

For information
on 17 October 2017

Legislative Council Panel on Manpower

The Chief Executive's 2017 Policy Address Policy Initiatives of the Labour and Welfare Bureau

Purpose

This paper elaborates on the major new and on-going initiatives pertaining to the labour and manpower portfolio as set out in the 2017 Policy Address and Policy Agenda.

Policy priorities / new initiatives

2. Promoting the employment of local workers and protecting the rights and benefits of workers sit at the heart of the agenda of this term of Government. The Labour and Welfare Bureau (LWB) and Labour Department (LD) will continue to pursue suitable measures to enhance the quality of our local workforce and provide diversified employment and recruitment services for job seekers and employers with different needs. It will also continue to promote the awareness of occupational safety and health (OSH) to protect the well-being of workers. To deliver these objectives, we will take forward the new initiatives set out in paragraphs 3 to 19 below.

Abolishing the “offsetting” arrangement under the Mandatory Provident Fund (MPF) system

3. Currently, over \$3 billion accrued benefits of employers' MPF contributions are used for offsetting severance payment (SP) and long service payment (LSP) each year, thereby reducing substantially the amount of MPF accrued benefits receivable by an employee upon retirement. In 2016 alone, some 49 300 employees had the accrued benefits of employers' contributions in their MPF accounts totalling \$3.855 billion (including around \$3.4 billion of mandatory contributions and around \$0.4 billion of voluntary contributions) offset with SP or LSP. On average, each offsetting incident would reduce the MPF accrued benefits of the affected employee by some \$78,300.

4. One of the priority tasks of the current-term Government, therefore, is

to abolish the “offsetting” of the accrued benefits of employers’ MPF contributions with SP and LSP. Since July this year, the Government has been actively engaging the business and labour sectors to explore a feasible option to resolve the issue. The Government has made it clear to all the stakeholders that it is fully committed to abolishing the “offsetting” arrangement and is willing to enhance its financial commitment to providing financial subsidy for employers, in particular those from the micro, small and medium-sized establishments, to alleviate the impact on their businesses. To address employers’ concern over their inability to meet their potential SP or LSP obligations as they come due, the Government is now considering the option of developing a mechanism to assist employers to save up a dedicated reserve in advance to meet their potential SP or LSP obligations in future.

5. We hope to come up with a proposal in the coming months to abolish the “offsetting” arrangement that takes account of the interests of both the business and labour sectors so as to preserve the function of the MPF as a key pillar of retirement protection.

Improving employment benefits

Statutory paternity leave (PL) and maternity leave

6. We have completed the review of the implementation of statutory PL and initially propose to increase the number of statutory PL days from the current three days to five days. LD will report the outcome of the review to the Labour Advisory Board (LAB) and this Panel and consult their views by the end of this year. Subject to their support, LD will proceed with preparing the enabling legislation.

7. There have been suggestions from the labour and women’s sectors to improve the statutory maternity benefits, including extending the 10-week maternity leave. The Government would embark on a study to look into possible ways to improve the statutory maternity leave, taking account of the interests of working women and the affordability of enterprises, and will deliberate the subject thoroughly at LAB.

Upgrading our labour force and promoting employment

Encouraging continuing education and self-advancement

8. The Government plans to inject an additional \$1.5 billion into the Continuing Education Fund (CEF), and is reviewing the operation of CEF, including the expansion of the scope of the course domains, so as to encourage

the public to pursue life-long learning and continuing education. We will take into account the review report of the consultant and the opinions of various stakeholders in considering measures to enhance the operation of CEF. The review is expected to be completed within 2017.

9. The Government will consider aligning the courses offered by the Vocational Training Council with the findings of the “Report on Manpower Projection” compiled by LWB, so that the training and re-training efforts can be focused on addressing the manpower needs of different sectors.

Raising the financial incentive for employers under the Work Orientation and Placement Scheme (WOPS)

10. LD has all along been striving to support job seekers with disabilities. It implements WOPS to encourage employers to engage job seekers with disabilities and provide them with coaching and support through the provision of an allowance.

