

INFORMATION NOTE

Standard working hours

1. Introduction

1.1 There have been calls over the years from some sectors of the community, particularly the labour unions, to introduce standard working hours in Hong Kong to better protect the rights and interests of employees. On the other hand, there are other views that the introduction of standard working hours would undermine the flexibility of the labour market and the competitiveness of Hong Kong.

1.2 According to the Government, the issue of standard working hours is a highly complex one and various sectors of the community have divergent views on whether standard working hours should be introduced in Hong Kong. The Government considers that it must be prudent in handling the issue in view of its far-reaching implications on the Hong Kong society and the local economy.

1.3 In his 2010-2011 Policy Address, the Chief Executive announced that with the enactment of the *Minimum Wage Ordinance* (Cap. 608), it was time to embark on a policy study on standard working hours. Against this background, the Labour Department ("LD") had embarked on a policy study on standard working hours in Hong Kong in late-2010. According to the Government, LD had commissioned the Census and Statistics Department and the Economic Analysis and Business Facilitation Unit to collect the data required and provide support on data analysis for the study. The Government aimed to complete the policy study by mid-2012.

1.4 The Panel on Manpower will be updated on the progress and the findings of the policy study on standard working hours at its meeting on 11 July 2012. This information note aims to provide information on working hours of employees in Hong Kong, highlight concerns of stakeholders and the Government's policy study on standard working hours, and summarize previous deliberations related to the issue of standard working hours at the Legislative Council ("LegCo").

2. Working hours of employees in Hong Kong

2.1 According to the General Household Survey¹ conducted by the Census and Statistics Department between January and March 2012, the median hours of work in a week² among employees in Hong Kong was 45 hours, the same figure recorded for the corresponding period in 2011. Higher median hours of work was observed among employees in the retail, accommodation and food services (51 hours in a week), and the public administration, social and personal services (48 hours in a week)³ industries. The Survey also indicated that about 17% of the employees (618 800 employees) worked 60 hours or more in a week.⁴

2.2 Some stakeholders, especially the labour unions, express concern about the adverse effect of long working hours on the physical and mental health of employees as well as their family and social life. They are also concerned that some employees may not be compensated for their overtime work and their rights are not fully protected. To strengthen protection of the rights of employees and promote work-life balance among them, some stakeholders have suggested that the Government should enact legislation to prescribe standard working hours at 44 hours per week, set the compensation for work in excess of the standard working hours at 150% of the normal wage rate, and limit the maximum number of working hours to 60 hours per week.

2.3 On the other hand, some other stakeholders, including employers, are concerned that the implementation of standard working hours will undermine the flexibility of enterprises and increase their manpower cost. In addition, the introduction of standard working hours would add to the burden of the industrial and commercial sectors, which have been adapting to the effects brought by the implementation of statutory minimum wage on 1 May 2011.

¹ The General Household Survey is a continuous sample survey conducted by the Census and Statistics Department to collect information on the labour force, employment, unemployment and underemployment in Hong Kong. See Census and Statistics Department (2012).

² Hours of work refers to number of hours which an employed person actually worked in all employment during the seven days before enumeration. All paid and unpaid hours worked at the place of work are included, but meal breaks are excluded.

³ If foreign domestic helpers are excluded, the median hours of work of employees in the public administration, social and personal services industry is 44 hours in a week.

⁴ The percentage share will be 12% if foreign domestic helpers are excluded.

3. Government's policy study on standard working hours

3.1 The Government has initiated the policy study on standard working hours with a view to promoting the understanding and discussion of the issue in the community. The study is structured to be conducted at the following three levels:

- (a) studying the systems and experience of other places, including some comparable economies in Asia-Pacific, Europe and the United States that are similar to Hong Kong in terms of the level of economic development, or social and cultural background;
- (b) collecting and analyzing information on the current working hours situation of the local labour force and various sectors of Hong Kong; and
- (c) communicating with stakeholders, including the relevant Panel of LegCo, the Labour Advisory Board⁵, chambers of commerce, trade unions, employers' associations, labour groups, and members of the public.

3.2 According to the Government, the issue of standard working hours involves subjects that are far more complicated than those of minimum wage and impacts affecting a wider spectrum of employees. In the course of the policy study, the Government has to make in-depth consideration of issues, including: (a) the objective of regulating working hours; (b) whether working hour limits should be set; and (c) implementation issues such as the scope of coverage, appropriate exemptions and flexibility arrangements of the working hour system. The Government also has to take into account Hong Kong's economic and social conditions, the characteristics of various trades and industries, and the impact of the implementation of statutory minimum wage on the labour market and the operation of enterprises.

