



香港地產建設商會

THE REAL ESTATE DEVELOPERS ASSOCIATION OF HONG KONG

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14 July 2016

Dr. Hon. Leong Che-hung, GBM GBS JP
Chairperson
Standard Working Hours Committee
Room A 1/F Seaview Commercial Building
21-24 Connaught Road West
Sheung Wan
Hong Kong

Dear Dr Leong,

Working Hours Policy Directions

Thank you for your letter of 7 June 2016 inviting our participation in the Consultation on the subject.

We agree with the Standard Working Hours Committee that an evidence-based approach should be adopted in studying the issues of and the way forward for a Working Hours Policy for Hong Kong. In this regard, we wish to thank the Committee for conducting the 2014 Household Survey on Working Hours Situation, which has provided a useful snapshot of the specific characteristics of Hong Kong's employment market to enable all stakeholders and the general public to engage in an informed discussion and make sensible choices that will be most suitable for Hong Kong.

As the freest economy of the world¹, Hong Kong maintains its competitive advantage through a flexible and adaptive system renowned for its diversity and responsiveness and free from the bondage of unnecessary regulations. Any proposal to standardise working hours, overtime payment rate, and any such requirements through legislation will only undermine our flexible economic structure. A uniform and across-the-board Standard Working Hours (SWH) regime will be at odds with the diversity and fluidity of the employment pattern and business operation models in Hong Kong.

¹ 2016 Index of Economic Freedom by The Heritage Foundation (<http://www.heritage.org/index/>)



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We agree that the society should move forward towards better labour protection, in particular of the lower-skilled workers. However, such moves should be evolutionary and consensus-based, and a judicious balance must be struck in order to minimise any potential impact on our economy. Rigid and inflexible regulation will compromise the ability of businesses and the labour force to manoeuvre during economic cycles.

One hard fact borne out by the Household Survey is that amongst all employees, 41.8% were willing to work more overtime if they were reasonably compensated; while 24.4% of all employees considered their working hours too long, a considerable 69.9% of them would not opt for shortened working hours if it might adversely affect their income. The issue of long working hours is thus not as easily resolved by arbitrarily imposing SWH. It will definitely not help employees with graver concerns of income protection because as pointed out in the Consultation Document, employers, if not able to absorb the increased cost by raising prices, will resort to other cost-cutting measures including revising the employment structure to reduce the working hours in order to maintain the wage bill. As such, what was intended to ensure reasonable working hours for workers may backfire with the result of a lesser income for them. A SWH policy will also adversely affect professional and industry sectors that have a practice of maintaining flexible working hours, e g., catering, hotel, finance, retail etc., with remuneration packages that are less reflective of pre-arranged working hours but more suited to the particular needs of their business operation.

The potential impacts of a SWH Policy on the overall economy in terms of inflation and competitiveness have been long borne out by international academic studies. What we have noted is that the Household Survey has also formulated a number of models to measure the potential impacts of the various SWH measures on businesses in Hong Kong, including the increase in costs, the pressure on labour force, and the impact on profit/loss situation on business, and has evidently demonstrated the foreseeable huge and adverse impacts on the SMEs. This is particularly worrying because both Hong Kong and the global economy are facing unprecedented uncertainties -- the US economy still staggering whilst Europe has yet to contend with the shocks of Brexit. It is certainly not the right moment to introduce a legislative shakeup that may impair the ability of the SMEs to weather such storms.



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The challenge ahead, we believe, is to address the issue of long working hours without due compensation, and maintain the flexibility of arrangement between employers and employees. Findings of the Household Survey have shown that of all employees, 88.6% had their weekly working hours specified in contracts/agreements while 82.7% had signed written employment contract with their employers. We believe the way forward is to facilitate and encourage a wider practice of formal employment contracts, with matters such as working hours, compensation, contingency arrangements to be agreed and laid down clearly. Such arrangement will allow our free market to continue functioning flexibly and efficiently, and at the same time protect the interest and the livelihood of workers of every tier of our labour force.

Yours sincerely

Louis Loong
Secretary General