



香港人力資源管理學會

**Hong Kong Institute of Human Resource Management**

*operated by Hong Kong Institute of Human Resource Management Limited*

26 May 2016

(by mail and email)

Mr Jat Sew Tong, SBS  
Chairperson  
The Minimum Wage Commission  
1/F Harbour Building  
38 Pier Road, Central  
Hong Kong

Dear Mr Jat,

**Hong Kong Institute of Human Resource Management's  
Views on Statutory Minimum Wage Review**

We understand that the Minimum Wage Commission (MWC) is conducting a review of the statutory minimum wage rate and calling for views. On behalf of the Hong Kong Institute of Human Resource Management (HKIHRM), we would like to provide our views as below:

1. When reviewing the minimum wage, it is important to gauge the views of employers to see if the minimum wage legislation has made it easier or more difficult for employers when hiring.
2. The increment rates of Hong Kong's minimum wage since the legislation came into effect on 1 May 2011 have exceeded Hong Kong's GDP growth rates and inflation rates during the comparable periods (refer to appendix). When reviewing the minimum wage level, it is preferable to refer to movements of the Consumer Price Index to get an indication of whether the wage rate should be adjusted up or down and by how much.
3. In the review process, it is important to take into consideration the economic outlook, the labour supply and demand of individual industries, and the affordability of small and medium-sized enterprises (SMEs) which account for over 98% of total business units in Hong Kong and provide job opportunities for nearly 1.3 million people in Hong Kong. Recently the Ministry of Human Resources and Social Security of China has decided to extend the adjustment period of minimum wage from once every 2 years to once every 2 to 3 years due to economic considerations to ease the financial pressure on SMEs.
4. Hong Kong, given the current scaled down economic growth projection and increased unemployment, can consider a similar arrangement like China, i.e. not following an inflexible review and adjustment period, but adopting a more flexible review and adjustment period due to economic considerations and sustainability of businesses.

香港銅鑼灣怡和街六十八號一五〇三室

Suite 1503, 15/F., 68 Yee Wo Street, Causeway Bay, Hong Kong.

電話：二八八一五一三三 圖文傳真：二八八一六〇六二

Web Site: <http://www.hkihrm.org> E-mail: [info@hkihrm.org](mailto:info@hkihrm.org) Tel: (852) 2881 5113 Fax: (852) 2881 6062



香港人力資源管理學會

**Hong Kong Institute of Human Resource Management**

*operated by Hong Kong Institute of Human Resource Management Limited*

5. When reviewing the minimum wage level, it is also vital to evaluate the impact on work harmony among various stakeholders - including the workforce, employers and the government - as any review may incur arguments and disputes that can inflict negative impact on work harmony and the work environment.

6. Last, but not least, it is always important to address the spiral effect of increasing the minimum wage rate to the overall labour market and to evaluate the ripple effect of rate change on total manpower cost, consumer prices, inflation and sustainability of businesses.

We understand that the MWC is collecting views from different stakeholders. The HR profession, which works at the forefront in handling employment related measures, can certainly provide the MWC with very practical and useful information. We hope that employee relations and business sustainability will be considered equally in the minimum wage review, and we would do our utmost to support the MWC in any way to ensure a successful review which will meet the expectations of different stakeholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Li', is written over a light blue horizontal line.

David Li  
President  
Hong Kong Institute of Human Resource Management

cc: Mr Matthew Cheung, GBS, JP, Secretary for Labour and Welfare



**APPENDIX**

**Hong Kong GDP Growth and Inflation**

Year	GDP growth *	Inflation (CPI) *	Unemployment rate *	Average base pay adjustment across industries ^	Average base pay adjustment for SMEs ^
2016	0.8% (Q1, y-o-y)	-0.4% (average monthly rate from Mar to May)	3.4% (Q1)	3.8% (forecast for Jan to Apr 2016)	N/A
2015	2.4%	3.4%	3.3%	4.5%	4.6%
2014	2.6%	3.9%	3.3%	4.3%	4.4%
2013	3.1%	4.3%	3.3%	4.4%	3.9%
2012	3.8%	4.1%	3.3%	4.5%	4.0%
2011	5.0%	5.2%	3.3%	4.2%	4.3%

Source:

\* Hong Kong Census and Statistics Department

^ HKIHRM's Annual Pay Trend Survey

**Increment Rates of Minimum Wage**

Period	Wage/Hour	Increase (annual average)
1 May 2011 – 30 Apr 2013	HK\$ 28	N/A
1 May 2013 – 30 Apr 2015	HK\$ 30	3.57%
1 May 2015 – 30 Apr 2017	HK\$ 32.5	4.17%

Source: Hong Kong Labour Department