

Standard Working Hours Committee

**Preliminary assessment results of the
impacts on employees and enterprises
under different scenarios
of the “small frame” study
(26 August 2015)**

Basic Principles of Exploring Working Hours Policy Directions

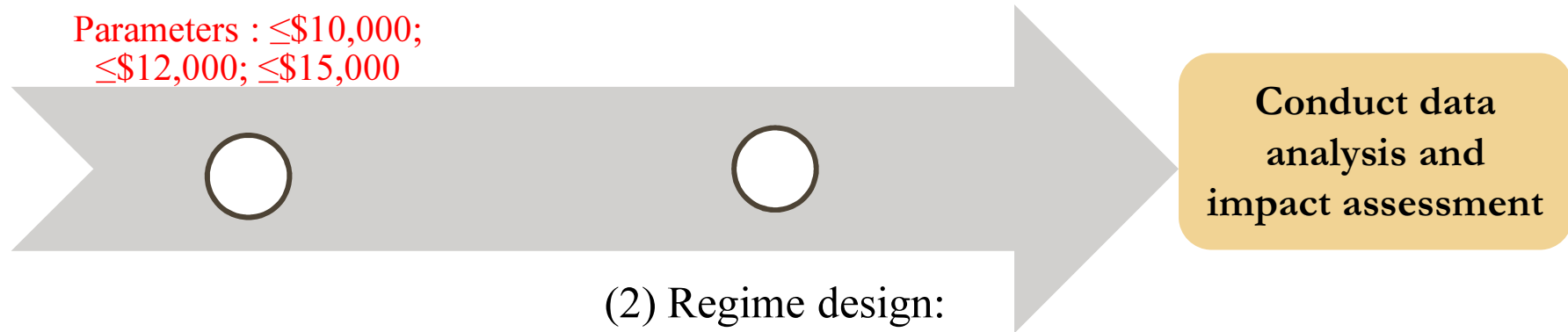
- **A legislative approach to implement a policy to regulate working hours of employees**
- **To provide the necessary flexibility, an “across-the-board” legislative approach would be inappropriate**
- **Agreed in principle on a legislative approach to mandate written employment contracts specifying working hours arrangements of employees in general (the “big frame”)**
- **To explore, on the premise of the “big frame”, whether there is a need for other suitable measure(s) to protect grassroots employees with less bargaining power (the “small frame”)**

Parameters solely for exploring and studying the “small frame”

(1) Coverage:

Employees (excluding
government employees and
live-in domestic workers)
with wages not exceeding
the relevant levels

Parameters : $\leq \$10,000$;
 $\leq \$12,000$; $\leq \$15,000$



Conduct data
analysis and
impact assessment

(2) Regime design:

Weekly working hours
threshold —

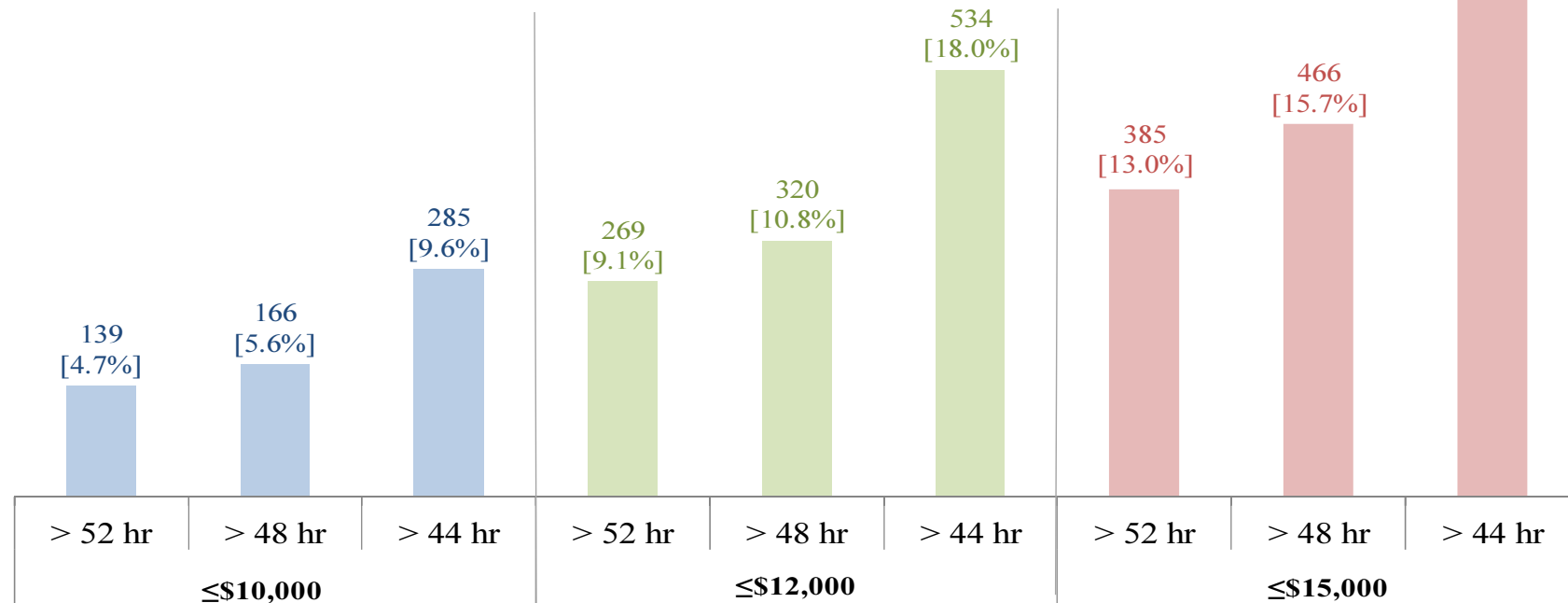
Parameters: 44 hours (hr);
48 hr; 52 hr per week

Overtime (OT) pay rate —

Parameters: 1.0; 1.3; 1.5

Number of involved employees ('000)
[as percentage of all employees (2 972 200)]

Number of involved employees would lie between some 140 000 to 770 000, equivalent to around 4.7% to 25.8% of all employees in Hong Kong



Assuming total hours of work remain unchanged, the potential average increases in wages of involved employees would range from 0.7% to 1.2% under OT pay rate of 1.0;
The potential average increases in wages of involved employees would go up notably to 4.0-6.2% under OT pay rate of 1.3; and
The potential average increases in wages would be even more visible under OT pay rate of 1.5, at 6.2-9.5%.

If the hours of work of involved employees were reduced to the weekly working hours thresholds, the potential average decreases in wages of involved employees would range from 10.2% to 15.8%.

Increase in annual wage bill entailed under different parameter combinations would vary considerably, from \$103 million to \$10.38 billion, equivalent to around 0.02% to 1.84% of total annual wage bill

