

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2016-17 Draft Estimates
on 8 April 2016**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2016-17 is estimated to be \$1,836 million, representing an increase of \$119 million (or 6.9%) over the revised estimate of \$1,717 million last year. It accounts for 0.5% of the total recurrent government expenditure. Let me highlight the key areas of our work.

Promoting Employment

2. The labour market held stable in 2015. The latest seasonally adjusted unemployment rate (December 2015 – February 2016) stayed at a low level of 3.3%. Both total employment and labour force grew slightly over a year earlier. In 2015, the Labour Department (LD) recorded 1 343 035 private sector vacancies, an all-time high figure.

3. As pointed out in the report "Population Policy - Strategies and Initiatives" published by the Government in January 2015, it is imperative for Hong Kong, in addition to nurturing local talent, to adopt a proactive approach to attract and bring in professionals from around the world to work here to meet the huge demand for talent to support the development of Hong Kong's high value-added industries. To strengthen employment support for persons with higher education, in particular Hong Kong students

who are educated in overseas tertiary institutes, the second generation of Hong Kong emigrants who are interested in working in Hong Kong, as well as persons from overseas with higher academic/ professional qualifications, LD will set up a dedicated employment information e-platform around the fourth quarter of 2016. The e-platform aims to enhance their understanding of the Hong Kong labour market as well as facilitating them to search and apply for suitable job openings through the new webpage.

4. In addition, LD will continue to strengthen its employment service for job seekers with disabilities. LD has since last year enhanced the post-placement follow-up service for job seekers with disabilities by extending the service period from three months to six months, and will continue to implement the Work Orientation and Placement Scheme to enhance their employment opportunity. LD will launch a pilot scheme this year by engaging a non-governmental organisation to provide in-depth psychological / emotional counselling service to job seekers with disabilities in need so as to assist them with job search and settling down in their new jobs.

Encouraging Employers to Build an Elderly-Friendly Working Environment through Continued Publicity

5. LD has all along been encouraging employers, having regard to the individual circumstances of their enterprises, to adopt friendly employment practices for mature persons and extend the working life of their employees so that mature persons can continue to stay in employment. We also encourage employers to adopt more flexible modes of employment and establish suitable working conditions and environment to attract mature persons to continue in or return to employment.

6. LD will continue to promote the elderly-friendly employment message in the community and encourage employers to adopt friendly employment practices for mature persons in the

workplace through various publicity channels and a wide range of educational and promotional educational activities.

Following up on the Comprehensive Review of the Work Incentive Transport Subsidy Scheme

7. The income and asset limits of the Work Incentive Transport Subsidy (WITS) Scheme have been raised again from the claim month of February 2016 onwards under the annual adjustment mechanism. LD is conducting the comprehensive review of the WITS Scheme. Upon completion of the review, we will report the outcome of the exercise to the Panel on Manpower.

Reviewing the Statutory Minimum Wage Rate

8. The implementation of the increased Statutory Minimum Wage (SMW) rate of \$32.5 since 1 May 2015 has been smooth. Compared with the pre-SMW period (February to April 2011), the latest unemployment rate (for December 2015 to February 2016) fell by 0.3 percentage point to 3.3%. Total employment increased by 274 100, over 70% of whom were female. The income of grassroots employees has also continued to improve. The average monthly employment earnings of the lowest decile full-time employees in November 2015 to January 2016 rose by 18% in real terms over those in the pre-SMW period.

9. The Minimum Wage Commission is now working on a new round of review of the SMW rate. The Commission will submit a report on its recommendation to the Chief Executive in Council by the fourth quarter of this year.

Promoting Labour Relations

10. In 2015, the labour relations scene of Hong Kong

remained generally stable. The number of labour disputes and employment claims handled by LD last year dropped by 9% to 14 441. During the year, over 70% of cases were settled through conciliation. We will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need.

