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Report of the Bills Committee on Trade Unions (Amendment) Bill 2025

Purpose

This paper reports on the deliberations of the Bills Committee on Trade Unions (Amendment) Bill 2025 ("the Bills Committee").

Background

- 2. According to Article 27 of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China ("Basic Law"), Hong Kong residents shall have freedom of association, and the right and freedom to form and join trade unions. Article 18 of the Hong Kong Bill of Rights, as set out in the Hong Kong Bill of Rights Ordinance (Cap. 383), also enshrines the right to freedom of association. The Trade Unions Ordinance (Cap. 332) ("TUO") provides for, among others, the registration and regulatory regime for trade unions. TUO is administered by the Registry of Trade Unions ("Registry") of the Labour Department ("LD"), which is responsible for fostering sound trade union management and a responsible trade union system in accordance with the law, as well as ensuring that trade unions' administration of affairs comply with the law and their respective rules.
- 3. Pursuant to Article 9 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("HK National Security Law"), the Government of the Hong Kong Special Administrative Region ("HKSAR") shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to social organizations. Such "social organizations" include trade unions registered under TUO. Section 8 of the Safeguarding National Security Ordinance (6 of 2024) ("SNSO") provides that if the law of HKSAR confers any

function on a person (including the Registrar of Trade Unions ("Registrar")), the function is to be read as including a duty to safeguard national security. As such, in making any decision in the performance of the function, the Registrar must regard national security as the most important factor, and give appropriate consideration to it accordingly.

4. According to the Administration, following the 2019 "black-clad violence", some individuals and groups with ulterior motives sought to perform acts and activities endangering national security under the guise of forming trade unions. In order to fulfil its responsibility to safeguard national security under the HK National Security Law and SNSO more effectively, it is incumbent upon the Administration to amend TUO to strengthen the statutory powers of the Registrar in the supervision and regulation of trade unions.

Trade Unions (Amendment) Bill 2025

- 5. The Trade Unions (Amendment) Bill 2025 ("the Bill") was published in the Gazette on 17 April 2025 and received its First Reading at the Legislative Council ("LegCo") meeting of 30 April 2025. seeks to amend TUO and its subsidiary legislation mainly to: (a) empower the Registrar to refuse applications of trade unions for registration or amalgamation if it is necessary for safeguarding national security; (b) prohibit persons who have been convicted of an offence endangering national security from holding office in any trade unions or signing any applications for registration of trade unions; (c) regulate trade unions' receiving and using of contributions or donations made by external forces; (d) provide for regulation in relation to trade unions' being or becoming members of organizations in external places and in relation to members of the executives of trade unions' being office-bearers of organizations in external places; (e) empower the Registrar to appoint a manager to take over the management of property of a trade union pending the determination of appeal against the cancellation of registration of the trade union; (f) strengthen the enforcement powers of the Registrar and authorized officers; (g) adjust the penalties for offences under TUO; (h) improve other aspects of the regulatory regime in respect of trade unions; and (i) make related and miscellaneous amendments.
- 6. Details of the key provisions of the Bill as explained by the Administration are set out in paragraphs 9 to 12 of the <u>Legislative Council Brief</u> (File Ref: LD RTU/12-2/5/9 (C)) issued by the Labour and Welfare Bureau and LD on 16 April 2025.

The Bills Committee

- 7. At its meeting on 2 May 2025, the House Committee agreed to form a Bills Committee to study the Bill. Hon CHAN Yung and Ir Hon LEE Chun-keung served as the Chairman and Deputy Chairman of the Bills Committee respectively. The membership of the Bills Committee is in **Appendix 1**.
- 8. The Bills Committee has held two meetings with the Administration and invited submissions on the Bill. A list of the deputations which have made written submissions to the Bills Committee is in **Appendix 2**. The Administration has provided a consolidated written response to such submissions at the request of the Bills Committee (LC Paper No. CB(2)1099/2025(03)).

Deliberations of the Bills Committee

- Members note that the right to freedom of association is not 9. absolute or unrestricted. According to the International Covenant on Civil and Political Rights ("ICCPR") and the International Covenant on Economic, Social and Cultural Rights ("ICESCR"), such right may be subject to restrictions prescribed by law and which are for the purpose of protecting, inter alia, national security, public safety, public order, or the Members also note that following the rights and freedoms of others. "black-clad violence", the Registry received over 4 000 applications for registration of trade unions from November 2019 to May 2020, which was far more than the average of 15 applications received in each of the immediately preceding five years. As at the end of 2024, among those applications, some 700 trade unions were registered under TUO, of which more than 190 were later de-registered by voluntary dissolution, at their own request or owing to contravention of TUO, while the rest of the applications for registration were withdrawn. In the light of the above, members agree on the necessity to strengthen the regulation of trade unions under TUO. They are of the view that the Bill can better safeguard national security in a targeted manner while giving due regard to the freedom and right of Hong Kong residents to form and join trade unions, and will not have any adverse impact on the operation of law-abiding trade unions.
- 10. Members also note that, in addition to proposing amendments to TUO for safeguarding national security, the Administration has taken the opportunity to propose other amendments to further improve the regulatory regime for trade unions. Members support the Bill with a view to facilitating the healthy development of trade unions. The deliberations of

the Bills Committee are summarized below.

