

**Speaking Note for Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
for Examination of the 2014-15 Draft Estimates  
on 3 April 2014**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2014-15 is estimated to be \$1,753 million, representing an increase of \$228 million (or 15%) over the revised estimate of \$1,525 million last year. It accounts for 0.6% of the total recurrent government expenditure. Let me highlight the key areas of our work.

**Promoting Employment**

2. The Government has all along been committed to promoting employment. We have proactively provided job seekers with employment support services to help them secure employment. On the back of sustained economic growth that brought about further job creation, the labour market stayed buoyant in 2013. The latest seasonally adjusted unemployment rate (December 2013 – February 2014) stayed at a 16-year low of 3.1%. Meanwhile, the underemployment rate edged down further to 1.2%, the lowest level since September to November 1997. The Labour Department (LD) recorded 1 216 735 private sector vacancies in 2013, up by 6.3% over 2012, an all-time high figure.

3. LD will continue to provide comprehensive and free employment services through a network of 12 job centres, two industry-based recruitment centres, a Telephone Employment Service Centre, a Job Vacancy Processing Centre, the Interactive Employment Service website and the vacancy search terminals installed at various locations across the territory to help job seekers, including the new arrivals and ethnic minorities, find work. LD will also actively organise large-scale and district-based job fairs so that job seekers can reduce the time in job search.

4. On the other hand, some job seekers, such as young people, the middle-aged and persons with disabilities, may still encounter difficulties in

seeking employment owing to limited working experience, inadequate knowledge of the employment market situation or lack of working skills, etc. LD will continue to administer various specialised programmes to cater for their employment needs. We will keep our employment services under review and implement enhancement measures where necessary, so as to effectively provide job seekers with comprehensive employment support. Moreover, to assist industries facing manpower shortage to recruit staff and job seekers to find work promptly, we will organise various thematic job fairs, including some specifically for ethnic minorities, to enhance the dissemination of job market information. Renovation work at the new job centre at Tung Chung is now underway. Upon its commissioning in about six months' time, we will be able to better serve job seekers at Lantau Island.

### **Reviewing the Work Incentive Transport Subsidy Scheme**

5. With the enhancement measures of the Work Incentive Transport Subsidy (WITS) Scheme taking effect since 2013, applicants may choose to apply on an individual or household basis (i.e. nicknamed “dual track” application method). Moreover, the income and asset limits for the subsidy have been raised again from the claim month of February 2014 onwards under the annual adjustment mechanism. We will commence in the coming October a comprehensive review of the WITS Scheme, covering its objectives, eligibility criteria, modus operandi and effectiveness. We aim to complete the review by the first quarter of 2015.

### **Reviewing the Statutory Minimum Wage Rate**

6. The implementation of the increased Statutory Minimum Wage (SMW) rate of \$30 since 1 May 2013 has been smooth. The overall employment market has remained stable. Compared with the pre-SMW period (i.e. February – April 2011), the latest seasonally adjusted unemployment rate (for December 2013 – February 2014) fell by 0.5 percentage point to 3.1%. Total employment also rose to 3 731 900. The income of grassroots workers has continued to improve noticeably. For 2013 as a whole, preliminary figures show that the average employment earnings of the lowest decile full-time employees registered a year-on-year increase of 6%, which was higher than that for the overall level.

7. Results of the 2013 Annual Earnings and Hours Survey by the Census and Statistics Department were already released last month. Adopting an evidence-based approach, the Minimum Wage Commission is

now conducting a new round of review of the SMW rate. It is expected that the Commission will submit a report on its recommendation by the end of this year.

### **Promoting Labour Relations**

8. Harmonious labour relations are important for underpinning Hong Kong's stability and economic prosperity. In 2013, the Hong Kong economy continued to show healthy growth, and the labour relations scene was generally stable despite individual labour strikes. The number of labour disputes and employment claims handled by LD in 2013 dropped by 7% (from 18 999 in 2012) to 17 585. In the year, over 70% of cases were settled through conciliation. We will continue to closely monitor the labour relations scene and provide timely assistance to employers and employees in need.

