermuda in accordance with the Employment (Wage Commission) Act 2019 (the “Act”).

Sections 9, 10, and 11 of the Act provide the legal framework from which the Commission operates:

- **Section 9:** Requires the Wage Commission to make a report to the Minister on the minimum hourly wage and outlines the criteria to be taken into consideration for determining the minimum hourly wage, including the methodology.
- **Section 10:** Establishes the authority of the Wage Commission to recommend adjustments to the minimum hourly wage.
- **Section 11:** Allows the Minister to adjust the minimum hourly wage to ensure it remains fair and adequate.

Recommendations for Progressing the Minimum Hourly Wage Rate

It remains our recommendation that the wage floor be enhanced over time. In the 2021 report of the Commission, it was stated: “It has been the case for some jurisdictions, such as the United States, that once a minimum wage has been set, it does not attract frequent review. This is problematic for at least two reasons. The first is that the purchasing power of wages declines over time if not increased. Secondly, if the statutory minimum wage is not reviewed for a number of years, there is resistance from employers to increase it to inflation-adjusted levels. A simplistic method allows for ease of review.”

The Commission recommends that the statutory minimum hourly wage rate be adjusted using the Consumer Price Index (CPI) at this time. While wages generally increase over time, there may be occasions when wages actually decline. Therefore, in alignment with global best practice, we recommend that the minimum hourly wage be reviewed every

two years utilizing the information from the annual Employment Survey as well as the Labour Force Survey, which is produced biannually (twice yearly). Progressing the statutory minimum hourly wage rate every two years will minimize potential disruptions to businesses and allow employers to adjust their operations and pricing strategies, accordingly, mitigating any adverse effects on employment levels or business viability. Moreover, knowing that wage adjustments will occur every two years based on an objective economic indicator allows for better long-term planning and budgeting for businesses and households alike.

This approach is supported by the International Labour Organisation's Global Wage Report 2024–25, which emphasises the importance of regular minimum wage adjustments to ensure wages keep pace with inflation and safeguard workers' purchasing power.

The Global Wage Report highlights that over half of the countries with statutory minimum hourly wages revise their rates at least every two years, reinforcing the importance of linking wage adjustments to the CPI to ensure fair and sustainable wage growth. Furthermore, on average, high-income countries adjust their minimum wages more frequently than lower-income countries. This underscores the importance of regular wage reviews to maintain fair compensation and safeguard workers' purchasing power in the face of economic fluctuations.

Methodology for Progressing the Minimum Hourly Wage

The soundest methodology to progress the minimum hourly wage rate in Bermuda is by the annual average rate of inflation, using the CPI as the indicative measure, capped at 2.5% per year, every two years. Using the annual average rate of inflation for 2023 and 2024 of 3.3 per cent and 1.9 per cent respectively, the proposed statutory minimum hourly wage rate for 2025 will be \$17.13.

Rationale for Using CPI Capped at 2.5% each year for Wage Adjustments

Regular reviews of the wage floor are essential to ensure that the purchasing power and living standards of wage workers and their families are maintained. The CPI is a widely utilised measure of inflation. Calculated by the Department of Statistics, it provides a reliable and objective standard for minimum hourly wage adjustments.

Progressing the minimum hourly wage by the CPI capped at 2.5% each year helps maintain purchasing power, promote fairness and equity, and provide predictability and stability. Adjusting Bermuda's minimum hourly wage rate by the CPI capped at 2.5% each year over two years is a proactive and equitable approach to ensuring that workers receive fair compensation that keeps pace with the cost of living. This method

underscores our commitment to maintain a basic standard of living for persons working in Bermuda.

The CPI is often used as a benchmark for adjusting the minimum hourly wage due to its role in reflecting changes in the cost of living. The CPI tracks the average change over time in the prices paid by consumers for a market basket of essential goods and services, including food, housing, clothing, transportation, and healthcare. Since the minimum hourly wage is intended to help workers afford basic living expenses, the CPI provides a relevant gauge of how these costs are changing.

By linking minimum hourly wage increases to the CPI, albeit “capped”, the minimum hourly wage rate can be adjusted to better keep pace with inflation. This helps ensure that the purchasing power of minimum hourly wage earners is maintained. Without such adjustments, inflation erodes the real value of the minimum hourly wage over time, making it harder for workers to afford goods and services.

The Commission considered the possibility of adjusting the minimum hourly wage using the Gross Domestic Product (“GDP”) deflator which captures the change in the prices of all goods and services produced in the economy, while the CPI reflects the price that actually affects consumers. The Commission noted the appropriateness of the end-use of the analysis for both indicators and determined that the CPI was more effective as it more accurately reflects changes in the purchasing power of consumers.

Conclusion

The Commission is satisfied that the statutory regime created to monitor and enforce the minimum hourly wage in Bermuda (the Employment (Minimum Hourly Wage Entitlement) Act 2022, the Employment (Minimum Hourly Wage Entitlement) Regulations 2023 and the Employment (Minimum Hourly Wage) Order 2023) is robust however it is aware that the Department of Labour is in the process of increasing its staffing levels to include more Labour Inspectors for the purpose of enforcing the minimum hourly wage and trusts that this will be completed within a timely manner.

Senator Mischa Fubler, Chairman

Dr Nicola Paugh, Deputy Chairman

Andrew Simpson, JP, MA

Steven Holdipp

Philip Barnett



Handwritten signatures of the five commissioners: Mischa Fubler, Nicola Paugh, Andrew Simpson, Steven Holdipp, and Philip Barnett.

Shannon Thompson, RPLU

Shannon Thompson

