

For information on
21 January 2010

Legislative Council Panel on Manpower
Overview of Labour Department's efforts in
Labour administration in 2009

Purpose

This paper briefs members of the Legislative Council (LegCo) Panel on Manpower on the efforts made by the Labour Department (LD) in various programme areas under labour administration in 2009.

Overview

2. Last year, Hong Kong's economy was hard hit by the global financial tsunami, with a significant year-on-year decline of 7.8% in the Gross Domestic Product (GDP) in the first quarter of 2009. This brought about a severe challenge for the local employment and labour market. In response, LD swiftly rolled out a series of new and enhanced measures to provide employment support for job seekers and the unemployed. In order to contain the negative impact of the economic recession on employer-employee relationships, LD adopted a pragmatic approach in helping enterprises and employees resolve labour-management disputes and fostering harmonious labour relations. LD also spared no effort in protecting the rights and benefits of employees through rigorous enforcement actions.

3. In parallel, LD continued to work towards our goal of improving employees' rights and benefits at a pace commensurate with the socio-economic development of Hong Kong while striking a balance between the interests of employers and employees at the same time. Last year, we introduced into LegCo three Bills which aimed to safeguard the well-being of workers. These involved introducing a statutory minimum wage, enhancing the enforcement of Labour Tribunal (LT) awards and improving statutory compensation for persons with occupational deafness. We will further elaborate on our efforts below.

New and enhanced employment support

Recruitment Centre for the Catering Industry

4. In face of the financial tsunami, LD set up a Recruitment Centre for the Catering Industry (RCCI) in February 2009 to provide tailor-made job-matching service and on-the-spot interview arrangements for catering establishments and job seekers. In 2009, catering employers offered 18 960 job vacancies for RCCI, and a total of 14 185 job seekers attended on-the-spot interviews at the Centre. Despite the overall drop in job vacancies amidst the economic downturn, the number of catering vacancies received by LD increased by 24.1% during the period.

5. In view of the effectiveness of RCCI, LD plans to set up in mid-2010 a Recruitment Centre for the Retail Industry to provide specialised support for job-seekers and employers of the industry concerned.

Internship Programme for University Graduates

6. As a special initiative launched against the backdrop of the financial tsunami, LD introduced the Internship Programme for University Graduates to encourage enterprises to offer local and Mainland internship and employment opportunities to recent university graduates with a view to broadening their horizons, enriching their experience and fostering their career development.

7. Enrolment to the Programme commenced on 1 August 2009. By the end of 2009, over 1 300 graduates had secured employment in Hong Kong through the Programme. They received an average monthly salary of \$8,800, with 82% of them receiving a monthly salary at \$8,000 or above. The highest offer was \$22,000 (an architect trainee position). On Mainland internships, close to 200 graduates had firmed up internships in different Mainland cities.

YPTP YWETS

Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme

8. LD administers the Youth Pre-employment Training Programme (YPTP) and the Youth Work Experience and Training Scheme (YWETS) to provide a full range of pre-employment and on-the-job training to young people aged 15 to 24 with educational attainment at sub-degree level or below. The two programmes comprise diverse elements catering for the different needs of young people with different interests and levels of educational attainment. The

effectiveness of the two youth programmes has been repeatedly attested by the feedback of stakeholders and evaluation results of independent consultancy studies. Since the inception of YPTP and YWETS respectively in 1999 and 2002, YPTP has trained over 90 000 young people and YWETS assisted some 62 000 in securing employment.

9. In the 2008/09 Programme, about 5 300 young people attended training under YPTP, and about 3 900 trainees were placed into training vacancies under YWETS. In addition, some 1 400 trainees found employment in the open market with the assistance of their case managers. During the programme year, YWETS received around 11 000 training vacancies from about 3 300 employers.

Tailor-made training-cum-employment projects and special employment projects

10. Under YPTP and YWETS, we also collaborated with employers and training bodies to launch tailor-made training-cum-employment projects and special employment projects (e.g. the “IT Seeds Project”, “Airport Ambassadors Programme” and “Pilot Project for Tradesman Trainees”, etc.) to cater for the specific needs of the trainees. In the 2008/09 Programme, a total of 19 tailor-made projects were organised to offer about 1 800 vacancies involving a wide spectrum of industries and occupations.

The revamped programme

11. To proactively assist young people in navigating their career journey, LD further enhanced and integrated YPTP and YWETS into a “through-train” programme – “YPTP • YWETS” – to provide seamless and comprehensive youth training and employment support.

