

PRC Labour Law - Bitesize



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What is a wage collective contract?

A wage collective contract is a special written agreement concluded through wage collective consultation between an employer and its employees focusing on wage related matters. For details regarding wage collective consultation and scope of topics covered by it, please refer to [the PRC bitesize article dated 2 September 2010](#).

How is a wage collective contract concluded?

To conclude a wage collective contract, a draft wage collective contract agreed by the wage consultation representatives of both the employer and employee must be submitted to the employees' representative congress or all employees for discussion. Over two-thirds of the employee representatives or all employees must be present, and then the draft must be approved by a majority (i.e. over half) of the employee representatives or a majority of all employees before the chief representatives of each side sign the contract.

Will a wage collective contract become effective after it is signed by both parties?

After a wage collective contract has been concluded, it must be submitted by the employer to the local labour authorities for review and examination within 10 days (or such other period depending on the applicable local regulations) of signing by both parties. The purpose of such examination is to ensure compliance with legal requirements. In the case of no objection by the labour authorities, the contract will be effective within 15 days of receipt of the document by the labour authorities. Note that the contract is required to be promulgated to all employees within five days after it becomes effective.

How long is the term of a wage collective contract?

The term of a wage collective contract is usually one to three years in duration, which can subsequently be extended by request and agreement of the parties.

Can a wage collective contract be amended or terminated prior to expiry of the fixed term?

Yes, a wage collective contract can be amended or terminated prior to expiry of the fixed term by the parties upon mutual agreement. It can also be amended or terminated as a result of circumstances affecting the parties' ability to perform their obligations under the contract, such as bankruptcy, force majeure, or other conditions specified in the agreement.

What are the procedures for dealing with disputes relating to wage collective contracts?

In the event that there is any dispute relating to performance of the wage collective contract, and the parties fail to resolve it through consultation, the parties to the contract may apply to the Labour Dispute Arbitration Commission for arbitration.

What is the relationship between an individual employment contract and a collective contract?

Generally, a collective contract is binding on all employees whereas an individual employment contract is only binding on the individual employee. In addition, the terms and conditions of employment included in an individual employment contract cannot be less favourable to the employee than those provided by a collective contract.

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