Empowering the Registrar to refuse applications of trade unions for registration or amalgamation if it is necessary for safeguarding national security

Proposals under the Bill

- 11. Currently, section 60 of SNSO provides that the Secretary for Security may, by order published in the Gazette, prohibit the operation or continued operation of an organization specified in section 60(3) of SNSO (including trade unions registered under TUO) in HKSAR if it is necessary for safeguarding national security. Any organization prohibited from operating is dissolved on the taking effect of the order, and its registration under any specified Ordinance is cancelled. In the case of a trade union registered under TUO, the union is dissolved on the taking effect of the order, and its registration under TUO is also cancelled upon such dissolution. No appeal mechanism against the order is provided under SNSO.
- As a measure to prevent any organization engaging in acts or activities that endanger national security from registering as a trade union, the Bill proposes adding a new section 7(1A) to TUO to empower the Registrar to refuse to register a trade union if the Registrar reasonably believes that it is necessary for safeguarding national security to do so. In addition, under the proposed new section 27(1A) of TUO, the Registrar will also be empowered to refuse to give consent to an intended amalgamation of registered trade unions if the Registrar reasonably believes that it is necessary for safeguarding national security to do so.
- 13. According to the Administration, in deciding whether refusing to register a trade union or to give consent to an intended amalgamation is "necessary for safeguarding national security", the Registrar will, having regard to the meaning of "national security" provided for under section 4 of SNSO, consider factors including, but not limited to, the background of the promoters of the trade union registration application² or the trade unions

Section 4 of SNSO provides for the meaning of "national security". Pursuant to this section, a reference to national security in SNSO or any other Ordinance is a reference to the status in which the state's political regime, sovereignty, unity and territorial integrity, the welfare of the people, sustainable economic and social development, and other major interests of the state are relatively free from danger and internal or external threats, and the capability to maintain a sustained status of security.

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That is, the signatories of the application for registration of a trade union (Form 1). Under section 5(3) of TUO, every application for the registration of a trade union shall be signed by not less than seven voting members of the trade union.

intending to amalgamate, the objects and rules of the trade unions, and the acts or activities undertaken by the promoters or trade unions. Moreover, according to section 8(3) of SNSO, the Registrar must regard national security as the most important factor in making decisions, and give appropriate consideration to it accordingly. Where necessary, the Registry will consult the relevant bureaux/departments and the Department of Justice on individual applications to ensure a reasonable balance is struck between the need for safeguarding national security and the protection of Hong Kong residents' rights to form and join trade unions.

No appeal mechanism against the relevant decisions of the Registrar

- 14. Under the proposal of the Bill, an appeal must not be brought in relation to the Registrar's decision to refuse to register a trade union under the proposed new section 7(1A) of TUO or to refuse to give consent under the proposed new section 27(1A) of TUO. The Administration has advised that not putting in place an appeal mechanism is equivalent to the mechanism under SNSO for prohibiting the operation of organizations engaging in activities endangering national security as set out above. However, such decisions are amenable to judicial review. Members note that section 60(4) of SNSO states that the Secretary for Security must not make an order prohibiting the operation of an organization without first affording the organization an opportunity to be heard or to make written representations as the organization considers appropriate as to why such an order should not Members consider that the Registrar should also afford trade unions an opportunity to be heard or to make written representations before making the aforementioned decisions, so as to ensure that the procedures adopted by the Registrar in making the decisions comply with the rules of natural justice under the common law and to minimize the risk of the decisions being subject to judicial review.
- 15. The Administration has assured the Bills Committee that as a public officer, the Registrar shall follow the rules and procedures of natural justice when making any decisions that would affect the rights, interests or legitimate expectations of the public. As such, the Registrar shall consider if there is a need to provide the promoters of trade union registration application or the trade unions intending to amalgamate with an opportunity to make representations, before deciding to refuse an application for trade union registration or amalgamation of registered trade unions. To put the matter beyond doubt, the Secretary for Labour and Welfare will spell out the above arrangement clearly in his speech to move the resumption of the Second Reading debate on the Bill.

16. Members are concerned about whether ensuring that the procedures comply with the rules of natural justice would make a substantive difference if administrative measures, rather than legislative means, are intended to be used to expressly require the Registrar to consider the need to give the relevant promoters or trade unions an opportunity to make representations before exercising the relevant powers. According to the Administration, members need not be concerned about this, as neither the existing TUO nor the proposed provisions in the Bill contain any terms to exclude affected persons from having an opportunity to make representations. Therefore, the court will not exclude the relevant rights of the affected persons entitled under the common law when interpreting the relevant In other words, the Registrar shall follow the rules and provisions. procedures of natural justice and consider if there is a need to provide promoters of trade union registration application or trade unions intending to amalgamate with an opportunity to make representations before making the aforementioned decisions.

Prohibiting persons who have been convicted of specified offences from serving as trade union officers or signing any applications for registration of trade unions

Proposals under the Bill

- 17. Under the existing section 17(3) of TUO, save with the consent of the Chief Executive ("CE") in Council, no person who has been convicted of any of the four types of offences specified in Schedule 1 to TUO (i.e. offences involving fraud, dishonesty, extortion and membership of a triad society) shall be an officer³ of a registered trade union within the period of five years from the date of the person's conviction or discharge from prison, whichever is the later. The Bill proposes adding to this section a restriction to prohibit the aforementioned person from signing any applications for registration of trade unions, which can also be lifted by consent of the CE in Council.
- 18. According to the Administration, as offences endangering national security are more serious than the existing specified offences, stricter restrictions should be imposed on persons who have been convicted of offences endangering national security in respect of the assumption of trade union office or the formation of new trade unions. In this regard, the Bill proposes adding a new section 17(2A) to TUO to prohibit a person who has been convicted of an offence specified in the proposed Part 1 of Schedule 1

For the deliberations of the Bills Committee on the proposed definition of "officer" under TUO, see paragraphs 22 to 23 below.

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to TUO (i.e. any offence endangering national security⁴) from signing an application for registration of a trade union or being an officer of a registered trade union from the date of his conviction. It is proposed in the Bill that the above restrictions intended to be imposed on persons convicted of any offence endangering national security cannot be lifted by consent of the CE in Council.

