



Labour Department (Headquarters)

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Ms Betty MA
Clerk to Panel on Manpower
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms MA,

Follow-up to Panel on Manpower

The Panel on Manpower discussed at its meeting on 18 February 2021 the employment services of the Labour Department. As requested by the Panel, we provide the progress of the Greater Bay Area Youth Employment Scheme (GBAYES) and the accommodation arrangements for its participants (Annex 1); the latest labour market situation and projection (Annex 2); and the number of employees engaged under the Employment Programme for the Elderly and Middle-aged (EPEM), Youth Employment and Training Programme (YETP) and Work Orientation and Placement Scheme (WOPS) as well as their duration of employment in the past three years (Annex 3).

Yours sincerely,

(Charles HUI)

for Commissioner for Labour

**Progress of GBAYES and
accommodation arrangements for its participants**

GBAYES was launched on 8 January 2021 and started accepting vacancies submitted by enterprises. As at 28 February, over 200 enterprises provided 1 512 job vacancies (including 721 general posts and 791 innovation and technology posts).

2. The vacancies, upon vetting, have been uploaded to the dedicated webpage of GBAYES and open for applications from eligible graduates since 21 January. For majority of the posts, the recruitment process is underway. Enterprises may submit preliminary applications for allowance upon successful recruitment of graduates. As at 28 February, the GBAYES Secretariat received 25 preliminary applications for allowance and notification of employment. The applications are being vetted. Regarding accommodation arrangements, there are 13 preliminary applications for allowance in which the employers will provide free accommodation for the graduates while the rest will assist the graduates in renting accommodation or have not yet provided information in this regard.

Latest labour market situation and projection

The labour market was under notable pressure in November 2020 to January 2021 (the latest survey period) due to the fourth wave of local epidemic. The unemployment rate (not seasonally adjusted) increased by 0.2 percentage point over the fourth quarter of 2020 to 6.5%, and after seasonal adjustment it rose by 0.4 percentage point to 7.0%. The latter is the highest in close to 17 years. The unemployment rate (not seasonally adjusted) of most sectors increased (see Table 1 for the unemployment rates by sector). The unemployment situation in the consumption- and tourism-related sectors (viz. retail, accommodation and food services sectors) remained severe, with the unemployment rate of these sectors combined increasing to 11.3%. Among these sectors, the unemployment rate of the food and beverage service activities sector stood high at 14.7%. Other major sectors with relatively high unemployment rate include construction (11.0%), arts, entertainment and recreation (10.4%), warehousing and support activities for transportation (7.8%) and transportation (6.9%).

2. Reflecting a slackened labour market, the vacancy rate for private sector establishments (measured in terms of the number of job vacancies as a percentage of total employment opportunities) dropped by 0.8 percentage point from a year earlier to 1.4% in September 2020 (the latest survey period). The vacancy rates of all major sectors went down from a year earlier (see Table 2 for vacancy rates by sector). Yet, manpower shortage remained acute in the residential care and social work services sector, where the vacancy rate was as high as 5.4%.

3. Looking ahead, although the fourth wave of local epidemic has shown signs of easing lately and the social distancing requirements have been relaxed somewhat, the labour market will remain under pressure in the near term, as it will take time for economic activities to return to normal. The unemployment rate might stay elevated for a period of time going forward. If the vaccination programme yields the intended results, local economic activities should recover more steadily in the second half of this year, thereby providing support to the labour market. However, cross-boundary tourism activities may need to take a longer time to recover. The Government will continue to monitor the situation closely.

**Table 1: Unemployment rates ⁽¹⁾ by detailed previous industry ⁽²⁾,
Q1 – Q4 2020 and Nov 2020 – Jan 2021**

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Nov 2020- Jan 2021 [^]
	(%)				
Manufacturing	5.8	6.3	6.5	6.0	5.9
Construction	8.5	11.2	10.9	10.7	11.0
<i>Foundation and superstructure</i>	7.7	9.6	9.5	9.4	9.7
<i>Decoration, repair and maintenance for buildings</i>	11.5	16.2	15.4	14.6	15.0
Import/export trade and wholesale	3.6	5.2	5.2	5.3	5.4
<i>Import and export trade</i>	3.5	5.3	5.3	5.4	5.5
<i>Wholesale</i>	4.0	3.9	3.6	4.3	4.9
Retail, accommodation ⁽³⁾ and food services ⁽⁴⁾	6.8	10.7	11.7	10.6	11.3
<i>Retail</i>	5.6	7.7	9.3	8.3	8.9
<i>Accommodation services ⁽³⁾</i>	5.0	9.5	10.1	8.8	9.3
<i>Food and beverage service activities</i>	8.6	14.7	15.2	13.8	14.7
Transportation, storage, postal and courier services, information and communications	3.3	6.0	5.9	6.3	6.5
<i>Transportation</i>	3.1	5.5	5.6	6.7	6.9
<i>Warehousing and support activities for transportation</i>	4.2	7.9	7.7	7.5	7.8
<i>Postal and courier activities</i>	2.4	4.2	5.5	4.9	5.2
<i>Information and communications</i>	3.5	5.8	5.5	5.4	5.5
Financing, insurance, real estate, professional and business services	2.8	4.1	4.0	4.4	4.6
<i>Financing</i>	2.5	3.1	2.8	3.2	3.6
<i>Insurance</i>	2.3	2.7	2.6	3.0	3.5
<i>Real estate</i>	2.4	3.2	4.0	3.8	3.8
<i>Professional and business services</i>	3.3	5.2	4.9	5.5	5.5
Public administration, social and personal services	2.0	3.3	3.2	3.0	3.3
<i>Public administration</i>	0.7	1.1	0.9	1.4	1.6
<i>Education</i>	3.1	5.2	4.4	4.2	4.7
<i>Human health and social work activities</i>	1.8	2.6	2.9	2.5	2.3
<i>Arts, entertainment and recreation</i>	4.7	10.8	11.4	9.0	10.4
<i>Other service activities</i>	1.4	2.3	2.5	2.5	2.8
Other industries	3.9	4.4	3.8	3.2	1.7
Overall	4.2 [4.2]	6.2 [6.2]	6.7 [6.4]	6.3 [6.6]	6.5 [7.0]

