

**Speaking Note for Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
for Examination of the 2015-16 Draft Estimates  
on 2 April 2015**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2015-16 is estimated to be \$1,758 million, representing an increase of \$126 million (or 7.7%) over the revised estimate of \$1,632 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 2014. The latest seasonally adjusted unemployment rate (December 2014 to February 2015) stayed at a low level of 3.3%. Both total employment and labour force continued to grow moderately over a year earlier. In 2014, the number of private sector vacancies received by the Labour Department (LD) reached a record high of 1 220 405.

3. With Hong Kong facing an ageing population, LD will enhance the employment support services provided for mature job seekers with a view to encouraging them to remain in or return to the job market. LD will also extend the Employment Programme for the Middle-aged to part-time jobs in the second half of 2015, giving subsidies to employers to encourage them to provide part-time employment opportunities to mature persons.

4. To strengthen support for employers and help employees with disabilities adapt to their new job, LD will enhance the post-placement follow-up service provided for job seekers with disabilities by extending the service period from three to six months. Moreover, LD has launched a pilot project of Employment Services Ambassador Programme for Ethnic Minorities and will organise large-scale and district-based inclusive job fairs to assist ethnic minorities in securing employment.

5. In 2015, LD will organise a large-scale job fair including employment and vacancy information on the Mainland. Employers intending to employ local job seekers to work on the Mainland will be invited to participate in the job fair, which aims to enhance the understanding of job seekers and young people in employment opportunities on the Mainland. Through the Youth Employment and Training Programme, LD will continue to encourage employers to employ young people; and launch pilot projects to enhance the employability and employment opportunities of young people.

### **Encouraging Employers to Build a Friendly Working Environment for Mature Persons**

6. Along with our employment support services, we also encourage employers to adopt employment practices conducive to fostering a friendly working environment for mature persons through publicity, thereby attracting them to remain in or return to the job market.

7. LD will launch various promotional and educational activities and conduct regular meetings and exchanges with business executives and human resources managers to publicise relevant messages and encourage employers to adopt friendly employment practices for mature persons at the workplaces.

### **Conducting a Comprehensive Review of the Work Incentive Transport Subsidy Scheme**

8. The income and asset limits of the Work Incentive Transport Subsidy (WITS) Scheme have been raised again from the claim month of February 2015 onwards under the annual adjustment mechanism. LD is conducting a comprehensive review of the WITS Scheme, including its objectives, eligibility criteria, level of subsidy rate, modus operandi and effectiveness. We will report the outcome of the exercise to the Panel on Manpower in due course.

### **Implementing Statutory Minimum Wage**

9. Since the introduction of Statutory Minimum Wage (SMW), the employment market has remained generally stable. Compared with the pre-SMW period (February to April 2011), the latest unemployment rate fell by 0.3 percentage point to 3.3%. Total employment also increased by more than 265 000, 68% of whom were female. The wages of grassroots

employees have continued to improve. The average monthly employment earnings of the lowest decile full-time employees in November 2014 to January 2015 rose by 12.7% in real terms over those in the pre-SMW period.

10. The newly revised SMW rate of \$32.5 per hour will take effect from 1 May 2015. LD will conduct extensive publicity and promotional activities and launch targeted enforcement campaigns to monitor employers' compliance.

### **Promoting Labour Relations**

11. In 2014, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD in 2014 dropped by 10% (from 17 585 in 2013) to 15 832. 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.

12. 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 enhance its publicity and education efforts in publicising family-friendly employment practices (FFEP) by publishing a series of news supplements on enlightened organisations to share their successful experiences in implementing FFEP. Furthermore, in addition to the existing general guidelines on FFEP, LD is now collaborating with employers and employees in the catering industry to devise industry-based practical guidelines in implementing FFEP for reference of catering employers.

### **Legislating for Paternity Leave**

13. Statutory paternity leave already took effect on 27 February 2015. Male employees are entitled to 3 days' paternity leave with pay for each confinement of their spouse / partner if they fulfil the legal requirements. LD will continue with a comprehensive publicity programme to publicise stipulations of the statutory paternity leave. LD will review the implementation of statutory paternity leave one year after its coming into effect.

## **Addressing Manpower Shortage in Certain Industries**

14. To address the manpower shortage and recruitment difficulties faced by individual industries, the Government will continue to develop our local manpower as its priority, unleashing the potential and optimising the deployment of our local workforce. For those industries facing manpower shortage, we will work together with the industries concerned as well as relevant training bodies to further attract new entrants to join the industries and provide training for them. When employers cannot recruit sufficient local workers, they can continue to import skilled workers on an appropriate and targeted manner under the Supplementary Labour Scheme (SLS).

15. To facilitate the provisioning of an adequate construction workforce to meet Hong Kong's economic, social and infrastructural development needs and having regard to the effective results in the two recruitment centres of LD for the retail and catering industries, the Government will set up a dedicated recruitment centre for the construction industry, in the second half of 2015-16 to provide local workers with career counselling services and conduct on-the-spot interviews and job fairs, so as to assist construction workers to find jobs and assist contractors in employing local construction workers. In addition, the Government will allocate funding to the Construction Industry Council to upgrade training from semi-skilled workers to skilled workers.