Rationality of restrictions imposed for safeguarding national security

- 19. Noting that under the proposed new section 17(2A) of TUO, a person who has been convicted of an offence endangering national security would permanently lose his right to serve as a trade union officer or promoter for new trade union registration applications, the Legal Adviser to the Bills Committee has requested the Administration to explain to the Bills Committee whether the restriction imposed under the proposed new section could satisfy the four-step proportionality test ("proportionality test") laid down in the case of *Hysan Development Co Ltd v Town Planning Board* [2016] 6 HKC 58 as far as Article 27 of the Basic Law and Article 18 of the Hong Kong Bill of Rights Ordinance are concerned.
- 20. The Administration has advised that, in order to satisfy the proportionality test, the restriction must (1) serve a legitimate aim; (2) be rationally connected to that legitimate aim; (3) not be excessive in the degree required to achieve the legitimate aim; and (4) strike a reasonable balance between the societal benefits to be brought about and the impact on the protection of individual rights. In the Administration's view, the restriction could satisfy the proportionality test. Firstly, the restriction aims to safeguard trade unions from undue influence of persons who have been convicted of offences endangering national security, and to deter convicted persons with ulterior motives from performing unlawful or defiant activities through the formation of new trade unions, thereby safeguarding national ICCPR, ICESCR, the relevant requirements of international labour conventions as applied to Hong Kong, as well as the Basic Law and the Hong Kong Bill of Rights, all allow restrictions on the right to freedom of association if they are prescribed by law and necessary for the protection of certain legitimate interests, such as national security. The restriction is clearly rationally connected to its aim. Secondly, conviction for an offence

Section 7 of SNSO, which relates to the meaning of offences endangering national security, applies to any other Ordinance, including TUO. Under that section, offences endangering national security include (a) the four types of offences under the HK National Security Law; (b) the offences under the Implementation Rules for Article 43 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region; (c) the offences under SNSO; and (d) other offences endangering national security under the law of HKSAR.

endangering national security will inevitably call into question the credibility and suitability of the person concerned for assuming union office or serving as a promoter of new union registration application. Therefore, imposing a stricter restriction is proportionate and fulfils the standard of "not manifestly without reasonable foundation". In addition, the restriction does not prohibit persons convicted of offences endangering national security from becoming trade union members or voting on the affairs of registered trade unions in the capacity of voting members, thereby protecting their rights to join and participate in trade unions for the purpose of defending their occupational interests.

Eligibility to be a member of the organizing committee of trade unions

21. Members have expressed concern that a person who has been convicted of an offence endangering national security may circumvent the above restriction by serving as a member of the organizing committee of a trade union, or by appointing someone else as the promoter of a trade union to be registered, thereby manipulating the trade union to perform unlawful or defiant activities that endanger national security. There is a suggestion from members that the restriction in the proposed new section 17(2A) of TUO in respect of prohibiting a person who has been convicted of an offence endangering national security from serving as a promoter of a trade union to be registered should be extended to cover members of an organizing committee of a trade union. The Administration has explained to the Bills Committee that if the Registrar reasonably believes that the promoter of a trade union to be registered is manipulated by a person who has been convicted of an offence endangering national security, the Registrar may consider refusing to register the trade union if it is necessary for safeguarding national security under the proposed new section 7(1A) of TUO.5 Administration therefore does not consider it necessary to add additional restrictions to TUO.

Proposed definition of "officer"

As a related issue, members note that the Bill proposes amending the definition of "officer" under section 2 of TUO, which currently reads, in relation to a trade union or a branch of a trade union or a trade union federation, "includes any member of the executive thereof", to "means any member of the executive of the trade union, the branch of the trade union or the trade union federation", but does not include an auditor. Members have

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For the deliberations of the Bills Committee on the proposed new section 7(1A) of TUO, see paragraphs 11 to 16 above.

requested the Administration to clarify the implications of the amendment on the scope of persons to be covered by the reference and the duty or regulation imposed on such persons under the Bill.

23. The Administration has advised that as a trade union is composed of members, a general meeting of its members is the highest authority of the trade union. Authorized by the general meeting, an "executive" (理事會) is responsible for managing the affairs of the trade union, and "executive" (理事) refers to its core members. Under the existing section 2 of TUO, officers of a trade union include the executive and any other member of the executive appointed in accordance with the rules of the trade union, 7 such as the Rights and Benefits Officer, and the Welfare Officer, but do not include an auditor. Trade union officers are responsible for managing the affairs of the trade union. Some trade unions may employ paid staff⁸ to assist the executive in handling the trade unions' affairs, including administrative and clerical work. All trade union officers (including the executive) are responsible for ensuring that the trade unions' operations comply with TUO and the rules registered with the Registry. The existing section 17 of TUO regarding the eligibility of officers apply to all officers, as do the existing section 61 regarding the liabilities of officers thereof where offence committed by trade union. The above amendment to the definition of "officer" is technical in nature and does not change the duty or regulation imposed on such persons under TUO.

Regulating trade union's receipt and expending of contributions or donations provided by an external force

Proposals under the Bill

24. The Bill proposes adding a new section 34A to TUO, requiring that if an officer of a registered trade union knows or has reason to believe

Under the existing section 2 of TUO, "executive" means the body to which the management of the affairs of a trade union or a branch of a trade union or a trade union federation, as the case may be, is entrusted by the members. "Executive" also means any person for the time being carrying out the functions of a president, chairman, vice-chairman, secretary or treasurer thereof.

Under the existing Schedule 2 to TUO, the rules of all trade unions must include provisions regarding the appointment of members of the executive by ballot.