11. As a further encouragement to employers in offering employment to job seekers with disabilities having employment difficulty and assisting them to settle in their new jobs, WOPS will be enhanced by extending its work adaptation period from two months to three months, during which employers will be granted an allowance of up to \$5,500 per month. Thereafter, employers may continue to draw an allowance of up to \$4,000 per month for a maximum of six months. With this enhancement, for each job seeker with disabilities having employment difficulty employed under WOPS, the maximum amount of allowance payable to employers would be increased by \$5,500 to \$40,500, and the period within which the allowance is payable would be extended from eight months to nine months.

Protecting foreign domestic helpers (FDHs)

12. FDHs make significant contribution to the development of Hong Kong by assisting local families in undertaking household chores as well as taking care of their young children and elderly family members, thereby unleashing the potential of our population in joining the local workforce. To maintain Hong Kong as an attractive place for FDHs to work and meet the demands of local families, LD will enhance the support for FDHs and their employers through a range of comprehensive publicity and educational activities, such as staging information kiosks at popular gathering places of FDHs, placing advertisements in local newspapers in FDHs’ mother languages and updating the one-stop online platform (<http://www.fdh.labour.gov.hk>). LD is producing a new guidebook for employers and FDHs to promote harmonious relationship

and mutual respect between them. It will also organise briefings for first-time employers and newly arrived FDHs in Hong Kong to enhance their awareness of their respective employment rights and obligations. LD will continue to strengthen the protection of FDHs' employment rights with a view to ensuring Hong Kong remains attractive for FDHs to come here for employment. In addition to the existing regular liaison mechanisms with the Philippines and Indonesia, LD will strengthen cooperation with governments of other FDH-sending countries and their Consulates-General in Hong Kong. The Government will also explore new sources of supply of FDHs to meet the long-term demand of local families.

13. LD takes vigorous enforcement against the illegal conduct of employment agencies (EAs) particularly concerning overcharging of commission from job seekers. Further to the promulgation of the Code of Practice for Employment Agencies (the Code) in January 2017 setting out the minimum service standards for compliance by the industry, LD has introduced legislative amendments to impose heavier penalties on EAs overcharging job seekers and operating without a licence, as well as providing a legal basis for the Code¹.

Addressing labour shortage

14. The unemployment rate in Hong Kong has remained low. In an economy with full employment, individual sectors, particularly the elderly care service sector and construction-related sectors, have experienced prolonged labour shortage and recruitment difficulty. With the ageing of the population and the continuing decline in our birth rate, the labour force in Hong Kong is expected to shrink consistently after peaking in 2019 to 2022. Allowing the problem of labour shortage to grow unchecked, Hong Kong's economic competitiveness and sustainable social development will be seriously impeded.

15. To address the labour shortage problem, relevant bureaux and departments will discuss with the industries ways to enhance training and attract new recruits, especially the youth. The Government will also explore with stakeholders the possibility of importing more labour on an appropriate and limited scale while upholding the principle of according employment priority to

¹ The Employment (Amendment) (No. 2) Bill 2017, introduced into the Legislative Council on 28 June 2017, seeks to increase the penalties on EAs overcharging job seekers or operating without a licence from a maximum fine of \$50,000 to a maximum fine of \$350,000 and imprisonment for three years; extend the scope of the overcharging offence to include (in addition to the licensee) the management as well as persons employed by EAs; introduce new grounds for the Commissioner for Labour to refuse to issue/renew or revoke EA licences; and give a legal basis for the Code.

local workers. The ageing society will significantly increase the demand for care workers in residential care homes and services for supporting ageing in place. The Elderly Services Programme Plan has therefore recommended providing more flexibility in the importation of care workers as an interim measure to increase the overall manpower supply. To this end, the Government will consider the possibility of allowing subsidised units of elderly and rehabilitation services greater flexibility in importing care workers through the Supplementary Labour Scheme (SLS).