16. The Development Bureau (DEVB) will brief the Labour Advisory Board (LAB) on the detailed arrangements for the further enhancement measures to SLS. DEVB will continue to liaise closely with the stakeholders in the construction industry and the labour sector on the enhancement measures, with a view to upholding the principle of safeguarding the priority of local workers in employment, their job opportunities and salaries, thereby addressing the industry's manpower demand. Relevant Government departments including LD will also step up the monitoring of public works contractors and inspections so as to ensure that the imported workers will not be subject to abuse or exploitation.

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

17. To safeguard the employment opportunities of local workers, the Government will continue to take rigorous enforcement actions against illegal employment. In 2014, together with the Police and the Immigration Department, LD mounted 178 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.

18. LD will continue to spare no efforts in combating wage offences. Last year, LD secured a total of 304 convictions against wage offences (a drop of 31% over 443 convictions in 2013). At the same time, there were 48 summonses where company directors or responsible persons were convicted of wage offences (down by 73% when compared with 177 summonses in 2013).

19. 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. When there is sufficient evidence, we will prosecute the employers and responsible persons involved in wage defaults.

20. The number of applications received by the Protection of Wages on Insolvency Fund (PWIF) slightly increased by 7% to 2 236 over that of 2013. Given the 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.

21. There are more than 330 000 foreign domestic helpers (FDHs) in Hong Kong at present. They have made significant contribution to Hong Kong, particularly in releasing women with families to join the workforce. To enhance the protection of FDHs, the Government has, since last year, stepped up collaboration and information exchanges with the Consulate-Generals of the FDH exporting countries in Hong Kong, and has enhanced our publicity and education efforts in raising FDHs' and employers' awareness of their own rights and obligations and the complaint channels. To strengthen the regulation of employment agencies (EAs), we are planning to introduce a Code of Practice (CoP) for the industry, in which the acts that are allowed and those that should be avoided by EAs (e.g. EAs should not be involved in the financial or loans affairs of FDHs, etc.) will be listed out. We plan to consult the stakeholders on the draft CoP this year.

## **Standard Working Hours**

22. Since its establishment in April 2013, the Standard Working Hours Committee (SWHC) has worked at full steam to complete an enormous amount of work including wide public consultation and a comprehensive working hours survey. With reference to findings in these two areas of work, SWHC has formed a task force to explore directions of a working hours policy and the further work of SWHC for SWHC's discussion, with a view to building consensus and identifying the way forward. SWHC plans to submit its report to the Government in the first quarter of next year.

## **Enhancing Occupational Safety and Health**

23. 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, there are increasing job opportunities in the construction industry. The number of construction workers increased by 47% from 2010 to 81 600 in the first three quarters of 2014.

24. LD is highly concerned about the occupational safety in the construction industry. Apart from conducting over 50 000 regular site inspections each year, LD will continue to launch special enforcement operations to deter work practices contravening work safety requirements, targeting high-risk processes such as work-at-height, lifting operations, electrical work, sea-based construction works, etc. LD will take immediate enforcement actions upon discovery of breaches of safety legislation.

25. LD also strives to prevent accidents owing to systemic deficiencies from the source, including:

- through stepping up liaison with major works project proponents, urging the contractors concerned to, in respect of high-risk processes (such as operation of heavy machinery, sea-based construction works, etc.), strengthen their site safety management systems, strengthen the participation of professional resident site staff in monitoring work safety, and step up safety audits of major works projects so as to eliminate potential work hazards;
- tackling systemic risks by analysing the underlying systemic problems of serious construction accidents, instituting targeted

inspections and enforcement actions, organising thematic safety seminars (e.g. work-at-height, lifting operation, electrical work, etc.), and formulating codes of practice on work safety; and

- enhancing the Occupational Safety and Health (OSH) merit and demerit system, including launching renovation, maintenance, alteration and addition (RMAA) work safety accreditation scheme and mobile platform sponsorship scheme, with a view to encouraging small-and-medium sized contractors to adopt safe working methods; and submitting to the court adequate information for reference in sentencing for raising penalties.

26. LD will also continue to launch large-scale publicity programmes to promote construction safety culture, and collaborate with construction industry unions and associations to conduct visits to construction sites and organise safety talks so as to enhance the safety awareness of workers.

### **Manpower Development**

27. The Employees Retraining Board (ERB) will focus on providing training for older persons, among other target groups, and help them re-join the job market. A market research on mature or retired persons and employers will be conducted to understand mature persons' views on continuing employment as well as employers' opinions on hiring mature or retired persons. ERB will also explore suitable types of work for these people and launch training courses on a pilot basis.

28. In addition, the Vocational Training Council (VTC) is planning to provide about 173 700 training places in the 2015/16 academic year for those seeking to pursue vocational training. In 2015-16, the Labour and Welfare Bureau's related recurrent subvention to VTC amounts to \$ 202.7 million.

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

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