

**Speaking Note for Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
for Examination of the 2017-18 Draft Estimates  
on 7 April 2017**

Labour
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Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2017-18 is estimated to be \$1,897 million, representing an increase of \$82 million (or 4.5%) over the revised estimate of \$1,815 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 2016. The latest seasonally adjusted unemployment rate (December 2016 to February 2017) stayed at a low level of 3.3%. Both total employment and labour force grew slightly over a year earlier. In 2016, the Labour Department (LD) received 1 347 613 private sector vacancies, an all-time high figure.

3. LD provides comprehensive and free employment and recruitment services and operates dedicated employment services for job seekers with different needs. For ethnic minority (EM) job seekers, LD has been providing a wide range of dedicated employment services to promote their employment, which will help realise their potential and engender an inclusive society. In 2017, to further strengthen the employment support services for EM job seekers, LD will, on a pilot basis, start engaging two staff proficient in EM languages to partner with experienced employment officers at the Kowloon West Job Centre at Sham Shui Po and the Employment in One-stop at Tin Shui Wai to serve EM job seekers.

## **Encouraging Employers to Adopt Friendly Employment Practices and Providing Employment Support Services for Mature Persons**

4. LD has all along been encouraging employers, having regard to the individual circumstances of their enterprises, to adopt friendly employment practices for mature persons, including extending the working life of their employees and adopting more flexible modes of employment, etc., so as to establish suitable working conditions and environment to attract mature persons to stay in or return to employment. LD will continue to promote the relevant messages to the public through various publicity channels and a wide range of promotional activities.

5. In addition, LD will continue to offer various employment support services for mature persons, such as organising employment briefings for mature persons, holding experience sharing sessions for employers on employing mature persons, organising large-scale thematic job fairs targeted at middle-aged and mature job seekers, and staging district-based job fairs on part-time employment to meet the needs of some mature persons who are more interested in taking up part-time jobs. Employers will also be encouraged to engage middle-aged and mature job seekers and provide on-the-job training under the Employment Programme for the Middle-aged.

## **Providing One-off Extra Payment under the Work Incentive Transport Subsidy Scheme**

6. In 2016, LD completed a review of the Work Incentive Transport Subsidy (WITS) Scheme and reported the findings to the Legislative Council (LegCo) Panel on Manpower in June. Related enhancement measures have been rolled out subsequently. In 2017-18, the Government proposes to provide a one-off extra payment to eligible applicants of the WITS Scheme. LD has also announced the adjustment of income and asset limits of the WITS Scheme in 2017. Under the existing annual adjustment mechanism, the income limits for household sizes of two to five persons and asset limits for individual-based applications and households of all sizes have been raised starting from the claim month of February this year. As the income limits for individual-based/one-person household-based applications and household-based applications from households of six persons or above would need to be adjusted downward with reference to the median monthly domestic household income in the third quarter of 2016, we propose to freeze the income limits for these two groups in the annual adjustment for 2017 as a special one-off arrangement and will consult the Panel on Manpower on 18 April 2017.

## **Implementing Statutory Minimum Wage**

7. Since the introduction of Statutory Minimum Wage (SMW), the employment market has remained broadly steady while the income of grassroots workers has continued to improve. The unemployment rate in December 2016 to February 2017 was 3.3%, down 0.3 percentage point as compared with the pre-SMW period (February to April 2011). Total employment increased by 282 100, over 70% of whom were female, reflecting that SMW has attracted more people to enter or re-enter the labour market. The average monthly employment earnings of the lowest decile full-time employees in November 2016 to January 2017 rose by 49.1% (20.7% in real terms after discounting inflation) over the pre-SMW period.

8. The new SMW rate, i.e., \$34.5 per hour, will take effect from 1 May 2017. LD is rolling out extensive promotional activities and will vigilantly monitor the implementation of the new rate.

## **Promoting Labour Relations**

9. In 2016, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD last year increased slightly by 2% to 14 727 as compared to 2015. During the year, over 70% of the cases were settled through conciliation. LD will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need.

10. Moreover, LD will continue to make extensive publicity efforts to promote public understanding of the Employment Ordinance (EO) and good people management culture, encouraging employers to adopt family-friendly employment practices so as to foster harmonious labour relations.

## **Amending the Reinstatement and Re-engagement Provisions of EO**

11. To enhance employees' protection in circumstances of unreasonable and unlawful dismissal, we plan to introduce into LegCo the Employment (Amendment) Bill 2017 (Bill) in the first half of this year 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. An employer who fails to reinstate or re-engage the employee as ordered is required to pay to the employee a further sum. Failure to pay the further sum by the employer will be a criminal offence.

12. The Government introduced the same Bill into LegCo in the last term. LegCo formed a Bills Committee to scrutinise the Bill. Members of the Bills Committee expressed various views and suggestions and proposed some Committee stage amendments (CSAs) to the Bill. In accordance with the standing practice, the Government passed the views, suggestions and proposed CSAs to the Labour Advisory Board (LAB) for consideration. After thorough and detailed discussions, LAB proposed to raise the ceiling for the further sum from the original proposal of \$50,000 to \$72,500.

13. The Government's proposal is premised on the consensus reached by LAB. The consensus is a hard-won outcome of repeated discussions between employer and employee representatives that delicately balanced the interests of employers and employees. I appeal to Honourable Members for your support so that this long-due Bill may be passed by LegCo, providing better protection to employees who are unreasonably and unlawfully dismissed.

### **Reviewing Statutory Paternity Leave**

14. Statutory paternity leave (PL) has come into operation in February 2015, providing eligible working fathers with three days of PL with pay. The operation of statutory PL has been smooth so far. LD will continue to publicise stipulations of the statutory PL to enhance understanding of employers and employees about this new statutory benefit. LD is working on the review of the implementation of statutory PL and plans to report to LAB and the LegCo Panel on Manpower the outcome of the review within this year.

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

15. LD will continue to adopt a multi-pronged approach in safeguarding the rights and benefits of employees, which includes launching educational and publicity activities targeted at employers and employees, reminding employers of the importance of timely payment of statutory benefits, and proactively assisting employees who suspect their rights and benefits being infringed to pursue their claims against employers.

16. LD will also continue to strengthen intelligence gathering and evidence collection, and conduct inspections to detect wage offences. Apart from taking proactive measures to prevent employers from evading wage liabilities, LD will sustain stringent enforcement actions to tackle the problem at source by targeting company directors and responsible officers for committing wage offences. Where there are any suspected breaches, LD will launch thorough investigation. With sufficient evidence, LD will initiate prosecution against those employers and responsible officers who wilfully defy the law. In 2016, LD secured a total of 503 convictions against wage offences, including 163 summonses convicted against company directors and responsible officers.

17. To safeguard the employment opportunities of local workers, the Government will continue to take rigorous enforcement actions against illegal employment. The concerned departments will continue to work closely to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections. In 2016, LD mounted 220 joint operations together with the Police and the Immigration Department to raid establishments suspected to have employed illegal workers.

18. LD will continue to provide timely relief to employees affected by employers who cease their business due to insolvency through making ex gratia payments from the Protection of Wages on Insolvency Fund (PWIF). A total of 3 348 applications were received by PWIF in 2016, a decrease of 4% as compared with 2015.

### **Maintaining Hong Kong as a Favourable Place of Work for Foreign Domestic Helpers**

19. The Government accords great importance to protecting the rights and benefits of foreign domestic helpers (FDHs). Apart from continuing with our efforts to step up publicity and education work, we will maintain close collaboration with the consulates of the source countries of FDHs to enhance FDHs' awareness of their rights and benefits and channels for seeking assistance.

20. To strengthen control over employment agencies (EAs) (including those providing placement services of FDHs), LD promulgated on 13 January 2017 the Code of Practice (the Code) for the industry to follow. To further strengthen the regulation of EAs, LD plans to propose legislative amendments in this quarter to provide a legal basis for the Code, impose

heavier penalties on EAs for overcharging commission from job seekers or operating without a licence, and extend the criminal liability of the offence of overcharging commission from job seekers to responsible person(s) in addition to the licensee, so as to attain a more potent deterrent effect.

### **Working Hours Policy**

21. On 27 January 2017, the Standard Working Hours Committee submitted its report to the Government to put up recommendations on working hours policy direction. The Government will take full account of the report of the Committee and the views of various sectors of the community, and strive to map out within the term of the current Government the working hours policy direction that suits Hong Kong's socio-economic situation.

### **Alleviating Manpower Shortage of Individual Sectors**

22. The Government has all along been closely monitoring the manpower demand and supply for different sectors, and has strengthened training initiatives to attract new entrants. On the premise of according employment priority to local workers, importation of labour is allowed on an appropriate, limited and targeted basis to relieve the manpower shortage of individual sectors. LD will continue to scrutinise with due care applications under the Supplementary Labour Scheme and invite the views of LAB members.