9. We will keep up our promotional efforts to enhance public awareness in the Employment Ordinance (EO) and encourage employers to adopt good people management measures through various channels such as television and radio broadcast, roving exhibitions, the internet, talks, posters and publications, with a view to fostering harmonious labour relations. We will also promote family-friendly employment practices through a wide range of publicity activities; and will through the industry-based tripartite committees help cultivate a family-friendly employment culture and working environment in various industries.

### **Legislating for Paternity Leave**

10. Having secured the support of the Labour Advisory Board and consulted the Panel on Manpower of the Legislative Council (LegCo), the Administration has decided to legislate for paternity leave to facilitate working fathers to take leave around the time of childbirth to take care of the mother and the newborn child. The relevant Employment (Amendment) Bill 2014 was introduced into LegCo last week (26 March). I sincerely look forward to the smooth passage of the Bill by LegCo so that this family-friendly employment practice can be implemented at the earliest possible time.

## **Standard Working Hours**

11. The Government set up in April 2013 the Standard Working Hours Committee (SWHC) which comprises members drawn from the business and labour sectors, academia, community and Government. Since its commencement of work, SWHC has been actively following up on the Government's policy study on standard working hours, and promoting understanding of and in-depth public discussions on working hours with a view to building community consensus. Two working groups have been formed to take charge of wide public consultation and comprehensive working hours surveys respectively. These two working groups strive to submit reports to the Committee by the end of this year for deliberation and formulation of its ensuing work.

## **Pursuing the Proposal to Amend the Reinstatement and Re-engagement Provisions under the Employment Ordinance**

12. In the year ahead, we will continue to pursue the proposal to amend the reinstatement and re-engagement provisions under the EO to enhance protection for employees who are unreasonably and unlawfully dismissed. The relevant amendment will empower the Labour Tribunal (LT) to, without the need to secure an employer's consent, make a compulsory order for reinstatement or re-engagement of his employee who has been dismissed in the said circumstances. The Administration has been actively handling the legal principles and court procedures contained in the draft Amendment Bill with a view to finalising the Bill for introduction into LegCo as soon as possible.

## **Protecting Employees' Rights and Benefits**

13. Compliance with the Minimum Wage Ordinance (MWO) has been satisfactory since its implementation on 1 May 2011. During May 2011 to December 2013, labour inspectors of LD conducted 108 635 workplace inspections. Including reported cases, 164 cases (0.15%) involving suspected violation of the MWO were detected. Follow-up actions on all such cases confirmed that employees in most cases had received SMW or had recovered the shortfall of wages. LD will continue to launch targeted enforcement actions to ensure compliance. All complaints about breaches of the MWO will be swiftly and thoroughly investigated. As at end-2013, 35 convicted summonses of 9 cases against employers for underpayment of SMW were recorded.

14. To safeguard the employment opportunities of local workers, the Administration takes rigorous enforcement actions against illegal employment. In 2013, 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 combat illegal employment.

15. We have also spared no efforts in fighting wage offences and defaults of awards ordered by the LT or the Minor Employment Claims Adjudication Board (MECAB). Last year, we secured a total of 443 convictions against wage offences (a drop of 16% over 525 convictions in 2012). At the same time, there were 177 summonses where company directors or responsible persons were convicted of wage offences, representing an increase of 54% year-on-year (when compared with 115 summonses in 2012). In 2013, 127 summonses were also convicted against employers defaulting on payment of LT or MECAB awards, an increase of 69% (when compared with 75 convicted summonses) over 2012. Of these, 54 summonses were against company directors or responsible persons as the offences were committed with their consent, connivance or negligence, up one fold year-on-year (when compared with 27 convicted summonses in 2012).

16. The aforementioned conviction figures show that LD's rigorous enforcement efforts have yielded fruitful results. Nevertheless, we will remain vigilant. LD will 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. If there is sufficient evidence, we will prosecute the employers and responsible persons involved for the wage defaults.

