



28 April 2023

Ms Priscilla WONG, SBS, JP
Chairperson
The Minimum Wage Commission

Dear Ms Wong,

**Hong Kong Institute of Human Resource Management's Views
on The First-stage Consultation on Enhancing the Review Mechanism of
the Statutory Minimum Wage**

Thank you for inviting the Institute to share our review on enhancing the review mechanism of the Statutory Minimum Wage (“SMW”). On behalf of the Hong Kong Institute of Human Resource Management (“HKIHRM”), our views are consolidated as follows:

1. HKIHRM has always been committed to advocating for the welfare and rights of employees. In May 2022, the *HKIHRM HR Pulse Check: Quick Poll on Review of the Statutory Minimum Wage Rate 2022* sought our members' views on the review of the SMW rate. Over 60% of respondents supported an increase in the SMW, while 46% recommended a raise in the SMW to the range of HK\$40-HK\$40.9. We appreciate the government's response to the industry corresponds with the latest SMW promulgated by the government, set to be implemented on 1 May 2023.
2. Following consultation with members from the labour-intensive organisation, HKIHRM concluded that the relevance of the SMW in the current labour market is significantly low, there is no pressing need to adjust the review cycle. The member reflected that fact that SMW is no longer widely used by employers in industries such as retail sector and F&B sector, in which employers have begun to adjust wages on a monthly or quarterly basis due to labour shortages and remain competitiveness in the market.
3. Apart from inflation, per capita income, the pay trend and benefits survey should also be considered when determining the review cycle. The SMW rate has increased by 43% since its implementation in 2011 whereas the cumulative inflation rate is 34%, which show that



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the current increment on SMW and the review cycle is effective in alleviate inflationary pressure on labour.

4. The estimated number of beneficiaries from the adjusted SMW in 2023 is projected to be between 46,500 to 87,300, which is lower in 2019, indicating that fewer people are currently earning the SMW. It is suggested that the Minimum Wage Commission should also work with the Census and Statistics Department to study the actual number of beneficiaries periodically when the SMW increased every time in order to review the effectiveness and impact of the increment in SMW to labour livelihoods.
5. With reference to the review cycle of the developed economies across the globe, including but not limited to Japan, South Korea, the United Kingdom, the United States, and France, where the review cycle is conducted annually. However, these developed economies have a long history of implementing the SMW and have developed a mature review mechanism with the support of labour unions. As Hong Kong has only implemented the SMW for just 11 years and took approximately 6-9 months on every review. As a result, shortening the review cycle to one year may appear to be a challenge.

The SMW serves more as a symbolic indicator of a developed economy's commitment to safeguarding labour rights, preventing excessively low wages, and maintaining economic development and competitiveness. As representatives of the industry, we recommend that the government consider these factors when reviewing the SMW mechanism.

Yours sincerely,

Lawrence Hung

President

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