

For information on
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Panel on Manpower and Panel on Economic Development Joint Meeting

The Government's measures in response to the recent lay-offs and subsequent developments in the aviation industry

Purpose

In relation to the requests made by Members of the Legislative Council, this paper briefs the Panel on Manpower and the Panel on Economic Development on the Government's measures in response to the recent lay-offs and subsequent developments in the aviation industry.

Background

2. In the past nine months, the COVID-19 pandemic has brought about varying extents of impacts on different industries. The global aviation industry is particularly hard hit. Unlike other markets which offer both international and domestic air services, Hong Kong only offers the former. With quarantine arrangements and immigration restrictions in place worldwide, international air passenger services have almost come to a halt. Hence, local airlines in Hong Kong are particularly hard hit by the pandemic. The passenger throughput of the Hong Kong International Airport ("HKIA") saw a significant drop of 84.5% year-on-year over the first nine months of the year.

3. The pandemic has wreaked havoc around the world for more than half a year. Despite having received support from their respective governments or state-owned funds, many major international airlines worldwide have also had no choice but to carry out restructuring and scale reduction to cut operating costs in order to survive. On 21 October 2020, Cathay Pacific Airways Limited ("Cathay Group") announced corporate restructuring, under which several thousands of staff have been reduced and Cathay Dragon, the Cathay Group's wholly owned subsidiary, ceased operations with immediate effect.

Handling labour disputes and providing employment services

Labour relations

4. The COVID-19 epidemic has brought about serious impact on Hong Kong and international economies. Many trades and industries (including the aviation industry) are being affected. Economic difficulties will often drive employers to cut operating costs, but varying conditions of employment or retrenchment is not the only way to control costs. Varying the conditions of employment unilaterally without the consent of employees may even violate the Employment Ordinance (“EO”). As the Government’s established stance, employers are advised to first consider other cost-saving or revenue-generating measures. In the case of last resort to consider variation of the terms of employment contracts, employers should consult employees in advance and allow sufficient time for them to consider. Employers should secure consent from their employees in this regard, otherwise it may constitute unreasonable variation of the terms of the employment contracts and employees may claim for remedies under EO. When retrenchment has become unavoidable, apart from compassionate considerations, employers must also review existing and future manpower needs in relation to the market situation, and lay off as few members of the workforce as possible. Employers should make sure that the compensation offered to the employees under the termination package is no less favourable than that provided under EO and the employment contract. Employers should also have thorough communication with and be compassionate for the staff, and should exercise discretion in handling individual cases as far as practicable.

5. The Government is highly concerned about the recent cases of variation of conditions of employment and retrenchment. The Labour Department (“LD”) has all along been proactive and pragmatic in giving advice to employers and employees, providing conciliation service and offering assistance to those affected employees and employers whenever necessary. With the conciliation officer serving as a neutral intermediary, conciliation service is provided on a voluntary basis to assist employers and employees in dispute to engage in direct dialogue with a view to reaching settlement. For cases of a larger scale, LD will set up dedicated hotlines to answer enquiries of the affected employees, who may also approach the offices of LD’s Labour Relations Division for assistance.

Employment services

6. LD provides comprehensive and free employment support for job seekers (including employees from aviation industry) through its 13 job centres,

three industry-based recruitment centres and on-line platforms, etc. LD strives to help job seekers secure employment by canvassing vacancies from employers in various industries for job seekers with different educational backgrounds and working experience, and organising various kinds of job fairs. Job seekers may also meet employment officers at job centres to obtain personalised employment advisory service. Employment officers will provide job seekers with job search advice and information on the job market and training / retraining courses (including the Love Upgrading Special Schemes launched by the Employees Retraining Board), support them in conducting career aptitude assessment, etc. in accordance with their individual needs and preferences, and match them to suitable jobs.

7. LD also implements and introduces timely enhancements to its various special employment programmes so as to raise the employability of job seekers who have special needs or difficulties in employment, and to encourage employers to hire them. In light of the deterioration in local employment situation (including that of the aviation industry), LD raised the ceiling of on-the-job training (“OJT”) allowance payable to employers under the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme in September 2020, with a view to further encouraging employers to hire the elderly and middle-aged, young people and persons with disabilities and provide them with OJT. LD also launched a pilot scheme at the same time to encourage eligible elderly persons, young people and persons with disabilities to undergo and complete OJT under the above employment programmes through the provision of a retention allowance, thereby stabilising employment.