12. The response of young people to the revamped Programme has been favourable. From its commencement on 14 August 2009 to the end of 2009, some 10 700 applications were received, up 34% when compared with the figure for the corresponding period the year before.

Employment assistance to the middle-aged and persons with disabilities

13. Middle-aged people and persons with disabilities are amongst the most vulnerable groups of job seekers during times of economic downturn. To offer them comprehensive and timely employment assistance and support, LD enhanced the Employment Programme for the Middle-aged (EPM) and the Work Orientation and Placement Scheme (WOPS) for persons with disabilities

from 29 June 2009. Under the enhanced measures, the financial incentives to employers were increased and the subsidy periods were extended. During the six-month period since the implementation of the enhanced measures and up to the end of 2009, 2 376 placements were secured under the EPM and 249 persons with disabilities were placed into employment under the WOPS.

Employment services for employees affected by the economic downturn

14. LD closely monitored the employment situation and proactively rendered support to employees whose employment had been affected by the economic turmoil. In major closure or redundancy cases, we set up a hotline for enquiries and special counters at Job Centres to provide priority job referral and job matching services to the affected employees.

15. LD also appealed to employers to provide suitable vacancies and informed the affected employees of such vacancies to facilitate their job search. We provided them with intensive and customised placement support and referred them to the Employees Retraining Board for retraining services where appropriate. Under LD's Interactive Employment Service website, we set up a dedicated webpage to display vacancies offered by employers who were interested in recruiting employees who lost their jobs in recent closure or redundancy exercises so as to facilitate a more effective job search by the affected employees. In 2009, a total of 3 203 employees affected by redundancy or business closure were offered priority placement services at LD's special counters and other employment support services.

On-going employment services

Job fairs and district-based employment promotional activities

16. To respond speedily to the recruitment needs of employers and offer more convenient services to job seekers, LD organises large-scale job fairs in shopping malls and community halls at various locations across the territory. In 2009, a total of 22 large-scale job fairs were organised, offering about 31 500 vacancies which attracted over 41 000 job seekers. In parallel, LD also organised a total of 224 mini-job fairs at LD's Job Centres in different districts to cater for the needs of employers and job seekers in the area. These mini-job fairs attracted some 30 750 job seekers.

17. Moreover, to further strengthen the dissemination of localised vacancy information and to promote LD's employment services, we have since 2009 organised "Job Info Days" and other district-based employment promotional

activities at various districts. In 2009, LD organised 26 such events which attracted about 25 800 visitors.

Interactive Employment Service website

18. Round-the-clock employment services are available from the Interactive Employment Service (iES) website (www.jobs.gov.hk). In 2009, iES registered a record of 1.2 billion page views, representing an average page view of 3.32 million per day. It was one of the most popular government websites.

Youth Employment Start

19. To promote youth employment, LD also operates two “Youth Employment Start” (Y.E.S.) centres to enhance the employability of young people, facilitate their access to the latest labour market information, and help them secure a firm footing in the labour market for sustainable development. Y.E.S. provides career assessments, career guidance, value-added training, and support services for the self-employed. The target users of Y.E.S. are young people aged 15 to 29, including graduates of YPTP and YWETS, school leavers, young job seekers, young people seeking alternative employment and self-employed youths. By the end of 2009, the two Y.E.S. centres provided services to a total of 71 680 young people.

Vacancy and placement figures

20. In 2009, LD posted a total of 589 564 private sector vacancies, a decrease of 12.2% as compared to the corresponding figure of 671 770 vacancies in 2008. In contrast, the number of vacancies in the fourth quarter was 14.6% higher than that during the corresponding period in 2008. The major sources of vacancies included the catering, business services and retail sectors, contributing a total of 40% of all vacancies.

21. In 2009, because of the impact of the global financial tsunami, even though LD stepped up its efforts in making 18.5% more job referrals for job seekers over the preceding year, the number of placements achieved dropped to 120 870, down 17.4% as compared to the corresponding figure in 2008.

Transport Support Scheme

22. The Transport Support Scheme (TSS) was launched on a pilot basis in June 2007, and a range of relaxation measures was introduced in July 2008. By the end of 2009, a total of 33 263 admitted applicants were given approval to

receive allowances. The total amount of allowances approved under TSS was \$170 million, and the total financial commitment reached \$287 million. The Administration is now conducting an overall review of TSS and will brief the Panel on Manpower on the outcome of the review as soon as possible.

