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30 May 2022

Ms Priscilla Wong, SBS, JP
Chairperson
Minimum Wage Commission
1/F., Harbour Building
38 Pier Road
Central, Hong Kong

Dear Priscilla,

Review of Statutory Minimum Wage Rate

Thank you for inviting the Employers' Federation of Hong Kong to express our views on the upcoming review of the Statutory Minimum Wage (SMW) rate.

One of the arguments centres around the upward adjustment of SMW is its insufficiency to support living. In fact, SMW is never intended to serve this purpose but was established to be a wage floor to prevent unreasonably low wages for employees. This policy objective is explicitly stated in the Minimum Wage Ordinance:

(regard to the need to) “maintain an appropriate balance between the objective of forestalling excessively low wages and minimising the loss of low-paid jobs; and to sustain Hong Kong’s economic growth and competitiveness.”

For economy with high mobility like Hong Kong, market force is the dominating factor in determining the wage level of different job positions. In fact, the latest survey reveals that only slightly over 14,000 employees earn at SMW level i.e. HK\$37.5 per hour. As such, the Federation believes that the objectives for creating the SMW have been achieved.

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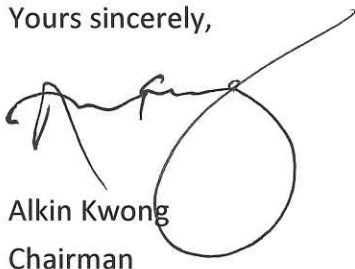
Human capital is one of the valuable assets for the sustainable development of Hong Kong. The Federation always shares the concern on the livelihood of our grassroots employees and has been proactively advocating best employment practices among members including but not limited to paying decent wages to their employees. We believe it is more important than ever during the current difficult time, when all of us are suffering physically and mentally at various degrees.

Hong Kong economy has been severely affected over the past two years particularly during the 5th wave of the pandemic. Many businesses, particularly SMEs, are on the verge of downsizing or closure. Our latest unemployment rate for instance, climbed to 5.4%, the highest level since the third quarter of the previous year. Among all, labour intensive sectors such as catering and retail, are hardest hit. Preserving business continuity and employment are the prime objectives before the economy revives.

The Federation supports a fair balance between the needs of employees, employers and the competitiveness and overall economic development of Hong Kong. The current mechanism of our SMW allows adjustment of both ends to pragmatically accommodate the ever-changing economic situation holistically. Raising SMW hastily during this time of economic uncertainty will not only further jeopardise the shaky business confidence, but also adversely counteract the positive impact of Government's Employment Support Scheme (ESS). Lowering SMW rate, on the other hand, will put the welfare of our low-paid employees at risk. Therefore, the Federation highly recommend the Commission to maintain the current SMW at HK\$37.5 per hour until the economy and unemployment rate resume to normal.

The Federation will meet with the Commission on 15 June and we look forward to elaborating our views in more details at that time. Meanwhile, please contact Mr Louis Pong, CEO of the Federation at 2528 0033 for any clarification or discussion on this matter.

Yours sincerely,



Alkin Kwong
Chairman