

For information  
17 December 2013

**Legislative Council  
Panel on Manpower**

**Extending Retirement Age and  
Employment for the Middle-aged**

**Purpose**

The paper examines the issue of retirement age and briefs Members on the support measures taken by the Government to help middle-aged persons secure employment.

**Retirement Age**

2. While there is no statutory retirement age in Hong Kong, many local firms set their retirement age between 55 and 65. According to the statistics<sup>1</sup> published by the Census and Statistics Department (C&SD), there were 1 587 800 persons aged 50 to 64 in Hong Kong in 2012. Among them, 960 400 were in the labour force. The labour force participation rate (LFPR) of the older population group was far lower than that of the younger group. The LFPR for those aged 50 to 54 was 74.9% and that for those aged 55 to 59 was down to 61.7%. The LFPR of those aged 60 to 64 was further down to just 37.7%. The LFPRs by age group are provided at Appendix 1. In the same year, there were a total of 627 400 economically inactive persons aged 50 to 64. Among them, some 240 200 (or 38.3%) claimed that they had retired. A breakdown of the economically inactive persons aged 50 to 64 by age group and reason for being economically inactive is provided at Appendix 2.

3. With better health, higher education levels and less physically demanding jobs among the current and future elderly generations, we expect that more and more elderly workers would be willing to stay longer in the labour force. As shown in the C&SD's statistics, the LFPR for those aged 50 to 64 rose from 56.4% in 2002 to 60.5% in 2012. The trend is in line with the above expectation.

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<sup>1</sup> The statistics are compiled based on the data collected in the General Household Survey (GHS) of C&SD. The GHS covers the land-based non-institutional population only. Foreign domestic helpers are excluded from the statistics.

## **Public Engagement Exercise on Population Policy**

4. According to the labour force projections for the period 2013 to 2041 prepared by C&SD, Hong Kong's labour force (excluding foreign domestic helpers) will decline to 3.52 million in 2031 after reaching 3.71 million in 2018. The projected labour force will then stay in the range of 3.51 to 3.52 million thereafter.

5. C&SD conducted a Special Topic Enquiry on "Desire of economically inactive persons for taking up jobs if being offered suitable employment" between April and June 2011. The survey findings revealed that around 13 200 early retirees aged 50 to 64 indicated that they would be willing to work if being offered suitable employment, representing about 5% of the total number of early retirees in that age group. If these early retirees enter the employment market, it would provide the manpower and facilitate inter-generational skills transfer needed to drive our economy forward. It can also provide income to them as well as allowing them to realise their potential at work. Yet, we need to strike a balance of not hindering the career prospects of younger generations when promoting a longer working life.

6. The Steering Committee on Population Policy (SCPP) released its consultation document on 24 October 2013, inviting views from the public on how to create a facilitating environment to help the retirees who are willing to get re-employed re-join the employment market and the elderly employees stay longer in the labour force. This will help SCPP in its next stage of work, which involves formulating strategies to address the population challenges and mapping out an actionable agenda covering short and long-term measures.

7. As set out in the consultation paper mentioned above, in parallel, the Civil Service Bureau is conducting, in consultation with bureaux and departments, a study to assess the manpower and retirement situation in the civil service and to look at possible options for extending the service of civil servants and applying a higher retirement age to new recruits. The study is expected to complete by early 2014.

## **The Employment Situation of the Middle-aged**

8. According to the statistics<sup>2</sup> of C&SD, Hong Kong had 3 462 200 employed persons in August to October 2013 and 1 724 100 of them were aged 40 to 59. In the same period, the overall unemployment rate (not seasonally adjusted) was 3.6% and there were 130 100 unemployed persons. Among them,

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<sup>2</sup> The statistics are compiled based on the data collected in GHS of C&SD. The GHS covers the land-based non-institutional population only. Foreign domestic helpers are excluded from the statistics.

25 800 and 22 700 were aged 40 to 49 and 50 to 59 respectively. The unemployment rates of the respective age groups were 2.8% and 2.6%, which were lower than the overall unemployment rate and down by 2.5 and 2.8 percentage points respectively when compared with the relatively high rates in the second quarter of 2009 (5.3% and 5.4% respectively).

### **Employment Support Measures for the Middle-aged Taken by the Government**

9. The Government is committed to helping the middle-aged secure employment. Unemployed middle-aged persons may need to change the field of employment as a result of economic restructuring, or be unfamiliar with the latest employment market situation after leaving the employment market for a long period etc, and encounter difficulties in finding employment during the job search. To cater for the needs of the middle-aged, the Labour Department (LD) has provided an array of employment services to help them find work. LD also implements the Employment Programme for the Middle-aged to encourage employers to employ middle-aged persons with employment difficulties. Besides, the Employees Retraining Board (ERB) provides suitable training/retraining services for the middle-aged to help them enter or re-enter the employment market.

