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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 17 November 2015**

Employment of the middle-aged and mature persons

Purpose

This paper summarizes the major concerns raised by Members at various committees of the Legislative Council ("LegCo") regarding measures to promote the employment of the middle-aged and mature persons since the Fourth LegCo.

Background

2. According to the Administration, while there is no statutory retirement age in Hong Kong, many local firms set their retirement age between 55 and 65. According to the findings of the Special Topic Enquiry on "Desire of economically inactive persons for taking up jobs if being offered suitable employment" conducted by the Census and Statistics Department ("C&SD") between April and June 2011, 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. For female home-makers aged 30 to 59, around 8% of them would be willing to work if offered suitable employment.

3. On 24 October 2013, the Steering Committee on Population Policy ("SCPP") released a consultation paper on population policy entitled "Thoughts for Hong Kong" and launched a four-month public engagement exercise to run until 23 February 2014. SCPP proposed to tackle the demographic challenges arising from the ageing population and

the lowering of labour force participation rate through five policy strategies. One of the strategies was to explore effective measures to increase the quantity of labour force by encouraging more people to work or to work longer by, say, extending the worklife of early retirees. According to the consultation document, the labour force participation rate of 58.8% in 2012 was comparable to that of other Asian economies. Yet, there remains 1.6 million economically inactive people aged 15 to 64, of which early retirees are one of the prime groups. There was a total of some 548 500 economically inactive persons aged 50 to 64 (excluding foreign domestic helpers) under the categories of engagement in household duties and retirement/old age.

Members' deliberations and concerns

Employment support for the middle-aged and mature persons

4. Members had all along been concerned about the employment support for job seekers with employment difficulties, including middle-aged employees. According to the Administration, the Labour Department ("LD") operated a wide range of employment services and programmes so as to provide customized employment support to job seekers with diverse needs. All job centres had 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.

5. To meet the employment needs of middle-aged people with low educational attainment and skills, members were advised that LD implemented the Employment Programme for the Middle-aged ("EPM") to provide them with appropriate employment support services. EPM offered employers financial incentive for employing unemployed job seekers aged 40 or above in full-time jobs and providing them with on-the-job training. According to the Administration, since its inception in May 2003 and up to 31 December 2012, there were 55 782 middle-aged job seekers placed into employment under EPM. In the first 10 months of 2013, EPM recorded 2 033 placements of middle-aged job seekers.

6. To encourage employers to offer more openings to the middle-aged and provide them with on-the-job training for enhancing their employability and employment opportunities, members were advised that

LD had increased the allowance payable to employers under EPM with effect from 1 June 2013. Specifically, the training allowance payable to the employers who engaged middle-aged persons aged 40 or above with employment difficulties according to the programme requirements and provide them with on-the-job training¹ would be increased from \$2,000 per month to \$3,000 per month for each employee engaged for a period of three to six months. To further encourage employers to provide more suitable employment opportunities to the middle-aged, EPM had been extended to cover part-time permanent jobs (i.e. working 18 hours to less than 30 hours per week) from September 2015 so as to give employers financial incentive to engage persons aged 40 or above, including female homemakers and early retirees who might prefer part-time jobs.

7. Some members held the view that the major reasons for a considerable number of people who were engaged in household duties and retirement staying out of the labour force were attributed to the lack of appropriate support from the Government, such as provision of appropriate training. Some other members considered that the crux of the problem of middle-aged unemployment was due to a mismatch between the job skills possessed by the unemployed labour and those required of in the emerging industries. The provision of training allowance under EPM to employers engaging unemployed middle-aged job seekers was far from adequate in assisting the middle-aged to secure employment. Instead, the Government should collaborate with employers of the emerging industries in providing appropriate training and retraining to the potential labour force.

8. The Administration advised that the Employees Retraining Board had widely consulted employer associations and the relevant Industry Consultative Network as well as other parties concerned in the development of the training and retraining courses for the service targets, including the middle-aged, and the courses were offered in response to the needs of the market.

Further measures to promote employment of the middle-aged

9. Some members were of view that a considerable number of middle-aged persons and early retirees were capable of taking up employment, but they were reluctant in joining the labour market simply because of the long working hours phenomenon. To overcome the

¹ 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.

barriers to re-join the labour market, consideration should be given to legislating for standard working hours with a view to safeguarding employees' rights and benefits and thereby unleashing the potential labour force. It was equally important that employers should provide their employees with a family-friendly working environment with flexible and various work arrangements and support, which would help them balance their roles and responsibilities in work and family.