Safeguarding OSH

Bringing in higher penalties under the OSH legislation

16. The penalties of duty holders contravening the OSH legislation, including those imposed by the court in respect of fatal industrial accidents, have increased in recent years as a result of a range of efforts by LD. Such efforts include submitting comprehensive information to the court for reference in sentencing (for example, the serious consequences of the accident concerned, the number of related accidents, records of the highest penalty of similar cases in the past, etc.), and depending on the circumstances of individual case, requesting the Department of Justice (DoJ) to consider filing a review or an appeal to the court in respect of the penalty when necessary. Notwithstanding that, LD considers that the current penalties are still too low to reflect the seriousness of the offences and the consequences of the accidents. They do not have sufficient deterrent effect to propel the improvement of OSH performance. LD is now conducting a review of penalties under the OSH legislation and seeking the views of DoJ. We aim to come up with a preliminary direction for amending the legislation within this year.

Issuing safety guidelines for hand-dug tunnelling works

17. LD is highly concerned about the OSH of tunnelling works, in particular those involving the use of hand-dug method. Currently, the major construction methods of underground-utility tunnels in Hong Kong are “open-cut trench method” and “trenchless method”, and the latter mainly includes the “pipe jacking method” and the “hand-dug tunnelling method”. The risk of the “hand-dug tunnelling method” is higher than that of other tunnelling methods. However, under certain special circumstances, such as tunnels requiring larger curvatures, soil embedded with stones and restriction of road surface area, the industry sometimes adopt the “hand-dug tunnelling method”.

18. Taking into account the potential risks of the “hand-dug tunnelling

method”, LD considers it necessary to restrict the adoption of this construction method so as to enhance the protection of the workers engaged in tunnelling works. LD is working with the industry to devise a new set of guidelines on hand-dug tunnelling works. The guidelines will set out clearly that only under exceptional conditions would hand-dug tunnelling works be allowed. The guidelines will also specifically require the relevant duty holders to implement more stringent OSH measures. LD plans to issue the guidelines by end 2017.

Encouraging construction workers to lodge complaints concerning unsafe working conditions

19. To better safeguard construction workers’ OSH, it is crucial to enhance their OSH awareness and the importance they attach to safe working conditions. Through strengthening the promotion of the existing complaint channels, LD seeks to encourage construction workers to be on the alert about site safety and to lodge complaints against unsafe working environment to LD on a confidential basis. This will also enable LD to conduct inspections in a more targeted manner. As a first step, LD will soon launch a publicity poster in Chinese, English and six ethnic minority (EM) languages (namely Indonesian, Hindi, Nepali, Tagalog, Thai and Urdu) setting out LD’s complaint hotline.

On-going initiatives

20. Apart from the abovementioned policy priorities/ new initiatives, LWB and LD will continue to carry out the on-going initiatives to promote employment, provide vocational training, enhance employees’ benefits, promote OSH, etc. as set out in paragraphs 21 to 48 below.

Promoting employment

Enhancing employment support for elderly job seekers

21. To promote the employment of elderly persons, LD will continue to implement a series of measures such as holding experience sharing sessions on employing elderly persons, organising employment briefings for elderly job seekers, and staging large-scale thematic job fairs targeted at middle-aged and elderly job seekers. LD will also continue to organise district-based job fairs on part-time employment at job centres to meet the needs of some elderly persons who are more interested in taking up part-time jobs.

22. Furthermore, the Employment Programme for the Middle-aged run by LD will continue to provide on-the-job training allowance of up to \$3,000 per

month for a period of three to six months to encourage employers to engage middle-aged and elderly job seekers and provide them with on-the-job training. The programme covers both full-time employment (i.e. working 30 hours or more per week) and part-time jobs.

Encouraging employers to adopt friendly employment practices for the elderly through continued publicity

23. LD has all along been encouraging employers, having regard to the individual circumstances of their enterprises, to adopt friendly employment practices for elderly 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 them to stay in or return to employment. LD will continue to promote relevant messages, include elderly persons being a potential supply of labour force and encouraging employers to adopt friendly employment practices for elderly persons, to the public through various promotional activities.