Under the existing section 2 of TUO, "paid staff" in relation to a trade union or a branch of a trade union or a trade union federation, means a clerk or other person appointed by, and acting under the instructions of, the executive thereof and paid from the funds of the trade union or the branch of the trade union or the trade union federation, as the case may be.

that any external force⁹ will make contributions or donations to the trade union, the trade union must make an application to the Registrar before receiving the contributions or donations. If any external force makes contributions or donations to a registered trade union without the prior knowledge of any of the officers of the trade union, the trade union must make an application to the Registrar within 14 days after any of its officers becomes aware of the fact that the trade union has received the contributions The application must set out the source(s) of the or donations. contributions or donations and the purposes for which the trade union intends The trade unions must not receive or expend, as the case to expend them. may be, such contributions or donations unless approval is obtained. Registrar rejects the application, the trade union must, as soon as practicable, return the relevant contributions or donations to the external force. However, even if the Registrar approves the trade union accepting or expending the contributions or donations provided by an external force, the Registrar shall not approve the use of such contributions or donations for expenses related to the specified local elections (i.e. the Chief Executive Election, the Legislative Council Elections, the Election Committee Subsector Elections and the District Council Elections). 10

25. In addition, the Bill proposes amending section 36 of TUO to include the following provisions: after receiving contributions or donations made by an external force as provided in the aforementioned provision, a registered trade union must furnish annually to the Registrar, not more than three months after the termination of each financial year as specified in the rules of the trade union (or within any further period that the Registrar may

Under the proposed section 2 of TUO, "external force" under this provision has the meaning given by section 6 of SNSO, which means (a) a government of a foreign country; (b) the authority of an external place; (c) a political party in an external place; (d) any other organization in an external place that pursues political ends; (e) an international organization; (f) a related entity or a related individual of a government, authority, political party or organization, etc. mentioned in paragraphs (a) to (e). Under the Ordinance, "external place" is defined as in section 3(1) of SNSO, which means a region or place outside HKSAR (other than the Mainland and Macao).

Under the existing sections 33A and 33B of TUO, a registered trade union may use its fund to pay the expenses related to the elections of the District Councils or LegCo. The Bill proposes amending the relevant provisions to allow the fund of a registered trade union to be used to cover the expenses related to the Chief Executive Election and the Election Committee Subsector Elections. These expenses refer to those incurred directly or indirectly by a candidate or prospective candidate for election; expenses for the holding of a meeting or the preparation and distribution of literature or documents; and expenses related to the registration of electors or the selection of a candidate for election.

grant on written application), a statement of account, audited by an auditor approved by the Registrar, that contains all receipts and expenditures of the trade union in connection with the contributions or donations during that financial year. The Bill also proposes adding new section 36A(1)(b) to TUO, stipulating that if the contributions or donations received from an external force have not been wholly expended, the trade union must keep another account book containing the record of each transaction in connection with the contributions or donations, and the verifying documents for the records of transactions until two years after the date on which the financial year (as specified in the rules of the trade union) to which the records or documents relate terminates. Under the proposed new section 51G of TUO, the Registrar or an authorized officer may, at any reasonable time, enter any non-domestic premises occupied by a trade union or any branch of the trade union to inspect the relevant account book and records to ensure the trade union's compliance with the relevant requirements.

Contributions and donations under regulation

- 26. According to the Administration, the above-mentioned proposal seeks to forestall trade unions from receiving contributions or donations from an external force to perform acts or activities endangering national security or interfere with local elections. Members have expressed concerns that external force may circumvent the provision in the proposed new section 34A(1) of TUO by establishing companies or organizations in Hong Kong. In addition, members have pointed out that trade unions may receive fee waivers or other types of assistance, such as air tickets to attend international conferences, when participating in international trade union organizations. They may also receive funding when co-organizing activities, such as seminars, with the Hong Kong offices of international trade union In this regard, members have enquired about the organizations. circumstances under which such contributions or donations will be considered as provided by an external force under the relevant provision. Members have suggested that subject to the passage of the Bill, the Registry should formulate guidelines to facilitate the compliance of trade unions, especially smaller ones, with the relevant provisions.
- 27. The Administration has advised that according to section 6 (meaning of external force) of SNSO, a Hong Kong-incorporated company or organization is also an "external force" if it is a related entity to a government of a foreign country, the authority of an external place, a political party in an external place, any other organization in an external place that pursues political ends or an international organization. Consequently, trade unions must apply to the Registrar for approval before receiving the contributions or donations provided by an external force. The

Administration has pointed out that the contributions or donations referred to in the provision are not limited to funds, but also include contributions or donations having monetary value. Whether contributions or donations are regarded as provided by an external force depends on the circumstances of each case. The Administration has assured members that subject to the passage of the Bill, the Registry will draw up guidelines and forms to facilitate trade unions' compliance with the relevant requirements before the commencement of the amended TUO.

Return contributions or donations to external force

- As regards the contributions or donations provided by an external force which are rejected by the Registrar, members consider it undesirable for the proposed requirement to only stipulate that the trade union must return the relevant contributions or donations to the external force as soon as possible without prescribing a specific time frame. Members have also expressed concern about how contributions or donations made by an external force should be disposed of if it is not practicable for the trade union to return them (e.g. contributions or donations from an unknown source).
- 29. The Administration has explained that the Bill does not specify a time frame within which a trade union must return the contributions or donations to the relevant external force, in order to allow the trade union some flexibility. To avoid the inadvertent use of the unapproved contributions or donations from the external force, the trade union should hold them in separate custody until they are returned. If it is not practicable for a trade union to return the contributions or donations to the relevant external force, the Registry will advise the relevant trade union after taking into account the specific circumstances of individual cases. The Administration has emphasized that if a trade union has doubts about the source of the contributions or donations, or considers them to be malicious gifts from an external force, this should be reported to law enforcement departments.

Restrictions on trade unions' affiliation with organizations in external places

Proposal to strengthen the regulation of trade unions' affiliation with organizations in external places

30. The Bill proposes amending section 45 of TUO to extend the existing regulation of registered trade unions' affiliation with organizations

in foreign countries to organizations in external places. 11 Under the proposed amended section 45 of TUO, trade unions will continue to be allowed to be or become a member of an organization of workers, an organization of employers or a relevant professional organization established in a foreign country¹² ("related organization in a foreign country") with the authorization by ballot of a majority of the voting members present at a general meeting ("authorization by ballot of its members"). union must notify the Registrar in writing within one month after becoming a member of a related organization in a foreign country. However, a trade union shall not be or become a member of any other organization established in an external place without the CE's consent and the authorization by ballot The two types of organizations mentioned above do not of its members. include political organizations or bodies established in an external place.