Labour relations

Amendment to the Employment Ordinance (Cap. 57) to criminalise non-payment of Labour Tribunal awards

23. The Employment (Amendment) Bill 2009 was introduced into LegCo in July 2009 to create a new offence under the Employment Ordinance (Cap. 57) (EO) against employers who wilfully and without reasonable excuse default on payment of LT awards comprising wages and statutory entitlements which are underpinned by criminal sanction under the EO. This Bill is now being scrutinised by a Bills Committee which met six times in 2009.

Promoting harmonious labour relations

24. As a free market economy, Hong Kong was as hard hit as other economies in the world with the onset of the global financial tsunami, triggering a spate of business closures, insolvencies and redundancies in late-2008 through the first half of 2009. LD has been leaving no stone unturned in containing the impact on labour relations with proactive monitoring to defuse potential disputes and provision of timely conciliation and assistance to affected employees. We worked closely with enterprises and employees' groups to foster harmonious labour relations and adopted a pragmatic approach to help enterprises and employees so that they could resolve labour-management differences through dialogues as well as mutual understanding and adjustment.

25. In 2009, LD handled a total of 24 448 labour disputes and claims, an increase of 18% over 20 743 in 2008. In respect of large-scale labour disputes involving over 20 employees, the number in 2009 increased by 19% (from 120 to 143) over the preceding year. Despite the rise in the number of cases, LD managed to keep a high level of settlement rate at 72.7%. On the other hand, the number of working days lost due to strike was 0.36 per thousand salaried employees and wage earners, lower than the figure of 0.46 in 2008.

Ex gratia payment from the Protection of Wages on Insolvency Fund

26. The Protection of Wages on Insolvency Fund (PWIF) provides ex gratia payment to employees who are owed wages and other termination

benefits by their insolvent employers. By providing a safety net for employees affected by closure of business, the PWIF has played a pivotal role in maintaining harmonious labour relations and social stability. In the wake of the global financial crisis and local economic setback, the PWIF received a total of 7 260 applications in 2009, an increase of 13% over the figure of 6 448 applications in 2008.

Promoting the EO and good people management practices

27. In 2009, LD organised various activities such as talks, briefings and roving exhibitions for employers, employees, human resources practitioners and members of the general public with a view to promoting better understanding of the EO and good people management practices. A wide range of publications covering different themes were also produced for free distribution to the public.

28. LD also organised a number of seminars for human resources practitioners to share on and discuss different topics, including labour relations, good people management practices and relevant legislation such as the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and Race Discrimination Ordinance (Cap. 602).

29. LD continued to promote family-friendly employment practices (FFEP) with a view to assisting employees to maintain a balance between work and family commitments. A booklet with exemplary cases of FFEP was published to encourage wider adoption of such practices. A large-scale seminar on FFEP and other good people management measures was organised in September 2009 for over 300 participants, including representatives of employer and employee organisations, employers and human resources practitioners. We will continue to promote the subject through various activities and channels such as roving exhibitions and our network of 18 Human Resources Managers Clubs formed in various trades and industries.

Strengthening tripartite cooperation

30. LD has put in place nine Tripartite Committees (TCs) for the catering, cement and concrete, construction, hotel and tourism, logistics, printing, property management, retail and theatre industries. These TCs provide an effective forum for representatives of employers, employees and Government representatives to discuss labour issues of mutual concern, such as statutory minimum wage, prevention of swine flu and heatstroke at work, etc. In 2009, LD continued to work closely with the TCs and arranged experience-sharing sessions and produced publications that could meet the specific needs of individual industries.

Rights and benefits

Statutory minimum wage

31. The Administration introduced the Minimum Wage Bill into LegCo on 8 July 2009. Our aim is to design an optimal statutory minimum wage (SMW) regime which would provide a wage floor to forestall excessively low wages but minimise the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness. LegCo has set up a Bills Committee to examine the Bill and eight meetings were held in 2009.

32. In tandem with LegCo's scrutiny of the Bill, the Census and Statistics Department was conducting statistical data collection and processing to support the setting of an appropriate SMW rate. The first set of statistical data would be available in the first quarter of 2010 for careful and objective deliberation by the Provisional Minimum Wage Commission (the Commission). The Commission is tasked mainly to advise the Government on the initial SMW rate by adopting an evidence-based approach through data research and analysis as well as extensive consultations with stakeholders. The Commission is holding a series of preliminary meetings with stakeholders.