Strengthening employment support for EM job seekers

24. LD has been making proactive efforts to provide dedicated services that cater to the needs of EM job seekers. To strengthen employment support for EM job seekers, especially those of South Asian origins, LD has engaged two employment assistants who are proficient in EM languages to provide employment services at two selected job centres² on a pilot basis since May 2017. Apart from partnering with experienced employment officers in providing personalised employment advisory service for EM job seekers, these employment assistants conversant with EM languages and cultures also help LD proactively reach out to the EM communities and encourage those with employment needs to make use of LD's employment services.

25. Moreover, LD will continue to implement the Employment Services Ambassador (ESA) Programme for the EMs to engage trainees of the Youth Employment and Training Programme (YETP)³ who can communicate in EM languages as ESAs at LD's job centres, industry-based recruitment centres and job fairs to undergo six-month on-the-job training. The programme does not only help LD better serve EM job seekers but also enriches the ESAs' own working experience and resume, benefiting their job search in the open market.

² The two job centres are Kowloon West Job Centre in Sham Shui Po and Employment in One-stop in Tin Shui Wai.

³ The YETP provides one-stop pre-employment and on-the-job training for young school leavers aged 15 to 24 with educational attainment at sub-degree level or below.

Launched in September 2014, the programme has so far engaged a total of 110 ESAs.

Providing employment support for job seekers with higher education through the Higher Education Employment Information e-Platform (HEEIP)

26. LD will continue to provide, through HEEIP, employment support for job seekers with higher education, including Hong Kong students who are educated in tertiary institutions outside Hong Kong, the second generation of Hong Kong emigrants as well as persons from overseas with higher academic/professional qualifications who are interested in working in Hong Kong. This e-platform seeks to enhance their understanding of the Hong Kong employment market and facilitate them to search and apply for suitable job openings.

27. In collaboration with relevant bodies including career service centres and student associations of local and overseas universities, and Hong Kong Economic and Trade Offices overseas and on the Mainland, LD has promoted this dedicated employment information e-platform to graduates of local universities and persons with higher education residing outside Hong Kong. LD has also publicised this e-platform among employers and trade associations on a continuous basis to canvass suitable job vacancies. From its launch in late December 2016 and up to August 2017, more than 18 000 job vacancies with an academic requirement of degree level or above were posted on HEEIP.

Strengthening employment support for job seekers with disabilities

28. LD launched a two-year pilot scheme in September 2016 to engage a non-governmental welfare organisation to provide in-depth psychological and emotional counselling service to needy job seekers. The scheme serves to alleviate emotional problems of job seekers with disabilities arising from the state of their disabilities or their personal or family matters, so as to help them concentrate on job search and settle in their new jobs, thereby realising their potentials in employment.

29. During the first year of the pilot scheme from September 2016 to August 2017, out of 67 job seekers with disabilities making use of the counselling service, 44 job seekers concluded their cases, and the remaining 23 cases were in progress. Of the concluded cases, the job seekers concerned considered that the counselling service could effectively help them deal with emotional distress, relieve their pressure and enhance their self-confidence which was beneficial to their job search. LD will review the pilot scheme upon its completion and map out the way forward in light of the review findings.

Organising thematic job fairs

30. LD will continue to organise large-scale thematic job fairs, including those that are suitable for the EM, middle-aged and elderly job seekers as well as those with employment and vacancy information on the Mainland. Through staging these job fairs, LD strengthens support to the EM, middle-aged and elderly job seekers in finding suitable jobs and assists job seekers, particularly young people, to better understand and seize employment opportunities on the Mainland.

Promoting family-friendly employment practices (FFEPs)

31. The Government has been encouraging employers to adopt “employee-oriented” good people management measures, including the implementation of the FFEPs with a view to helping employees keep a balance between their work and family commitments. LD will continue to encourage employers to, having regard to the unique business environment and operation of their industries and individual enterprises, adopt practicable good people management measures and the FFEPs through a wide range of publicity channels and various educational and promotional activities. Relevant information will also be disseminated to the community with a view to building a culture conducive to good people management and the FFEPs.