#### Employment Services

10. LD provides comprehensive and free employment services for job seekers including the middle-aged through a network of 12 job centres, two recruitment centres for the catering and retail industries, a telephone employment service hotline, an interactive employment service website and numerous vacancy search terminals installed at various locations in the territory. Various facilities, such as telephone, facsimile machine, vacancy search terminals, computers equipped with resume-writing software and internet connection, are made available in job centres to enable the job seekers to complete the whole job hunting process. Job seekers may also obtain job referrals through officers of the job centre or by calling the telephone employment service hotline. Besides, all job centres have set up dedicated counters to provide priority registration and job referral services for job seekers aged 50 or above. In the first 10 months of 2013, there were 22 166 job seekers aged 40 or above registering for LD's employment services, representing 29.5% of the total number of registrants. Among them, 11 579 (52.2%) were aged 40 to 49; 8 904 (40.2%) were aged 50 to 59; and 1 683 (7.6%) were aged 60 or above.

11. LD regularly organises large-scale and district-based job fairs to enhance the dissemination of vacancy information so as to shorten the time needed by job seekers for job search. Moreover, at the two recruitment centres

for the catering and retail industries, employers in the respective industries stage recruitment activities almost every working day. In the first 10 months of 2013, LD organised 12 large-scale job fairs and 411 district-based job fairs while the recruitment centres for the catering and retail industries organised a total of 404 job fairs. These job fairs offer vacancies suitable for job seekers of different educational attainments and skill levels, and job seekers can submit job applications and attend job interviews with employers on the spot to obtain employment.

12. Besides, starting from January 2013, all job centres provide personalised employment advisory services. Job seekers can meet employment officers who will provide them with the latest information on the labour market, training/retraining courses, job search advice, and/or conduct career aptitude assessment etc as appropriate. The employment officers will also assist job seekers with difficulties in finding employment to participate in LD's Work Trial Scheme which will arrange participants to undergo work trials in real working environment to acquire the necessary job skills and working experience, so as to enhance their employability.

13. LD requires employers using its recruitment services not to impose discriminatory requirement on age in their recruitment terms. If discriminatory requirement on age is found during vetting of the vacancy information submitted by employers, LD will ask the employers to remove the requirement, unless they can prove that the requirement is a genuine occupational qualification. LD will not provide recruitment services to the employers if they refuse to remove the discriminatory requirement.

#### Employment Programme for the Middle-aged (EPM)

14. To encourage employers to employ the middle-aged with difficulties in finding employment, LD launched EPM in 2003. EPM offers on-the-job training allowance to employers to encourage employers to employ job seekers aged 40 or above in full-time permanent job and provide them with on-the-job training with a view to helping the middle-aged acquire the necessary job skills for sustainable employment. In the first 10 months of 2013, EPM recorded 2 033 placements of middle-aged job seekers. A breakdown of the middle-aged job seekers in these placements by age group and educational attainment is provided at Appendix 3, and a breakdown by occupation and industry is provided at Appendix 4.

15. The training allowance under EPM is payable for three to six months, depending on the nature, skill requirement and training need of individual posts. During the on-the-job training period, participating employers are required to assign an experienced full-time employee to act as a mentor to help the

middle-aged employee adapt to the working environment and acquire the necessary job skills. LD will follow up each and every case during the on-the-job training period to ensure the employers' compliance with the requirements of EPM and to render employment support and counseling service to the middle-aged employee when necessary.

16. LD conducts regularly job retention surveys on the middle-aged receiving on-the-job training. The surveys revealed that in 77% of the cases, the middle-aged persons stayed in the job for four months or more and in 62% of the cases, the middle-aged persons stayed in the job for six months or more. These findings suggest that EPM could effectively help the middle-aged settle in sustainable full-time employment.

17. To encourage employers to offer more openings to the middle-aged with employment difficulties and provide them with on-the-job training, LD has increased the allowance payable to employers under EPM with effect from June this year. The training allowance payable to employers who engage the middle-aged persons in full-time employment<sup>3</sup> according to the programme requirements and provide them with on-the-job training is increased from \$2,000 per month to \$3,000 per month for each employee engaged. LD has strengthened the promotion of EPM through various channels so as to attract the participation of more employers in EPM.

#### Training/Re-training services

18. ERB serves local people aged 15 or above with educational attainment at sub-degree level or below<sup>4</sup>. The middle-aged can enrol in ERB courses that fit their background, education level and training needs. Since its establishment in 1992, ERB has provided about 1.9 million training places covering full-time placement-tied courses as well as half-day or evening non-placement-tied courses.