Improving the Occupational Deafness Compensation Scheme and adjusting the employees' compensation insurance levies rate

33. In June 2009, the Occupational Deafness (Compensation) (Amendment) Bill 2009 was introduced into LegCo to amend the Employees' Compensation Insurance Levies Ordinance (Cap. 411) and the Occupational Deafness (Compensation) Ordinance (Cap 469). The Bill seeks to improve the Occupational Deafness Compensation Scheme and to adjust the proportions of distribution and the overall rate of the employees' compensation insurance levy.

34. The Bills Committee has finished its examination of the Bill after six meetings. With the support of the Members of the Bills Committee, we plan to resume the Second Reading Debate on the Bill on 3 February 2010. After the passage of the Bill, employees who have occupational deafness to only one of their ears would be entitled to compensation. Those employees who continue to be engaged in any specified noisy occupations would also be entitled to further compensation in respect of any additional permanent incapacity due to increased sensorineural hearing loss. The maximum reimbursable amount for expenses incurred in purchasing, repairing and replacing hearing assistive devices would also be increased. At the same time, the rate of levy charged on the premium of the employees' compensation insurance policy taken out by employers would be decreased by 0.5 percentage point.

Combating wage offences

35. LD has been undertaking rigorous enforcement action against wage offences. We will make every effort to take out prosecution where there is sufficient evidence. In 2009, our rigorous enforcement efforts resulted in 1 314 convicted summonses on wage offences, up 37% over the figure of 958 in 2008. Where the employer is a limited company, we would consider also prosecuting the directors and other responsible persons of the company, apart from the company itself. In 2009, 347 convicted summonses were secured against company directors and responsible persons for defaulting wage payment, an increase of 74% over the figure of 199 in 2008. Moreover, in 2009, four company directors or responsible persons and one employer were given imprisonment sentences for defaulting wage payments, which was 25% more than that in 2008; and eight company directors were sentenced to community service orders, up 167% over the figure of 2008.

36. Apart from continuing our rigorous enforcement actions against wage offences in the coming year to safeguard employees' rights, we will continue to enhance our promotional efforts to remind employers of their statutory obligations and encourage employees to promptly pursue their claims for unpaid wages.

Combating illegal employment

37. The Government is determined to protect the employment opportunities of local workers. To this end, we have adopted an intelligence-based and proactive strategy in combating illegal employment. Employers are reminded of the serious consequences of employing illegal workers through various channels, including the mass media and advertisements on public transport. Labour inspectors of LD conduct proactive inspections to workplaces so as to deter the employment of illegal workers. We have also provided a complaint hotline (2815 2200) to collect intelligence on illegal employment activities from the public. Based on the intelligence collected, LD launched 217 joint operations with the Police and the Immigration Department in 2009, representing an increase of 16.7% as compared to 186 joint operations in 2008.

Protection to foreign domestic helpers

38. Throughout the years, the Government has attached great importance to protecting the rights and benefits of foreign domestic helpers (FDHs). To this end, we take a serious view against wages offences by unscrupulous FDH employers and overcharging by defiant employment agencies (EAs).

39. In 2009, LD secured 124 convicted summons against FDHs' employers for wage offences, including one employer being sentenced to three-month imprisonment in January¹. During the same period, LD conducted over 940 inspections to the EAs placing FDHs and revoked the licences of two EAs convicted for overcharging².

40. To reduce the incidence of inadvertent abuses out of ignorance, LD launches many promotional activities every year to raise the awareness of both the employers and FDHs. In 2009, LD staged a total of 12 exhibitions, seminars and information kiosks dedicated to this cause, with some held on public holidays at FDHs' favourite gathering places³ to reach out to the FDH community.

Way forward

41. While the Hong Kong economy seems to have stabilised and the unemployment rate appears to be on a downward trend, there is no room for complacency. LD will continue to take a pragmatic approach and spare no effort in facilitating employment on all fronts, safeguarding employees' rights and benefits, and fostering harmonious employer-employee relations. In response to the development of local labour market, we will continue to introduce appropriate services to meet the changing needs of our society.

Labour and Welfare Bureau
Labour Department
January 2010

¹ The employer concerned was sentenced to nine-month imprisonment in January 2009. Subsequently, the employer appealed against the charge and the sentence. The judge affirmed the conviction though reduced the sentence to three months.

² Pursuant to the Employment Agency Regulations (Cap. 57A) under the Employment Ordinance, an EA is only permitted to charge not more than 10% of the job-seeker's first month's salary upon successful placement.

³ For example, the Statute Square Garden, Chater Garden and Victoria Park.