- 31. According to the Administration, the above proposal aims to forestall trade unions from engaging in acts or activities endangering national security through affiliation with organizations established in an external place. Whether an organization or body is a "political organization or body" is subject to the individual circumstances of each case, including but not limited to relevant factors such as the background, functions, objects, members and staff of the organization, as well as the acts or activities it engaged in and will engage in, etc. Members have enquired about the types of members covered by the reference to "a member of an organization established in an external place" in the provision, e.g. whether the status of "observer" is covered.
- 32. The Administration advised that the reference to "member" in the provision could be construed in a general sense to mean a trade union's affiliation with such organizations. It should be noted that the existing section 45 of TUO, which already restricts trade unions from being or becoming members of organizations established in an external place, does not contain any definition of the reference to "member". The present amendment only extends this restriction to organizations established in an external place.
- 33. Members have expressed concern that if the Bill is passed, how the Registry will monitor compliance with the requirements among

See footnote 9 for the definition of "external place" under TUO.

Under the proposed new section 44A of TUO, "relevant professional organization", in relation to a registered trade union, means an organization the objects of which are to promote the interests of persons engaged or employed in a trade, industry or occupation that is the same as, or similar to, the trade, industry or occupation with which the trade union is directly concerned.

registered trade unions. The Administration has assured members that the Registry will collect relevant intelligence and information through various channels. Under the proposed new sections 45(6A) and 45(7) of TUO, if the Registrar reasonably believes that a registered trade union fails to comply with the relevant requirements, the Registrar may serve on the trade union a written notice requiring it to cease to be a member of the organization established in an external place within 14 days beginning on the date of service of the notice. A trade union that fails to comply with such a notice commits an offence and is liable to a fine at level 6 (i.e. \$100,000) and to imprisonment for six months on summary conviction; and to a fine of \$200,000 and to imprisonment for one year on conviction on indictment.

Proposal to regulate trade union officers being office-bearers in external places

- 34. The Bill proposes adding a new section 45AA to TUO to restrict officers of registered trade unions from being office-bearers of organizations established in external places. Members have pointed out that some trade unions in Hong Kong are staffed by people of other nationalities (e.g. officers of trade unions of ethnic minorities and foreign domestic helpers), who may be office-bearers of organizations established in their places of origin, including clansmen associations, fraternity associations and parent-teacher associations. The Administration has been requested to confirm whether CE's consent is required for trade union officers to be office-bearers of these non-political organizations established in external places.
- 35. The Administration has explained that if a trade union has been or become a member of a related organization in a foreign country or other organization established in an external place ("affiliated organization") under proposed section 45 of TUO, its officer is allowed to be an office-bearer of the affiliated organization. However, a trade union officer shall not be an office-bearer of a non-affiliated organization established in an external place, unless that organization is not a political organization or body and the CE's consent has been obtained. Therefore, if an officer of a trade union intends to be an office-bearer of an organization established in an external place (even if it is not a political organization or body) which is a non-affiliated organization, the officer has to make an application to CE.

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Under the proposed new section 44A of TUO, "office-bearer", in relation to an organization, means the president, vice-president, secretary or treasurer of the organization, or a member of the committee or governing body of the organization, or a person who holds in the organization an office or position analogous to any of those mentioned above.

Enhancing the statutory powers of the Registrar of Trade Unions in regulating and investigating trade unions

Requirement to keep specified records

- 36. The Bill proposes adding a new section 36A to TUO to require a registered trade union to keep an account book containing the record of each transaction carried out by the trade union, the verifying documents for the records of transactions, a register of members, the minutes of the general meetings of the trade union and of the meetings of the executive of the trade union, and the records of resolutions passed by the officers of the trade union without a meeting, all for a period of two years. Members have expressed concern about the adequacy of the proposed requirement for trade unions to keep the specified records for only two years, given that the investigation and trial processes for cases involving national security generally take longer In the Administration's view, the proposed arrangement has struck a proper balance between safeguarding national security and alleviating the administrative burden on trade unions, particularly smaller ones, having regard to the time required for law enforcement departments to conduct investigations and the need to avoid placing a significant administrative burden on trade unions.
- 37. As regards the keeping of a register of members, members note that the proposed new section 36A(1)(c) of TUO requires a trade union to keep in respect of each of its members the following information: the name and occupation of the member, how the member satisfies the requirements for being a member of the trade union under section 17 of TUO and the rules of the trade union; the type of membership to which the member belongs; whether the member has paid subscriptions, fees and contributions in accordance with the rules of the trade union; and the date on which the member ceases to be a member (if applicable). During the transitional period provided in the proposed new section 38A(3) of TUO, a trade union may, within one year beginning on the commencement date of the amended TUO¹⁴, supplement the specified particulars in the register of members in relation to a person who is a member of the trade union as at the commencement date. Members have expressed concern that trade unions with over 10 000 members may have difficulty in complying with this They have suggested that the Administration consider requirement. extending the transitional period to allow more time for trade unions to collate the specified particulars and to show leniency towards those trade unions which fail to comply with the requirement at the initial stage of

The Bill, if enacted, will come into operation on the expiry of six months after the day on which the enacted Ordinance is published in the Gazette.

implementation, while providing more support to them. The Administration has advised that according to the Registry's understanding, the registers currently kept by most trade unions meet most of the requirements under the proposed amendments. A template for the specified records to be kept will be prepared for reference by trade unions to facilitate their compliance.

38. On the offence of breaching the duty to keep specified records, members are concerned that the following proposed penalties may not adequately reflect the gravity of the offence involving external forces: a trade union is liable on conviction to a fine at level 5 (i.e. \$50,000) for breaching the duty to keep relevant records and documents on contributions or donations made by external forces (proposed new section 36A(4) of TUO); and a fine at level 4 (i.e. \$25,000) for breaching the duty to keep other specified records (proposed new section 36A(3) of TUO). The Administration has advised that in its view, the proposed penalties adequately reflect the nature and gravity of the relevant offences.