11. We will continue to raise public awareness in the Employment Ordinance (EO) and encourage employers to adopt good people management measures so as to foster harmonious labour relations. LD will also step up its promotion of family-friendly employment practices (FFEP) through a wide range of publicity channels and various educational and promotional activities. LD will also produce a new television and radio Announcement in Public Interest to widely publicise the adoption of FFEP to the community and encourage employers to help employees achieve an appropriate balance between work and family life.

Reviewing Statutory Paternity Leave

12. Statutory paternity leave has come into operation for a year, providing eligible working fathers with three days of paternity leave with pay. The operation of the new leave has been smooth so far. LD will continue to publicise stipulations of the statutory paternity leave to enhance understanding of employers, employees and relevant parties in this new statutory benefit. LD will soon review its implementation.

Amending the Reinstatement and Re-engagement Provisions of EO

13. To enhance employees' protection in circumstances of unreasonable and unlawful dismissal, we introduced into the Legislative Council the Employment (Amendment) Bill 2016 (Bill)

on 2 March to amend the reinstatement and re-engagement provisions of EO. The Bill will empower the Labour Tribunal (LT) to, without the need to secure the employer's agreement, make an order for reinstatement or re-engagement of an employee who has been unreasonably and unlawfully dismissed if LT considers the making of such an order appropriate and compliance with the order by the employer reasonably practicable. If the employer fails to reinstate or re-engage the employee as ordered, he/she is required to pay to the employee a further sum. Failure to pay the further sum by the employer will be a criminal offence.

14. The various proposal items in the Bill are the product of the consensus reached by the Labour Advisory Board (LAB). The consensus is a hard-won outcome after detailed discussions between employer and employee representatives, taking into account the need to maintain a careful balance between the interests of employers and employees. I appeal to Honourable Members for your support of the Government's proposal so that this long-due Bill may be passed, providing better protection to employees who are unreasonably and unlawfully dismissed.

Alleviating Manpower Shortage of Individual Sectors

15. The Government has all along closely monitored the manpower demand and supply for different sectors, strengthened training initiatives and attracted new entrants to the sectors. To help individual trades facing manpower shortage recruit workers, LD set up the Construction Industry Recruitment Centre (CIRC) at the Construction Industry Council (CIC) Training Centre at Kowloon Bay in January 2016 to offer one-stop job search and recruitment service to help construction workers find jobs and contractors recruit workers. CIRC and CIC could also achieve synergy by assisting needy workers to upgrade their skills and graduates of CIC to find jobs in CIRC.

16. On the premise of according priority in employment to

local workers, importation of labour is allowed on an appropriate, limited and targeted basis to relieve the manpower shortage of individual sectors.

17. Under the Supplementary Labour Scheme, to ensure priority in employment to local workers and to safeguard their wages and benefits, employers must accord priority to filling available job vacancies with local workers. Approval for importation of skilled workers on a limited basis will only be considered if employers have genuine difficulties in local recruitment, thereby addressing the manpower needs of individual industries with labour shortage. LD will scrutinise these applications with due care and invite LAB members to give views thereon.

Protecting Employees' Rights and Benefits

18. LD will continue to spare no efforts in combating wage offences. Last year, LD secured a total of 521 convictions against wage offences (an increase of 71% over 304 convictions in 2014). At the same time, there were 196 summonses where company directors or responsible persons were convicted of wage offences (a significant rise when compared with 48 summonses in 2014).

19. LD will also continue to strengthen intelligence gathering, evidence collection and proactively conduct inspections to detect wage offences. Apart from taking proactive measures to prevent employers from evading wage liabilities, we will continue to take stringent enforcement actions to tackle the problem at source by targeting company directors and responsible persons for committing wage offences. When there is sufficient evidence, we will prosecute the employers and responsible persons involved in wage defaults.

20. To safeguard the employment opportunities of local workers, the Government will continue to take rigorous

enforcement actions against illegal employment. Last year, together with the Police and the Immigration Department, LD mounted 210 joint operations to raid establishments suspected to have employed illegal workers. The concerned departments will continue to work closely to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections.