17. In 2013, alongside the stable economic growth of Hong Kong, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 30% to 2 081 as compared with that of 2012. At present, there are still uncertainties in the external environment. LD will continue to monitor the trend of business closures and provide timely relief to affected employees by effecting ex gratia payments through PWIF.

## **Protecting Foreign Domestic Helpers and Regulating Employment Agencies**

18. The Government notes the concerns in the community over how to protect the rights and benefits of the foreign domestic helpers (FDHs) and the regulation of the employment agencies (EAs). We are planning to implement various short, medium and long-term measures. First, we will strengthen our publicity and educational efforts to increase FDHs' awareness of safeguarding themselves and their labour rights, and appeal to employers to treat their FDHs well, and not to withhold their wages nor deduct their wages for paying any intermediary and training fees. LD has increased its manpower to strengthen the monitoring of and inspection to EAs. To better safeguard the interests of both employers and FDHs, we will in the longer term consider introducing appropriate licensing conditions for EAs' compliance. Furthermore, we will tackle the problem at root and continue to request the Indonesian authorities to adopt proactive measures to alleviate Indonesian domestic helpers' debt burden arising from their payment of a huge sum of intermediary and training fees before they come to Hong Kong.

## **Enhancing Occupational Safety and Health**

19. With the commencement of mega infrastructure projects and a large number of old building repair works in recent years, coupled with the anticipated construction boom in the coming years, the construction workforce has been on the increase. These developments pose challenges to work safety in the construction industry. The number of workers of new works sites alone rose by about 60% from around 50 000 in 2009 to nearly 80 000 in 2013.

20. We are gravely concerned about the 10 fatal accidents that happened in the construction industry in the first quarter of 2014. This death toll is uncommonly high when compared with those over the same period in recent years. These serious accidents mainly involved work-at-height and lifting operations. LD has promptly launched special enforcement operations targeting these high-risk processes. We issue improvement/ suspension notices and initiate prosecutions as appropriate without prior warning upon discovery of breaches of law. Besides, workers should, in the interest of their own and their families, fully co-operate with their employers in adhering to all safety measures and properly use protective gear so as to avoid endangering their own safety and that of other persons at work.

21. In collaboration with the trade associations, workers' unions, the Construction Industry Council and the Occupational Safety and Health Council, LD has formulated a package of measures to tackle this challenge on various fronts. These include: (i) further stepping up inspections and enforcement actions; (ii) strengthening the monitoring of work safety of major works projects; (iii) enhancing the content of the mandatory safety training courses for construction workers; (iv) expediting the notification of serious incidents to the industry through the release of the Work Safety Alerts; (v) strengthening promotion activities on thematic work safety; (vi) conducting visits to construction sites and roving exhibitions; (vii) launching work safety accreditation schemes, and (viii) launching work safety sponsorship schemes.

22. My LD colleagues and I can elaborate on the above measures later. LD has already proposed to brief Members of the Panel on Manpower on the latest occupational safety performance of the construction industry at the meeting to be held later this month and seek Members' views on the measures to enhance construction safety.

### **Manpower Development**

23. The Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to provide diversified training services, with a view to helping the labour force enhance their skills and competitiveness, thereby meeting the changing manpower needs of the economy. The Finance Committee of LegCo approved in January this year the Government's injection of \$15 billion into the ERB as part of our long-term support.

24. In 2014-15, ERB plans to offer 130 000 training places. Adequate resources have also been reserved for providing an additional 40 000 training places. This will enable ERB to respond promptly to the demand from training bodies for increasing or redeploying the training places should there be significant changes in the economy and the labour market. The ERB will also continue to provide tailor-made courses for people with special training needs, such as the new arrivals, ethnic minorities and youths.

25. In addition, VTC is planning to provide 187 400 training places in the 2014/15 academic year for those seeking to pursue vocational training. In 2014-15, the Labour and Welfare Bureau's related recurrent subvention to

VTC will amount to \$200.1 million. In the coming year, VTC plans to test out the training-cum-work mode, which has been adopted in the Pilot Traineeship Scheme launched in end-2011, in the retail and elderly care services industries, providing 180 training places for each industry.

26. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

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