Investigate trade unions

39. The Bill proposes adding a new Part VIIIA (proposed new sections 51A to 51H) to TUO, as well as the repeal and substitution of section 52 of TUO, in order to provide for the enforcement powers of the Registrar and public officers authorized in writing by the Registrar ("authorized officers"). Such powers include the powers to conduct inquiries in respect of a registered trade union; the powers to require verification of explanation, etc. by statutory declaration; the powers to enter any non-domestic premises occupied by a registered trade union or any branch of the trade union at any reasonable time without warrants to inspect or make copies of specified records or other relevant documents and information, and seize the relevant evidence, etc.; and under specific circumstances, to apply for a court warrant to enter and search any premises (including domestic premises) occupied by a registered trade union or its branch. Members have enquired about the circumstances under which the Registrar or authorized officers will undertake an investigation and search of evidence, and the circumstances under which officers of the National Security Department of the Hong Kong Police Force will undertake the investigation and search of evidence, if it is suspected that a trade union is involved in acts or activities endangering national security. The Administration has advised that these statutory powers are conferred on the Registrar and authorized officers in order to effectively prevent, investigate and suppress trade unions' suspected breaches of TUO or the rules of the trade unions, as well as acts and activities that may endanger national security. Enforcement action in respect of individual cases should be taken by the Registry or other law enforcement departments as appropriate.

Eligibility of officers and members of trade unions

- 40. The existing section 17(1) of TUO provides that except as otherwise provided, ¹⁵ no person shall be a member of a registered trade union unless the person is ordinarily resident in Hong Kong and engaged or employed in a trade, industry or occupation with which the trade union is directly concerned. The Bill proposes to add new section 17(1AA) to TUO to allow a registered trade union to consider providing in its rules that a person who is not ordinarily resident in Hong Kong but is engaged or employed in Hong Kong in a trade, industry or occupation with which the trade union is directly concerned may be a member of the trade union. The rules containing such provisions will not take effect until they are registered by the Registrar under the proposed section 18 of TUO.
- 41. The Administration has informed the Bills Committee that the above proposed new exceptional arrangement is a measure to improve the trade union regulatory regime, with the aim of protecting the occupational interests of imported workers and relevant employees who are permitted to work in Hong Kong through different admission schemes but reside outside Hong Kong. 16 Members have expressed concern as to whether it is the Administration's policy intent to allow a person who is employed by a Hong Kong employer but, for various reasons, does not reside and work in Hong Kong for a prolonged period (e.g. overseas crew members) to be admitted as a member of a registered trade union directly concerned with the trade, industry or occupation in which the person is engaged under the rules of the trade union. The Administration has advised that the policy intent of the proposed new section 17(1AA) of TUO is to provide an exceptional arrangement for trade unions to admit persons who are not ordinarily resident in Hong Kong but are engaged or employed in Hong Kong in a relevant trade, industry or occupation as members. In deciding whether to register the

The existing section 17(1A) of TUO provides that any person who has lawfully been a member of a registered trade union may, upon his retirement on account of age or ill-health from the trade, industry or occupation in which he was engaged or employed and by virtue of which he was a member of the trade union, remain a member thereof, but shall not be a voting member.

For example, the Enhanced Supplementary Labour Scheme, Labour Importation Scheme for the Construction Sector and Labour Importation Scheme for the Transport Sector allow employers to arrange for their imported workers from the Mainland to reside in (a) the accommodation provided by the employer in Hong Kong or on the Mainland which meets the specified standard; or (b) the imported workers' own residential premises on the Mainland.

relevant rules, the Registrar will consider factors including, but not limited to, whether the members in question work in Hong Kong, whether the employers operate businesses in Hong Kong, and whether the employment contracts are subject to the laws of Hong Kong.

42. Members note that the existing section 17(1B) of TUO provides that no person shall be refused membership of a trade union solely on the ground that the person is casually or seasonally engaged or employed in the trade, industry or occupation with which the trade union is directly concerned. Members have expressed concern that if a large number of persons who have undertaken part-time or short-term employment (e.g. summer jobs) become members of a trade union which is concerned with the relevant trade, industry or occupation under such provision, and they become voting members or serve as members of the executive or officers of the trade union without necessarily being familiar with the relevant trade, industry or occupation, it may be detrimental to the legitimacy and management of the trade union. The Administration has advised that voting membership, nonvoting membership, appointment and replacement of officers, etc. are matters for which provision must be made in the rules of every registered Where necessary, and subject to the relevant provisions of trade union. TUO, a trade union may, at its own discretion, provide in its rules the appropriate qualifications to serve as an officer or a member of the executive thereof.

Empowering the Registrar to cancel the registration of a trade union undergoing dissolution to protect members' interests

43. Currently, if a trade union is voluntarily dissolved, the method of dissolution and the disposal of assets and distribution of funds upon dissolution are governed by the rules of the trade union. The Bill proposes to amend section 10(1)(b) of TUO to provide that the Registrar is empowered to cancel the registration of a trade union if the trade union has passed a resolution for dissolution under the rules of the trade union, but the general interests of the members of the trade union have been prejudiced, or would likely be prejudiced, in the course of dissolution of the trade union. Members note that such proposed amendment, as one of the measures to improve the trade union regulatory regime, seeks to ensure proper conduct and completion of the dissolution proceedings without delay by trade unions. The Administration has been requested to advise on the circumstances under which the Registrar will consider that the general interests of the members of a trade union have been prejudiced or would likely be prejudiced in the dissolution process.