21. Last year, the Protection of Wages on Insolvency Fund (PWIF) received 3 486 applications, an increase of 56% over that of last year. LD will continue to provide timely relief to employees affected by employers who ceased their business due to insolvency through making ex gratia payments from PWIF.

Strengthening Protection of Foreign Domestic Helpers (FDH)

22. To increase awareness of FDHs, their employers, and employment agencies (EAs) on their respective rights and responsibilities, LD will soon introduce a pamphlet, setting out various issues to which they should pay particular attention. The Government accords importance to protecting the rights and benefits of FDHs, and will continue to step up publicity and education work and maintain close collaboration with local consulates of the source countries of FDHs in this regard so that FDHs are fully aware of such and the complaint channels. To strengthen control over EAs (including among others those engaged in FDH business), LD will promulgate a code of practice and will consult the industry and various stakeholders on the draft code.

Standard Working Hours

23. Since its establishment in April 2013, the Standard Working Hours Committee (SWHC) has worked at full steam to complete an enormous amount of work. With reference to the first-stage consultation and a working hours survey conducted in

2014, and on the basis of an evidence-based approach, SWHC has in principle recommended exploring a legislative approach to mandatorily require employers and employees to enter into written employment contracts, which should include the specified working hours terms, such as overtime compensation arrangement. On this premise, SWHC is also exploring whether there is a need for other suitable measures to further protect grassroots employees with lower income, lower skills and less bargaining power. SWHC will soon launch its second-stage consultation on the working hours policy directions. SWHC hopes that the public will freely express their views during the consultation.

Enhancing occupational safety and health

24. LD will further strengthen protection of workers' occupational safety and health. We are particularly concerned about work safety in the construction industry. LD will strive to minimise work hazards in the construction industry through inspection and enforcement, publicity and promotion, as well as education and training.

25. Apart from carrying out routine site inspections and special enforcement operations, LD will continue to tackle systemic risks and contain work hazards at source. Initiatives include enhancing liaison with major public works project proponents to urge them to ensure that their contractors will strengthen their site safety management systems and step up safety audits of their projects to eliminate potential work hazards, especially in respect of high-risk processes. LD will strengthen analysis of underlying systemic risks of serious construction accidents, and mount targeted inspections and enforcement actions accordingly. LD will also organise seminars on thematic work safety, and formulate codes of practice on work safety.

26. LD is particularly concerned about work-at-height safety and will collaborate with the Occupational Safety and Health

Council, trade associations, workers' unions, professional bodies, related organisations and other government departments to further safeguard the safety of workers conducting work-at-height. These measures include promoting the use of standard-conforming working platforms and disallowing the use of ladders for above-ground work, promulgating the importance of using safety helmets with chin straps when working at height, stepping up the promotion of repair and maintenance work safety to the property management sector and collaborating with industry stakeholders to organise safety talks and seminars, etc. Through the Committee on Construction Safety of the Construction Industry Council and its relevant Task Forces, LD will also continue to explore with industry stakeholders on ways to engender safety culture and implement measures to eliminate the hazards of working at height, including the formulation of industry safety guidelines.

27. Besides, LD will continue to organise large-scale promotional and publicity programmes to raise the standard and awareness of occupational safety and health in sectors such as the construction industry and food and beverage services sector. LD will also continue to tailor-make simple and reader-friendly promotional leaflets for ethnic minorities workers, and organise site visits and talks in collaboration with workers' unions and trade associations.

Manpower Development

28. In 2016-17, the Employees Retraining Board will focus on social groups with special needs and develop relevant courses and services for them, for example, developing more new courses designed for mature persons, women and home-makers, ethnic minorities and youths, as well as launching the pilot "Smart Starter" scheme to provide referrals to part-time job vacancies and follow-up services for new arrival trainees.

29. In parallel, the Vocational Training Council (VTC) is planning to provide about 171 800 training places in the 2016/17

academic year for those seeking to pursue vocational training. In 2016-17, the Labour and Welfare Bureau's related recurrent subvention to VTC will amount to \$ 200.1 million.

30. This concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –