

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2018-19 Draft Estimates
on 20 April 2018**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2018-19 is estimated to be \$2,085 million, representing an increase of \$222 million (or 11.9%) over the revised estimate of \$1,863 million last year. It accounts for 0.5% of the total recurrent government expenditure. I will briefly introduce the measures mentioned in the Budget Speech and then highlight the key areas of work in respect of labour and manpower development in the coming year.

Measures Mentioned in the Budget Speech

Promoting the Employment of the Elderly, Young People and Persons with Disabilities

2. To encourage employers to hire elderly persons and provide them with on-the-job training, LD will enhance the Employment Programme for the Middle-aged. An on-the-job training allowance of up to \$4,000 per month for a period of six to 12 months will be provided to employers engaging elderly job seekers aged 60 or above who have left the workforce or are unemployed. In addition, LD will continue to, through various promotional activities, encourage employers to adopt friendly employment practices for elderly persons.

3. Besides, the training allowance granted to employers who engage young trainees of the Youth Employment and Training Programme in on-the-job training posts will be increased by \$1,000 to a total of \$4,000 per month for a period of six to 12 months. As for the Work Orientation and Placement Scheme, the work adaptation period will be extended from two months to three months and the amount of allowance payable to employers will be raised by \$16,000 to a maximum of \$51,000.

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

4. In 2018-19, the Government proposes to provide a one-off extra payment to eligible recipients of the Work Incentive Transport Subsidy (WITS) Scheme. The extra payment is equal to twice the average monthly amount of WITS payable to the recipients in their most recently approved applications.

Enhancing Protection of Non-skilled Employees Engaged by Government Service Contractors

5. The Government is very concerned about the employment rights and benefits of non-skilled employees engaged by government service contractors. I am convening the inter-bureaux/departmental working group to explore feasible options to improve the government outsourcing system with a view to enhancing the protection of reasonable employment terms and conditions as well as labour benefits for these workers. As the matter has to be considered in the context of the overall Government policy, it warrants careful study and assessment of the additional resources involved. We target to complete the review before the third quarter of this year.

Continuing Education Fund

6. To encourage members of the public to pursue continuing education and self enhancement, the Government will raise the subsidy ceiling of Continuing Education Fund (CEF) from the current level of \$10,000 to \$20,000 per applicant. Those who once opened a CEF account will also benefit from the initiative. We will implement in parallel a series of enhancement measures of CEF, including the relaxation of the upper age limit for applicants from 65 to 70, the expansion of the scope of CEF courses to all eligible courses registered in the Qualifications Register, lifting the restrictions on the validity period and the number of claims, and enhancement of the quality assurance monitoring of CEF courses. To support the aforesaid enhancement measures and sustain the operation of CEF, the Government will seek the approval of the Legislative Council (LegCo) Finance Committee (FC) on a total funding injection of \$10 billion into CEF at the meeting on 27 April 2018. It is expected that a total of about 610 000 learners will benefit. We consulted the LegCo Panel on Manpower last month, and obtained support from the Panel. Subject to the progress of seeking approval from FC for the funding injection, we expect that all enhancement measures would be implemented from 1 April 2019.

Talent List

7. The Government's inter-departmental working group is finalising the work of the consultancy study of drawing up a Talent List. We expect that the work of drawing up the talent list would be completed in mid-2018.

Key Areas of Work in the Coming Year

Protecting Employees' Rights and Benefits

8. As for the key areas of work in the coming year, LD will continue to adopt a multi-pronged approach in safeguarding the rights and benefits of employees, which includes launching a wide variety of 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.

9. LD will continue to strengthen intelligence gathering and evidence collection, conduct inspections to detect wage offences, and 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. In 2017, LD secured a total of 766 convictions against wage offences, including 249 summonses convicted against company directors and responsible officers.

10. To safeguard the employment opportunities of local workers, the Government will continue to take action against illegal employment. The departments concerned will maintain their close collaboration to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections. In 2017, LD mounted 220 joint operations together with the Police and the Immigration Department.

Promoting Labour Relations

11. LD will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need. In 2017, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD last year was 14 723, which was similar to the figure of 2016. During the year, over 70% of the cases were settled through conciliation.

12. Moreover, LD will continue to make extensive publicity efforts to enhance public understanding of the Employment Ordinance (EO) and promote good people management culture so as to foster harmonious labour relations. LD would also encourage employers to adopt family-friendly employment practices having regard to the specific circumstances of their enterprises and needs of their employees.