44. The Administration has advised that before cancelling the registration of a trade union in light of the above circumstances, the Registrar will consider all relevant factors of each case, including but not limited to: whether the trade union has disposed of its property in accordance with the union rules or with proper authorization from its members, whether the trade union has sold its property at a reasonable price, the party to which the trade union has sold its property, and whether the trade union has appointed an independent professional to handle its dissolution. Where necessary, the Registrar may conduct a statutory inquiry under the proposed new section 51C of TUO. The Registrar will also consider if there is a need to provide the trade union an opportunity to make representations before cancelling its Any voting member of the trade union who considers that there has not been a circumstance where the general interests of the members have been prejudiced or would likely be prejudiced may appeal in relation to the Registrar's intended decision to cancel the registration under the proposed section 12 of TUO.

Appointment of manager by Registrar of Trade Unions during trade union's appeal against cancellation of registration

- 45. The Bill proposes adding a new Division 4 to Part III of TUO (proposed new sections 12A to 12C) under which if the Registrar is satisfied that it is in the general interests of the members of the trade union to appoint a person he/she considers appropriate to be a manager to take over the management of the property of the trade union pending the determination of the appeal against cancellation of registration up to the conclusion of the appeal, the Registrar may exercise the power of appointing the manager. According to the Administration, the purpose of this proposal is to prevent a trade union from improperly disposing of its property or continuing with acts or activities which are suspected to be in contravention of TUO or in conflict with the rules of the trade union during the appeal period. The Registrar will consider all relevant factors of individual cases before exercising the These factors include, but are not limited to: the condition of the trade union's property, whether the trade union has improperly disposed of its property, whether the trade union has expended its funds for purposes inconsistent with TUO or the trade union's rules, and whether there are any trade union officers to handle the trade union's affairs, etc.
- 46. As regards the power of managers, the proposed new section 12C(4) of TUO seeks to prohibit a person from selling or disposing of the property of a trade union when the appointment of a manager of the trade union has effect. Under the proposed new section 12C(6) of TUO, a sale or disposal of the property of a trade union in contravention of the proposed new section 12C(4) of TUO will be invalid. According to the

Administration, the policy intent of this provision is to protect the property of a trade union during the appointment of manager. The Legal Adviser to the Bills Committee has asked the Administration to consider whether any protection afforded to a bona fide purchaser for valuable consideration should be expressly provided in the Bill. Having considered the views of the Legal Adviser to the Bills Committee, the Administration will move an amendment to clause 15 of the Bill to add a new section 12C(6A) to TUO to provide for an exception to protect a bona fide purchaser. Following this amendment, if the property of a trade union is sold for full and valuable consideration to a bona fide purchaser without notice of the appointment of manager, the sale will not be void by virtue of the proposed new section 12C(6) even if the property concerned is sold in contravention of the The proposed new section 12C(1) of TUO proposed new section 12C(4). stipulates that the manager may take proceedings as considered appropriate for the purpose of taking possession of the property of the trade union.

47. Under the proposed new section 12C(9)(g) of TUO, the Registrar will be empowered to refer any subject of dispute between a manager and any third party to arbitration, subject to the written consent of the third party. The Legal Adviser to the Bills Committee has asked the Administration to clarify whether it is necessary to include "mediation" alongside arbitration in the provision. In response to comments from the Assistant Legal Adviser to the Bills Committee and to accord with the principle of "Mediate First", an amendment to the proposed new section 12C(9)(g) will be made to empower the Registrar to refer any subject of dispute between a manager and any third party to mediation, subject to the written consent of the third At the same time, an amendment to the existing section 15(3)(g) of TUO will be correspondingly made to empower the Registrar to refer any subject of dispute between a liquidator and any third party to mediation, subject to the written consent of the third party.

Regulation of trade union names

48. The Bill proposes amending section 7(1)(c) of TUO to empower the Registrar to refuse to register a trade union if its intended name is likely to deceive or mislead the public, the members of the trade union or the members of any other existing trade union. Members have enquired about the circumstances under which the public, etc. would be misled, e.g. whether it would constitute misleading the public if a trade union claims to represent a certain trade, but in fact its membership is not confined to that trade. Furthermore, given the change in time, the names of some registered trade unions may no longer accurately reflect their current membership types. The Administration has advised that the purpose of the proposed requirement is to ensure that trade union names will truly reflect their nature and purpose.

In practice, if the intended name of a trade union appears to be inconsistent with its nature and purpose, the Registrar will first advise the trade union to consider amending it. The Administration has further advised that trade unions registered before the commencement of the amended TUO will not be affected.

<u>Issues relating to existing and proposed new offences</u>

Defence

- 49. In relation to the proposed new offences with a statutory defence under the Bill, the Legal Adviser to the Bills Committee has drawn members' attention to the fact that the relevant provisions have provided for a defence of "reasonable excuse" (proposed new sections 12C(11), 45AA(8), 51G(4) and 51H(4) of TUO), or "exercised due diligence and failed to comply with the requirement for reasons beyond the person's control" (proposed new section 51C(5) of TUO). The Legal Adviser to the Bills Committee has requested the Administration to advise whether it is its intention of providing the above statutory defences that the implied common law defence of "honest and reasonable mistaken belief" would not be available to the person charged with such an offence.
- 50. The Administration has explained that the statutory defences of "reasonable excuse" and "exercised due diligence and failed to comply with the requirement for reasons beyond the person's control" (as the case may be) in the proposed new sections 12C(11), 45AA(8), 51G(4), 51H(4) or 51C(5) of TUO are wider than the common law defence of "honest and reasonable mistaken belief", such that the common law defence is unlikely to co-exist with the statutory defences. On such basis, the common law defence of "honest and reasonable mistaken belief" will not be available to a person charged with an offence under sections 12C(10), 45AA(7), 51G(3), 51H(3) or 51C(4) of TUO.
- Members have expressed concern that the absence of a defence of reasonable excuse in the Bill for the offence relating to the duty to keep records (proposed new section 36A of TUO) does not provide better protection for trade unions. The Administration has advised that in enforcing the above provisions, the Registry will take into full consideration the actual circumstances of the case, such as whether the contravention of the requirement is due to reasons beyond the control of the trade unions, before deciding whether to institute prosecution. Depending on the circumstances of each case, trade unions may invoke the common law defence of "honest and reasonable mistaken belief" if they are charged with such offences.