Measures to uphold Hong Kong’s aviation hub status

HKIA’s aviation network

8. The Cathay Group’s corporate restructuring mainly affects the passenger services previously operated by Cathay Dragon. Most of the points involved are Mainland cities with relatively low demand for passenger services and a few South East Asian cities. There is currently more than one local airline providing air services between Hong Kong and Beijing/Shanghai. We will continue to closely monitor the operations of other local airlines, with a view to maintaining HKIA’s role as a transit/transfer hub and its connectivity.

9. Hong Kong enjoys a premier geographical location, unique institutional

strengths, free economy, and extensive experience in international trade and commerce. These enable us to fully equip ourselves to be a major international aviation hub. HKIA is the world's busiest cargo airport and is also one of the busiest airports in the world in terms of passenger throughput. Before the pandemic, there were about 120 airlines providing over 1 100 flights daily connecting HKIA with about 220 destinations worldwide, including about 50 destinations in the Mainland. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area promulgated in February 2019 steered the creation of a world-class port cluster, the consolidation and enhancement of Hong Kong's status as an international aviation hub and the differential development and positive interaction of airports in the Greater Bay Area. To uphold Hong Kong's status as an international aviation hub, the Government will continue to make good use of the strengths of Hong Kong, and leverage the flexibility and uniqueness of Hong Kong in civil aviation development, with a view to optimising our air and intermodal connectivity. All of these will contribute to upholding Hong Kong's role as the gateway for international travellers and cargo going in and out of the Mainland and the Greater Bay Area.

Relief measures rolled out by the Government and the Airport Authority Hong Kong

10. To help the aviation sector mitigate the impact of the COVID-19, the Government and the Airport Authority Hong Kong ("AAHK") have launched various rounds of relief measures of over \$7 billion since March 2020, including two subsidy schemes for the aviation industry under the second and third rounds of the Anti-epidemic Fund, targeting local airlines as well as aviation support services and cargo facilities operators respectively. In the one-year waiver period concerned, the Government will waive the fees payable for renewal of Air Operator's Certificate, issue or renewal of Certificate of Airworthiness and renewal of approval of maintenance organisation. On the other hand, AAHK also rendered its support to the airport community, including airlines, aviation support services operators, airport retail tenants and restaurants, and airport staff, through various rounds of relief measures. The Government and AAHK will continue to closely liaise with the industry and stakeholders, monitor the economic and industry situations and review the measures in due course, with a view to helping the industry tide over such difficult time.

Getting prepared for the relaunch of the aviation industry

“Travel Bubbles” and rapid testing

11. The Government is striving to gradually and orderly resume cross-border travel. The inter-departmental team led by the Secretary for Commerce and Economic Development has been actively discussing with countries that have a relatively stable epidemic situation and have close economic and commercial ties with Hong Kong. Specifically, Hong Kong and Singapore have reached in-principle agreement to establish bilateral Air Travel Bubble, with a view to launching it this month. Adopting the “suppress and lift” strategy, the inter-departmental team will continue to make reference to scientific evidence, follow the advice of health experts and closely monitor the epidemic situation of the relevant countries, in order to gradually relax the restrictions on cross-border travel such that economic activities can be revived, while keeping the epidemic situation under effective control. In addition, the Department of Health and AAHK are exploring the introduction of rapid testing for travellers at HKIA, in a bid to get prepared for the resumption of air traffic.

The way forward

12. The Government will spare no effort in rolling out measures in support of the airport and the aviation industry in order to uphold Hong Kong’s aviation hub status and prepare for the recovery of the industry, including the implementation of “Travel Bubbles” and striving for the resumption of transfer services at HKIA for Mainland passengers’ travel to foreign countries. We hope stakeholders in the aviation industry will join hands to ensure our readiness to start off again after the pandemic, and to provide impetus for the relaunch of the local aviation industry as well as Hong Kong’s overall economy. Besides, the Government will continue to offer appropriate consultation, conciliation and employment services to assist the affected employees and employers.

Labour and Welfare Bureau
Labour Department
Transport and Housing Bureau

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