13. We will progressively enhance employment standards at a pace commensurate with Hong Kong's socio-economic development and taking account of employees' interests and employers' affordability. In the coming year, we will review and amend labour legislation, including –

Amending the Reinstatement and Re-engagement Provisions of EO

14. To enhance employees' protection in circumstances of unreasonable and unlawful dismissal, we introduced into the LegCo the Employment (Amendment) Bill 2017 (Bill) in May 2017 to amend the reinstatement and re-engagement provisions of EO. A Member has submitted committee stage amendments (CSAs) to the Bill proposing substantial changes to the Government's proposal as contained in the Bill. As the proposed amendments have never been discussed at the Bills Committee and represent a major departure from the consensus reached by the employer and employee representatives of the Labour Advisory Board (LAB), the Government is obliged to look into the implications of the proposed CSAs in greater detail. LAB has been consulted on the CSAs. The Government will consider the views of LAB and decide on the way forward.

Increasing Statutory Paternity Leave

15. To improve employees' benefits, the Government recommends that statutory paternity leave be increased from the existing three days to five days and has secured the support of LAB and the LegCo Panel on Manpower. LD is now preparing the enabling legislation together with the Department of Justice.

Reviewing Statutory Maternity Leave

16. LD is now conducting a review on statutory maternity leave. We will take into account the needs of working women and the affordability of enterprises, and consult LAB on the review result.

Reviewing the Statutory Minimum Wage Rate

17. The increased Statutory Minimum Wage (SMW) rate at \$34.5 per hour has been implemented smoothly from 1 May last year. The Minimum Wage Commission is working on a new round of review of the SMW rate with a view to submitting a report on its recommendation to the Chief Executive in Council by end-October this year.

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

18. The Government accords great importance to protecting the rights and benefits of foreign domestic helpers (FDHs). To address society's concern on employment agencies (EAs), LD has issued a code of practice for the industry and made legislative amendments. The Employment (Amendment) Ordinance 2018 came into effect on 9 February 2018. LD would increase its manpower this year and increase the annual inspection target from 1 800 to 2 000 in order to strengthen enforcement against the malpractices of EAs. In addition, LD will increase its manpower to step up publicity and education work to enhance FDHs' and employers' understanding of their respective rights and responsibilities, and will continue to maintain close collaboration with the consulates-general of the source countries of FDHs. We will also continue to explore new source countries of FDHs to meet the long-term demand of local families.

Enhancing Occupational Safety and Health

19. LD always keeps the occupational safety and health (OSH) enhancement strategies under review and adjusts the approach, focus and intensity of its work from time to time in light of the changes of work practices of different industries as well as the corresponding changes in OSH risks they face. This is to ensure that LD's work evolves with the time and yields the biggest impact.

20. LD will further strengthen the protection of workers' OSH. Since the number of fatal accidents and the accident rate of the construction industry are the highest of all industries, we have always been particularly concerned about the work safety of the construction industry. LD will continue to alleviate the work hazards of the construction industry through inspection and enforcement, publicity and promotion, as well as education and training.

21. LD has launched a series of initiatives to improve the OSH of the construction industry. They include –

- (a) to conduct in-depth surprise inspections of construction sites involving high risk processes or with poor safety performance to scrutinise the duty holders' safe systems of work and safety management systems;
- (b) to step up participation in site safety management committee meetings of public work projects so that LD will be apprised of their latest risk situation, and give advice on work processes of higher risk and adjust the inspection strategy accordingly in a more focused manner;
- (c) to further enhance the promotion of the complaint channel and encourage construction workers to report unsafe working condition so that LD can conduct prompt and targeted inspections;
- (d) to promote the benefit of safety helmets with chin straps properly buckled in protecting workers from head injury in case of fall, and to revise the relevant guideline and take corresponding enforcement actions in order to enhance work-at-height safety; and
- (e) to further enhance safety awareness of the construction industry by producing animation videos on "Work Safety Alert" to convey more vividly how accidents happened and the necessary safety measures to prevent such accidents.

22. On the other hand, LD is reviewing the penalty levels of OSH legislation in full swing with a view to strengthening the deterrent effect of the legislation, including studying whether it is appropriate to increase the maximum fines by pegging them with the financial means of the convicted. LD aims to come up with the direction for amending the relevant legislation within the current legislative session.

23. LD will continue to adopt the risk-based approach in formulating targeted measures to enhance the overall OSH performance of Hong Kong.

Employees Retraining Board

24. In 2018-19, 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 women and homemakers, mature persons and ethnic minorities, as well as continuing to

expand the “First-Hire-Then-Train” Pilot Scheme and meeting the need of individual sectors with manpower shortage, such as healthcare.

Vocational Training Council

25. In parallel, the Vocational Training Council (VTC) is planning to provide about 177 000 training places on vocational training in the 2018/19 academic year. In 2018-19, the Labour and Welfare Bureau's related recurrent subvention to the VTC will amount to \$200 million.

26. This concludes my opening remarks. My colleagues and I will be happy to respond to questions from Members.

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