- Notes: ^ Provisional figures.
[] Seasonally adjusted unemployment rates.
- (1) Unemployment rate refers to the proportion of unemployed persons in the labour force.
 - (2) Industry refers to the activity of the establishment in which the respondent worked previously. The General Household Survey are compiled following the Hong Kong Standard Industrial Classification V2.0.
 - (3) Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short term accommodation.
 - (4) The retail, accommodation and food services industries as a whole is generally referred to as the consumption- and tourism-related segment.

Source: General Household Survey, Census and Statistics Department.

Table 2: Vacancy rates by major economic sector, Sep 2019 to Sep 2020

	2019		2020		
	Sep	Dec	Mar	Jun	Sep
	(%)				
Import/export trade and wholesale	1.2	1.0	0.9	0.8	0.7
Retail	2.2	1.8	1.2	1.2	1.2
Accommodation ⁽¹⁾ and food services	2.2	1.7	1.1	1.1	1.3
Transportation, storage, postal and courier services	2.1	1.5	1.4	1.3	1.2
Information and communications	2.5	2.3	2.0	1.8	1.5
Financing, insurance, real estate, professional and business services	2.4	2.2	1.9	1.6	1.7
Social and personal services	3.0	2.7	2.1	2.1	2.1
<i>Residential care and social work services</i>	<i>6.1</i>	<i>6.2</i>	<i>5.8</i>	<i>5.8</i>	<i>5.4</i>
Manufacturing	2.2	2.1	0.9	0.9	0.9
Construction sites (covering manual workers only)	0.6	0.5	0.5	0.2	0.2
All establishments surveyed in the private sector ⁽²⁾	2.2	1.9	1.5	1.4	1.4

Notes: Vacancy rate refers to the ratio of vacancies to total employment opportunities (actual employment plus vacancies).

- (1) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short-term accommodation.
- (2) The vacancy rate related to total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.

Sources: Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
 Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Number of employees engaged under EPEM, YETP and WOPS and their duration of employment in the past three years

EPEM

In 2018, 2019 and 2020, there were respectively 2 574, 3 061 and 2 260 placements eligible for joining EPEM. The Labour Department conducts surveys regularly to find out the retention status of those placed into employment under EPEM. According to the surveys conducted up to December 2020, among the employees who have received on-the-job training (OJT) under EPEM, about 79% of the cases recorded a retention period of 4 months or above and 65% stayed in employment for 6 months or more.

YETP

2. YETP operates on the basis of programme year, running from September each year to August of the following year. In the past 3 programme years (i.e. the 2017/18, 2018/19 and 2019/20 programme years), the numbers of OJT placements under YETP were 2 264, 2 004 and 1 435 respectively. The full set of statistics on the duration of employment for the 2019/20 programme year are not yet available as a considerable number of cases in that programme year are still undergoing the 6 to 12 months OJT under YETP. A breakdown of the number of OJT placements under YETP in the 2017/18 and 2018/19 programme years by duration of employment is as follows:

Duration of employment	No. of OJT placements	
	2017/18 Programme year	2018/19 Programme year
Less than 3 months	438	325
3 months to less than 6 months	285	157
6 months to less than 9 months	286	295
9 months or above	1 255	1 227
Total	2 264	2 004

WOPS

3. In 2018, 2019 and 2020, there were respectively 796, 942 and 809 placements recorded under WOPS. The full set of statistics on the duration of employment for 2020 are not yet available as a considerable number of cases in that year are still undergoing the 9-month OJT¹ under WOPS. A breakdown of placements recorded in 2018 and 2019 by duration of employment is provided below:

Duration of employment	No. of placements	
	2018	2019
Less than 1 month	158	206
1 month to less than 2 months	84	104
2 months to less than 3 months	66	59
3 months to less than 4 months	60	66
4 months to less than 5 months	35	45
5 months to less than 6 months	29	46
6 months to less than 7 months	34	36
7 months to less than 8 months	23	20
8 months or above	307	360
Total	796	942

¹ The OJT period of WOPS increased from 8 months to 9 months in September 2018.