19. Full-time placement-tied courses are provided for the unemployed or non-engaged, and are free of charge. Trainees attending full-time placement-tied courses with duration of seven days or more are eligible for retraining allowance if they have achieved attendance rate of 80% or above. On completion of the courses, trainees are also eligible for placement follow-up services of three to six months provided by the training bodies. In 2010-11 to

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<sup>3</sup> The salary of the concerned post should meet the statutory minimum wage requirement and is not less than \$6,000 per month. Should the working hours of the post be shorter such that the monthly salary is less than \$6,000 per month, the on-the-job training allowance payable to the employer will remain at \$2,000 per month.

<sup>4</sup> Only eligible employees in Hong Kong (i.e. persons, including permanent residents of Hong Kong and the new arrivals, who have the right to stay in Hong Kong legally and can be employed without restrictions) can enrol in ERB training courses.

2013-14 (as at June 2013), the placement rates for the trainees who completed full-time placement-tied training courses and aged 40 or above were over 80%. Most of them joined the household and domestic services industry (25%), real estate and property management industry (10%) and retail industry (9%). Their major job positions were domestic helpers (14%), property management attendants (12%) and sales assistant / shop sales (6%).

20. Half-day or evening non-placement-tied courses cover “Skills Upgrading Scheme Plus” courses and generic skills training courses which aim at enhancing employees’ industry-specific and cross-industry skills. These courses are fee-charging, but trainees who have no or low income may apply for fee waiver or fee subsidy<sup>5</sup>.

21. In the past three years (i.e. 2010-11 to 2012-13), the percentage of admitted trainees aged 40 or above out of all admitted trainees was about 63% on average.

### **Advice sought**

22. The Government will continue to actively help the middle-aged secure employment. We will closely monitor the employment market situation and appropriately examine the employment services provided for the middle-aged. Where necessary, we will strengthen our employment support for the middle-aged to ensure that they are effectively assisted in finding work.

23. Members are invited to note the contents of this paper and give views.

Labour and Welfare Bureau  
Labour Department  
December 2013

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<sup>5</sup> Trainees with monthly income of \$9,000 or below may apply for course fee waiver. For those with monthly income between \$9,001 and \$19,500, they may apply for paying only about 30% of the training cost.

**Labour force participation rates by age group  
(excluding foreign domestic helpers)  
(Year 2012)**

<b>Age group</b>	<b>Labour force participation rate (%)</b>
15 – 19	10.1
20 – 24	60.4
25 – 29	89.0
30 – 34	85.5
35 – 39	81.9
40 – 44	81.4
45 – 49	79.9
50 – 54	74.9
55 – 59	61.7
60 – 64	37.7
65 and above	7.1
<b>Overall</b>	<b>58.8</b>

**Breakdown of economically inactive persons aged 50 – 64  
(excluding foreign domestic helpers) by age group and  
reason for being economically inactive  
(Year 2012)**

Age group	Number of economically inactive persons (excluding foreign domestic helpers)				Total
	Engagement in household duties	Retirement / Old age	Permanent sick / Disablement	Other reasons	
50 – 54	110 700	14 600	16 800	16 000	158 100
55 – 59	115 500	57 200	18 400	13 600	204 700
60 – 64	82 000	168 400	10 600	3 500	264 600
Total <sup>@</sup>	308 300	240 200	45 800	33 100	627 400

Note:

@ There may be a slight discrepancy between the sum of individual items and the total as shown in the table owing to rounding.



**Breakdown of middle-aged persons in placement cases  
in the first 10 months of 2013  
by age group and educational attainment**

**By Age Group**

Age group	No. of placements
40 – 49	947
50 – 59	940
60 and over	146
Total	2 033

**By Educational Attainment**

Educational attainment	No. of placements
Primary Six or below	215
Secondary One to Three	687
Secondary Four to Five	796
Secondary Six to Seven	147
Post-secondary	188
Total	2 033

## Appendix 4

### Breakdown of middle-aged persons in placement cases in the first 10 months of 2013 by occupational group and industry

#### By Occupational Group

<b>Occupational group</b>	<b>No. of placements</b>
Managers and administrators, professionals and associate professionals	123
Clerical support workers	319
Service and shop sales workers	572
Skilled agricultural and fishery workers	24
Craft and related workers	48
Plant and machine operators and assemblers	82
Elementary occupations	865
Total	2 033

#### By Industry

<b>Industry</b>	<b>No. of placements</b>
Manufacturing	214
Construction	58
Wholesale, retail and import/export trades, restaurants and hotels	704
Real estate and business services	469
Transport, storage and communications	199
Community, social and personal services	161
Others	228
Total	2 033