⁵ The Labour Advisory Board is a non-statutory body to advise the Commissioner for Labour on labour matters. The Board is chaired by the Commissioner for Labour, and comprises 12 unofficial members with six representing employers and six representing employees.

4. Deliberations at the Legislative Council

4.1 Members have discussed the issues related to standard working hours at the Council meetings and meetings of the Panel on Manpower. The recent discussions on the issues are summarized in the paragraphs below.

Introduction of standard working hours in Hong Kong

4.2 At the Council meeting of 23 June 2010, Members passed the motion on "Legislating for 'standard working hours'" urging the Administration to legislate on 'standard working hours' according to the people-oriented principle to ensure a work-rest balance for employees.

4.3 The Administration responded that its established labour policy was to progressively improve employees' rights and benefits in a way that struck a reasonable balance between employers' and employees' interests. In addition, the labour policy must also be commensurate with the pace of Hong Kong's socio-economic development. The Administration pointed out that legislating on standard working hours would affect flexibility of the labour market and hinder operation of enterprises. It might also lead to fragmentation of jobs and emergence of more casual or part-time jobs, thus affecting employees' livelihood. The Administration further advised that it must be cautious in dealing with the issue and carefully consider the affordability of society as it would have far-reaching implications for the Hong Kong society and the local economy.

4.4 At the Council meeting of 15 February 2012, Members passed the motion on "That this Council notes the Report of the delegation of the Panel on Manpower to study the experience in the implementation of standard working hours in the Republic of Korea". The Report indicated that the experience of the Republic of Korea had provided very useful reference to Hong Kong in considering the subject of introduction of standard working hours in a number of areas. These included (a) establishing a high-level body with tripartite involvement to take forward proposals for introducing standard working hours; (b) implementing standard working hours in phases; and (c) providing incentives to small and medium enterprises for implementing standard working hours.

4.5 The Administration responded that while the experience of the Republic of Korea in implementing standard working hours was of reference value, one must pay attention to its distinctive social, economic and cultural backgrounds against which its working hour policies were worked out. Hence, each place should make the most appropriate arrangements in the light of its actual situation.

4.6 The Administration further pointed out that the labour force of Hong Kong was known for having a high degree of flexibility and strong adaptability. To maintain the advantages of Hong Kong, the key lay in striking a suitable balance between maintaining the competitiveness of Hong Kong and its talents and protecting employees' rights and interests. The Administration reiterated that it would take due account of the interests of the community as a whole and examine in a pragmatic, objective and practical manner the issue of standard working hours which had far-reaching implications.

Government's policy study on standard working hours

4.7 Members have enquired the Administration about the timeline and progress of the policy study on standard working hours and whether it would expedite the policy study on several occasions. For example, at the Council meeting of 1 December 2010, a Member enquired the Administration, among other things, whether work of the policy study at the three different levels would be undertaken concurrently to reduce the time required for the study. The Administration replied that it would conduct the policy study in a progressive and orderly manner. While the Administration had embarked on the study on the experience of other places in regulating working hours, it had to thoroughly consider the methodology for collecting data on the working hours situation of the local work force. The Administration would not commence the study on local working hours situation prematurely, as it had to first consider the impact of the implementation of statutory minimum wage on the labour market. The Administration also advised that it would maintain dialogue with stakeholders in the process of the policy study and report on the progress at an appropriate time.

4.8 At the meeting of the Panel on Manpower held on 20 October 2011, the Administration briefed members on the progress of the policy study. A member enquired whether the Administration would establish a tripartite committee to examine the findings of the policy study. The Administration replied that the established tripartite communication avenues such as the Labour Advisory Board and the nine industry-based tripartite committees⁶ would provide a good basis for deliberations on the subject.

4.9 At the same meeting, some members enquired whether the Administration was determined to implement standard working hours in Hong Kong. The Administration responded that the findings of the policy study would provide a solid foundation for future discussion on the issue in the community and facilitate exchange of opinions. The Administration advised that legislation on standard working hours would be considered only after the various sectors of the community managed to reach a consensus on the legislation.

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⁶ LD has set up nine tripartite committees covering the catering, construction, property management, retail, hotel and tourism, logistics, printing, theatre, and cement and concrete industries to promote tripartite collaboration at the industry level.

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