Providing vocational training

Providing retraining courses and support services for different social groups

32. The Employees Retraining Board (ERB) has been providing training courses and support services for different social groups. In 2018-19, ERB will continue to develop courses and services targeting social groups with special needs. For instances, ERB will offer training courses and support services for mature persons and organise training courses in the support centres for the EMs. ERB will extend the “Modular Certificates Accumulation System” to other courses with market demand and the “First-Hire-Then-Train” pilot programme to more industries to allow trainees (in particular female trainees) who have work or family commitments to make flexible arrangements for further studies, acquire recognised qualifications, and rejoin the job market. ERB will also improve the operation of the “Smart Starter” service to provide registration, referral and follow-up services of part-time jobs for new arrival trainees.

Manpower development

Attracting overseas talent

33. LWB has commenced a consultancy study on the feasibility of drawing up a talent list which would serve to attract high-quality talent in a more effective manner to support Hong Kong's development as a high value-added and diversified economy. The study is expected to be completed this year.

Implementing the SLS

34. Employers facing genuine difficulties in local recruitment can apply for importation of workers at technician level or below on a limited scale under the SLS, thereby addressing the relevant manpower needs. LD will continue to administer the SLS in accordance with the principle of according employment priority to local workers.

Enhancing employees' benefits

Supporting the Minimum Wage Commission (MWC) in reviewing the Statutory Minimum Wage (SMW) rate

35. Since the implementation of SMW in May 2011, the socio-economic and employment situation of Hong Kong has remained broadly stable with the unemployment rate staying at a low level. Total employment has increased while the earnings of low-income workers have continued to improve. The increase of the SMW rate to \$34.5 per hour since May this year has been operating smoothly. LD has organised extensive publicity activities to enhance public awareness of the revised SMW rate and launched targeted enforcement campaigns to ensure employers' compliance. Adopting an evidence-based approach, MWC has commenced preparatory work for 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 2018.

Promoting OSH

Safeguarding the safety of workers conducting work-at-height

36. LD will continue to promote safety measures on working at height to contractors and workers through collaboration with trade associations, workers' unions, professional bodies, related organisations and other government departments. These include –

- (a) using standard-conforming working platforms and avoiding the use of ladders for work above ground;
- (b) using safety helmets with chin straps; and
- (c) ensuring that every layer of bamboo scaffold on the external walls of the building is closely-placed with bamboo poles, unless the bamboo scaffold is designed with closely-boarded working platforms.

37. In addition, LD will, jointly with the Occupational Safety and Health Council (OSHC), continue to enhance the collaboration with trade associations and workers' unions to promote the "SME Sponsorship Scheme for Fall Arresting Equipment for Renovation & Maintenance Work and Construction Industry" to the small and medium-sized contractors.

38. LD has enhanced collaboration with property management sector to promote work-at-height safety in the repair and maintenance works. In this regard, a task force has been formed between LD and the Hong Kong Association of Property Management Companies Limited to step up the promotion of work-at-height safety practices to the industry, such as the use of suitable working platforms instead of ladders for working above ground and wear of safety helmets with chin straps.

39. LD has also partnered with OSHC to ride on the community platforms of the Home Affairs Department and Buildings Department to reach upstream stakeholders like owners' incorporations, property owners and tenants for raising their safety awareness of work-at-height safety in connection with repair and maintenance works. LD will continue to collaborate with the stakeholders to organise safety talks and seminars. Through the Committee on Construction Safety of the Construction Industry Council and the relevant task forces formed thereunder, LD will explore with industry stakeholders on ways to foster safety culture and implement measures to eliminate the hazards of work-at-height, including the formulation of industry guidelines.

Promoting OSH of construction workers through publicity, education and enforcement

40. With the commencement of a number of mega works projects and a large number of maintenance works projects for old buildings, and in anticipation of the continuous vibrant development of the construction industry, there are increasing job opportunities in the industry. The number of construction workers increased by 65% from over 71 000 in 2012 to over

117 000 in the first quarter of 2017. In view of this challenge, LD will continue to promote OSH of construction workers through publicity, education and enforcement, including prevention of accidents caused by systemic deficiencies by containing work risks at source.