10. Some members also considered that the major barrier encountered by the middle-aged in seeking employment was age discrimination. In anticipation of the aggravation of the situation if the retirement age was further extended, the issue should be addressed as soon as practicable. These members were of the view that the Administration should introduce legislation on age discrimination in employment.

11. According to the Administration, while LD provided free recruitment services to local employers for posting up vacancies at LD's job centres, it would only accept and display job vacancies that did not carry discriminatory terms (including age, gender and race) and unjustified requirements. As regards legislating for age discrimination in employment, the Administration advised that the Labour Advisory Board ("LAB") had discussed the issue of legislation against age discrimination in employment for a number of years. Members of LAB noted that the findings of the Thematic Survey on Importance of Age Factor in Employment conducted by C&SD in 2009 revealed that age was not a major factor in employment. They also noted the practical difficulties associated with legislation and enforcement. The Administration further advised that it would be more appropriate to focus on public education and publicity in tackling age discrimination in employment. It would monitor the situation closely and would consider the legislative means in the event that public education and publicity were found to be ineffective.

Employees' compensation

12. Concern was also expressed about the difficulties in taking out employees' compensation insurance ("ECI") (commonly known as "labour insurance") for mature employees. The Administration advised that there was no age limit for procurement of ECI, while the setting of the premium levels by the insurance sector was subject to various factors. With the Administration's encouragement, the insurance sector had set up the Employees' Compensation Insurance Residual Scheme ("ECIRS"), as a market of last resort, to provide assistance to employers having difficulties in securing ECI. ECIRS had been operating smoothly for

years. The Financial Services and the Treasury Bureau, Office of the Commissioner of Insurance and LD would collaborate with the Hong Kong Federation of Insurers and the insurance sector to promote ECIRS and launch publicity to explain the points-to-note of taking out ECI policies to employers so as to allay their concern over difficulties in taking out such policies for mature employees.

Extension of retirement age

13. Members were advised that there was no mandatory retirement age in Hong Kong except for civil servants and the practitioners whose retirement age was regulated under certain ordinances, including the Security and Guarding Services Ordinance (Cap. 460), the Pilotage Ordinance (Cap. 84) as well as the Education Ordinance (Cap. 279). In general, employees and employers were free to negotiate on a mutually agreed basis for a suitable retirement age, same as other terms and conditions of employment, when they entered into an employment contract. Employers were also free to recruit or continue to employ mature employees. In the view of the Administration, the present arrangement allowed flexibility and suited the needs of different employers and employees having regard to the market situation and it had no plan to change it.

14. Members were generally supportive of extending the retirement age of employees, having regard to better health, higher education levels and rich experience among the current and future elderly generations. They, however, considered that it needed to strike a balance of not hindering the career aspiration of younger generations when promoting a longer working life. There was a view that the Administration should take the lead in promoting a longer working life in the civil service.

15. The Administration shared the view that in considering the issue of extending the retirement age, there was a need to maintain a balance between extending the working life and not hindering the career prospects of younger generations. After having completed a study to examine the succession and operational needs, and possible options for extending the service of civil servants who had reached retirement age and applying a higher retirement age to new recruits, the Government decided to extend the service of civil servants. Specifically, one of the initiatives adopted was to raise the retirement age of new recruits joining the civil service from 1 June 2015 to 65 in respect of the civilian grades and to 60 in respect of the disciplined services grades, regardless of their ranks. By taking the lead in extending the retirement age for government employees, the Administration expected that it would have a demonstration effect to

the private sector. In addition, LD would launch various promotional and educational activities to publicize relevant messages across the community and encourage employers to adopt elderly-friendly employment practices at workplaces.

Relevant papers

16. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
12 November 2015

Appendix

Relevant papers on employment of the middle-aged and mature persons

Committee	Date of meeting	Paper
Panel on Manpower	14.12.2009 (Item III)	Agenda Minutes
	21.1.2010 (Item IV)	Agenda Minutes
	20.10.2011 (Item II)	Agenda Minutes
	15.3.2012 (Item V)	Agenda Minutes
	3.12.2012 (Item I)	Agenda Minutes
	25.1.2013 (Item V)	Agenda Minutes
	18.6.2013 (Item V)	Agenda Minutes
	17.12.2013 (Item III)	Agenda Minutes
	20.1.2015 (Item IV)	Agenda Minutes
	19.5.2015 (Item IV)	Agenda Minutes
Council meeting	3.5.2006	Official Record of Proceedings (Question 6)

Committee	Date of meeting	Paper
	16.4.2008	Official Record of Proceedings (Question 4)
	25.6.2014	Official Record of Proceedings (Question 1)

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