Penalty level

- At present, most offences committed by trade unions under TUO and the Trade Union Registration Regulations (Cap. 332A) ("TURR") are punishable by a fine at level 1 (i.e. \$2,000), while some offences committed by trade union officers or relevant persons are subject to a fine at level 1 and imprisonment for three to six months. Members note that in order to enhance the deterrent effect of TUO and strike a balance with the protection of the right to freedom of association, the Bill proposes maintaining the existing penalty level of a fine at level 1 for minor offences, while increasing the penalties for more serious existing offences. For example, the existing penalties for contravening the requirements for being an officer of a trade union would increase from a fine at level 1 and imprisonment for six months on summary conviction to a fine at level 5 (i.e. \$50,000) and imprisonment for three years on conviction on indictment (proposed section 17(6) of TUO). For certain proposed new offences, such as a trade union failing to cease to be a member of an organization in external place in accordance with the notice issued by the Registrar, and any person obstructing or preventing the Registrar or authorized officer from entering the premises of a trade union and performing his functions, the proposed penalties are a fine at level 6 (i.e. \$100,000) and imprisonment for six months on summary conviction, or a fine of \$200,000 and imprisonment for one year on conviction on indictment (proposed new sections 45(7A) and 51G(3) of TUO).
- Members have relayed the concern of some trade unions that the penalties for certain existing offences that are relatively minor will be substantially increased after the passage of the Bill, and that inadvertently contravening the relevant requirements will impose a heavy financial burden on trade unions. For example, the penalty for failing to report changes of officers or the titles of officers of a trade union will be raised from the existing fine at level 1 (i.e. \$2,000) to level 4 (i.e. \$25,000) (proposed section 22(4) of TUO). The Administration has advised that under normal circumstances, the Registry will first adopt an advisory approach to remind trade unions to comply with the requirements under TUO, and prosecution will only be considered where appropriate.
- Members note that under the proposed Regulation 17(1) of TURR, any person who continuously contravenes Regulation 13 of TURR (relating to the requirement of returning the certificate of registration when the registration of a registered trade union or a registered trade union federation is cancelled) shall be liable to a fine at level 1 (i.e. \$2,000), and shall be liable in addition to a fine of \$10 for each day during which it is proved to the satisfaction of the court that the offence has continued. Members consider that the amount of fine for continuous contravention of the requirement of

returning the certificate of registration on cancellation of registration of a trade union or a trade union federation under the above provision appears to be too low, and suggest that the Administration should consider adjusting the amount of fine to ensure that it is kept abreast of the times, commensurate with the nature of the offence and has sufficient deterrent effect. In response to the members' suggestion, the Administration will move an amendment to amend the proposed Regulation 17(1) of TURR to raise the penalty for the continuous contravention of the requirement of returning the certificate of registration on the cancellation of registration of a trade union or a trade union federation from a fine of \$10 per day to \$100 per day, so as to better reflect the nature of the offence and enhance the deterrent effect.

Commencement date of the Bill

55. The Bill, if enacted, will come into operation on the expiry of six months after the day on which the enacted Ordinance is published in the Gazette. The Administration has informed the Bills Committee that the Registry will step up its explanatory work and prepare some templates for reference by trade unions to facilitate their compliance.

Proposed amendments to the Bill

- 56. In addition to the proposed amendments to be moved by the Administration as set out in paragraphs 46, 47 and 54 above, the Administration will also move some textual and technical amendments to the Bill. The Bills Committee has no objection to the amendments.
- 57. The Bills Committee will not propose any amendments to the Bill.

Resumption of Second Reading debate on the Bill

58. The Bills Committee has completed the scrutiny of the Bill. The Administration has indicated its intention to resume the Second Reading debate on the Bill at the LegCo meeting of 25 June 2025. Subject to the relevant amendments to be moved by the Administration, the Bills Committee has no objection to this.

Consultation with the House Committee

59. The Bills Committee reported its deliberations to the House Committee on 13 June 2025.

Council Business Divisions
<u>Legislative Council Secretariat</u>
17 June 2025

Appendix 1

Bills Committee on Trade Unions (Amendment) Bill 2025

Membership list

Chairman Hon CHAN Yung, SBS, JP

Deputy Chairman Ir Hon LEE Chun-keung, JP

Members Hon KWOK Wai-keung, BBS, JP

Hon Doreen KONG Yuk-foon

Hon CHAU Siu-chung Hon LAM Chun-sing

Hon Maggie CHAN Man-ki, MH, JP

Hon Benson LUK Hon-man

Hon Kingsley WONG Kwok, BBS, JP Hon LAI Tung-kwok, GBS, IDSM, JP

Dr Hon NGAN Man-yu

Prof Hon CHAN Wing-kwong

(Total: 12 members)

Clerk Ms Maisie LAM

Legal Adviser Mr Alvin CHUI

Bills Committee on Trade Unions (Amendment) Bill 2025

List of deputations which have provided written submissions to the Bills Committee

- 1. Hong Kong Federation of Asian Domestic Workers Unions
- 2. Retail, Commerce and Clothing Industries General Union
- 3. Hong Kong & Kowloon Trades Union Council
- 4. Chinese Dream Think Tank
- 5. Hong Kong Clerical Employees General Union
- 6. Senior Administrative And Management Executives Union
- 7. Hong Kong Storehouses, Transportation & Logistics Staff Association
- 8. Tourism Industry Staff Alliance
- 9. Hong Kong Union of Chinese Workers Style Employment
- 10. Hong Kong Tour Guides General Union
- 11. Hong Kong Manufacturing Industry Employees General Union
- 12. Hong Kong Federation of Railway Trade Unions
- 13. Government Employees Association
- 14. H.K. & Kowloon Electrical Engineering & Appliances Trade Workers Union