41. Apart from conducting over 50 000 routine site inspections each year, LD from time to time launches special enforcement operations to deter work practices contravening work safety requirements, with focus on high-risk processes such as lifting operations, work-at-height, electrical work, truss-out scaffold works, sea-based construction works and hand-dug tunnels, etc. LD will take immediate enforcement actions upon discovery of breaches of safety legislation.

42. LD also strives to prevent accidents caused by systemic deficiencies at source. One of the initiatives is to enhance liaison with major works project proponents, and ask them to urge their contractors to strengthen their site safety management systems and step up safety audits of major works projects so as to eliminate potential work hazards, especially in respect of high-risk process.

43. LD will continue to tackle systemic risks by strengthening the analysis of underlying systemic risks of serious construction accidents, instituting targeted inspections and enforcement actions, organising seminars on thematic work safety (e.g. lifting operation, work-at-height, electrical work, etc.), and formulating codes of practice on work safety.

Launching large-scale promotional programmes to raise the OSH standard and awareness of relevant stakeholders

44. LD, in collaboration with OSHC and related organisations of the construction industry, will continue to co-organise the “Construction Industry Safety Award Scheme” this year to give recognition to contractors and construction industry practitioners with outstanding safety performance. Besides, LD will continue to support workers’ unions and organisations in organising regional roving exhibitions and site safety talks this year, during which family members of the victims of industrial accidents will share with frontline workers the causes of accidents, the prevention measures as well as the grief they suffered, for the purpose of heightening workers’ vigilance on safety at work. In addition, LD will organise safety forums and seminars to instil work safety culture in construction workers.

45. In respect of the food and beverage services sector, LD and OSHC will continue to launch the “OSH Star Enterprise Catering OSH Enhancement Pilot Scheme” this year. Participating enterprises may take part in the

“Accreditation Scheme for Catering Establishments with 5S Good Housekeeping” to enhance the safety and cleanliness of workplaces. Accredited restaurants will receive subsidies for purchasing slip resistant shoes, cut-resistant gloves and heat-resistant gloves.

46. LD will continue to organise large-scale promotional and publicity programmes to enhance the OSH awareness in sectors such as the construction industry and food and beverage services sector. These programmes include “Safety Award Schemes”, roving exhibitions, promotional visits, broadcast of Announcements of Public Interest on television and radio, radio programmes, fun days and experience sharing workshops, etc.

47. LD will also continue to tailor-make simple and reader-friendly promotional leaflets for EM workers, and organise site visits, talks and regional roving exhibitions in collaboration with workers’ unions and organisations and trade associations to enhance their safety awareness. Work safety messages in EM languages will also be promulgated in local weekly EM newspapers.

Youth development

Promoting the Working Holiday Scheme (WHS)

48. To provide our youths the opportunity of experiencing different cultures and witnessing the development of other countries (including the Belt and Road countries) through living and working temporarily overseas while holidaymaking, Hong Kong has hitherto established bilateral WHSs with 12 economies (including New Zealand, Australia, Ireland, Germany, Japan, Canada, Korea, France, the United Kingdom (UK), Austria, Hungary and Sweden). Youths aged 18 to 30 may apply for working holiday visas in these economies. Save for the UK and Austria which allow Hong Kong youths to stay for up to 24 months and six months respectively, participants of our other 10 WHSs are allowed to stay in the host economies for up to 12 months for holidaying. During their stay, the participants can take up short-term employment and/or studying short-term courses (except Ireland which disallows such under its standing visa policy). Since the inception of WHSs, some 82 000 Hong Kong youths have participated in these schemes. LD will continue to enhance the promotion of the schemes and explore the signing of the WHS arrangements with more economies so that more of our youths can enrich their global exposure.

Conclusion

49. The Government will continue working closely with employers and employees as well as different sectors of the community in implementing the various labour and manpower initiatives outlined above.

Labour and Welfare Bureau
Labour Department
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