



Hong Kong General Chamber of Commerce
香港總商會 1861

**Submission to the Legislative Council Manpower Panel
on the Report of the Standard Working Hours Committee**

The Hong Kong General Chamber of Commerce (Chamber) would like to provide our views on the report submitted by the Standard Working Hours Committee (SWHC) to the Chief Executive in January 2017 for the Legislative Council Manpower Panel's consideration. We would focus on the four key recommendations made by the SWHC.

I. Legislating for Written Specification of Working Hours Terms for Lower-income Grassroots Employees

There is no evidence that the existing contract law, which recognises both written and unwritten forms of agreement and has developed and been tested over hundreds of years, is inadequate to deal with labour contracts. Nevertheless, we understand the importance of building a consensus among stakeholders in tackling the working hours issue. Therefore, the Chamber supports the SWHC's recommendation to legislate for written specification of working hours terms for lower-income grass-roots employees. We believe that employers and employees should draw up contracts based on the needs of individual cases, stipulating job requirements, working hours and arrangements for overtime pay, which best protects interests of both employees and employers.

Nonetheless, the implementation of the related legislation will incur significant administrative and compliance costs for businesses, especially SMEs. To reduce such administrative burden, the Government should help businesses understand and comply with the regulations through measures such as providing detailed guidelines, standardised templates of written employment agreements, as well as consultation services. The Government should also consider a transitional period of 12-18 months for preparation by both employers and employees.

II. Legislating for Specification of Overtime Compensation for Lower-income Grassroots Employees

The Chamber is of the view that the overtime pay rate should be determined based on agreement between employers and employees and specified in employment contracts. As the SWHC's recommendation to legislate for the specification of overtime compensation will undermine the flexibility of businesses in dealing with changes in market conditions, we do not support this recommendation.

III. Formulating Sectoral Working Hours Standards

We do not support the proposal of formulating sectoral working hours standards which is considered to be an artificial manipulation of employment terms for a segment of the labour force. The proposal, if adopted, would reduce businesses' flexibility, increase their cost of compliance and weaken Hong Kong's overall competitiveness.

Agility and adaptability are the keys to success for our economy, which is particularly true for start ups and new economy businesses that should not be working 9-to-5. Based on the experience of previous economic cycles such as the dot-com bubble in 2000 and the financial tsunami in 2009, the flexibility of working arrangements has cushioned the economic slowdown and avoided large-scale layoffs. Therefore, the proposed working hours standards will risk damaging the flexibility of the labour market, thereby undermining our economy's ability to adjust in adverse market conditions.

The proposal could also adversely impact the job security of workers, who would most likely be the first to be laid off when companies needed flexibility to overcome severe economic downturns. Meanwhile, if businesses choose to reduce the hours of work of existing employees to meet the proposed working hours standards, they would need to hire additional hands to maintain operation. Under the current tight labour market conditions, the shortfall would be hard to fill.

IV. Monitoring and Reviewing the Implementation of Recommendations

The Chamber agrees that the Government should monitor the implementation of the SWHC's recommendations on employers, employees and the overall economy to make sure that the intended goals are achieved.

As there are many factors involved in the relevant working hours policies, the issues involved in the implementation of the recommendations are intertwiningly complex. Since both employers and employees need time to adapt, and the real impacts may take some time to manifest, the Government should allow for a long enough period of time before a comprehensive review can be conducted. To facilitate the data collection process, an inclusive feedback mechanism should be in place for all stakeholders concerned.

HKGCC Secretariat

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