### **Enhancing Efficiency in Job Search and Recruitment through the Construction Industry Recruitment Centre**

23. The Construction Industry Recruitment Centre (CIRC) of LD will continue to facilitate local construction workers to find jobs and employers of the industry to recruit workers. CIRC maintains close collaboration with the Construction Industry Council to achieve better synergy of services. LD also maintains close contact with industry stakeholders, and widely publicises the services of CIRC to employer associations, trade unions, contractors, subcontractors and job seekers through different channels.

## **Enhancing Occupational Safety and Health**

24. LD will further strengthen the 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. There have been eleven industrial fatalities so far this year. Seven of them concerned the construction industry, of which five involved work-at-height. LD is highly concerned about these cases. Upon being notified on the occurrence of the fatal accidents, LD commenced immediate investigation and issued suspension notices to the duty holders involved to suspend the associated work process. LD will conduct investigation in full gear to identify the cause of the accidents and ascertain the liability of the duty holders. LD will take actions pursuant to the law if there is any violation of the occupational safety and health legislation. LD will also issue Work Safety Alerts as early as possible, giving brief circumstances of the accidents concerned and reminding the industry to take suitable safety precautionary measures. Also, LD has rolled out a series of initiatives to curb recurrence of similar accidents. Such initiatives include launching a special enforcement operation targeting at work-at-height safety and other high risk processes in the construction industry, and stepping up television and radio publicity as well as other promotion and educational efforts. Besides, LD has issued advisory letters to all relevant stakeholders, urging them to strengthen safety measures to ensure the occupational health and safety of workers. LD is meeting with construction industry stakeholders to discuss how to further enhance the safety awareness of employers and employees, and remind the industry to take suitable and adequate safety measures.

26. Concerning the industrial accident that happened in the Hong Kong-Zhuhai-Macao Bridge (HZMB) project on 29 March, LD is conducting investigation in full gear to identify the cause of the accident, ascertain the liability of the duty holders and recommend improvement measures. LD will step up inspections to construction sites involving works over or near water, and urge relevant contractors/employers to take adequate safety measures. LD will also organise safety talks for safety staff and frontline workers of HZMB project in conjunction with relevant departments.

27. In response to the series of recent fatal industrial accidents, LD is actively organising a large-scale campaign to enhance the safety awareness of the construction industry. Through this sustainable large-scale campaign, the

stakeholders of the construction industry, including project proponents, contractors, subcontractors, workers and safety practitioners will be reminded of the importance of work safety, particularly the risk of work-at-height, and appropriate precautions that have to be taken to prevent accidents. LD is now actively working out the details of the campaign with the Occupational Safety and Health Council and other relevant stakeholders. The campaign is expected to be kicked off soon to further strengthen the safety protection of construction workers. The campaign will include a series of publicity, promotion and education initiatives targeting the common work risks faced by different stakeholders of the construction industry, as well as specific measures to enhance work safety, such as promoting the use of safety helmets with chin straps, improving the design of bamboo scaffolding work, revamp of the Mandatory Basic Safety Training (Construction Work) (commonly known as "Green Card"), stepping up publicity and promotion of renovation, maintenance, alteration and addition (RMAA) works safety to the property management sector, strengthening RMAA safety among owners and tenants through the platform of the Building Owners Corporations, Home Affairs Department and Buildings Department, organising safety talks and seminars with industry stakeholders etc..

### **Manpower Development**

28. The Government proposes to inject an additional \$1.5 billion into the Continuing Education Fund (CEF) in 2017-18. We will also consider various measures to enhance the operation of the CEF.

29. In 2017-18, the Employees Retraining Board will continue to 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 keeping to improve the operation of the "Smart Starter" scheme to provide referrals to part-time job vacancies and follow-up services for new arrival trainees.

30. In parallel, the Vocational Training Council (VTC) is planning to provide about 173 000 training places in the 2017/18 academic year for those seeking to pursue vocational training. In 2017-18, the Labour and Welfare Bureau's related recurrent subvention to VTC will amount to \$196.8 million.



## **MPF “Offsetting”**

31. Lastly, on the issue of the Mandatory Provident Fund (MPF) “offsetting”, the Chief Executive has announced a concrete proposal to progressively abolish the “offsetting” arrangement of severance payment or long service payment with MPF contributions in the Policy Address in January this year. The Government’s proposal strives to strike a balance between improving the employees’ benefits and the affordability of the employers while at the same time enhancing the retirement protection of the employees. We are listening to the views of major stakeholders, the business and the labour sectors inclusive, and aim at finalising the proposal within the current-term Government.

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

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