

Chapter 6

Employment

The government facilitates employment, safeguards workers' rights and benefits, ensures workplaces are safe and healthy, and promotes harmonious employer-employee relations.

Employment is the key to people's livelihood. Facing the challenges of continuing uncertainties in the global economic situation, the government has adopted various strategies, including upgrading workers' skills to make them more employable and competitive, improving the business environment, introducing measures to create jobs and enhancing labour market efficiency, all to improve the utilisation of human resources in Hong Kong and support the further development of our economy.

In 2014, the Employees Retraining Board offered 130,000 training places to help in-service workers upgrade their skills, and to help those seeking job change and the unemployed re-enter the labour market. The government also continued to offer special help to the less competitive workers. The Labour Department assists job seekers to enter or re-enter the labour market through a number of employment initiatives, including the Employment Programme for the Middle-aged, the Work Trial Scheme, the Youth Employment and Training Programme, the Youth Employment Start, the Work Orientation and Placement Scheme for job seekers with disabilities, and job fairs.

The government promotes harmonious employer-employee relations, protects employees' rights and benefits, and safeguards employees' safety and health at work.

Labour Market Situation

Hong Kong's labour force totalled 3.88 million people in 2014, representing a rise of 0.5 per cent over 2013. In 2014, 51.3 per cent of the labour force were men and 48.7 per cent were women.

The majority, or 88.5 per cent, were employed in the service sectors: 31.5 per cent in the import/export, wholesale and retail trades, and accommodation (covering hotels, guesthouses, boarding houses and other establishments providing short-term accommodation) and food

services; 25.9 per cent in public administration, and social and personal services; 19.7 per cent in financing and insurance, real estate, and professional and business services; and 11.4 per cent in transportation, storage, postal and courier services, and information and communications. Only 2.8 per cent worked in the manufacturing sector.

Employment Situation

The overall unemployment rate fell from 3.4 per cent in 2013 to 3.3 per cent in 2014, while the underemployment rate was 1.5 per cent in 2014, the same as that in 2013. Total employment rose by about 21,200 from 3,728,000 in 2013 to 3,749,200 in 2014.

Employment Earnings

In 2014, 12.9 per cent of employed persons earned less than \$5,000 a month, while 18.2 per cent of employed persons earned \$30,000 and above a month. The median monthly employment earnings rose by \$400 from \$13,000 in 2013 to \$13,400 in 2014. In 2014, the median monthly employment earnings for higher skilled workers such as managers and administrators, professionals and associate professionals, was \$25,000 while that for lower skilled workers was \$10,500.

Wages

Nominal wages continued to register growth in 2014. Wage rates as measured by the Nominal Wage Index for workers up to supervisory level increased by 4.2 per cent between December 2013 and December 2014.

Labour Administration and Services

The Labour Department, headed by the Commissioner for Labour, formulates and implements labour policies; enforces labour legislation; provides free employment services to employers and job seekers; promotes harmonious labour relations and responsible trade unionism; safeguards employees' rights and benefits; and promotes the occupational safety, health and welfare of the workforce.

Labour Legislation

The Labour Department administers Hong Kong's labour laws. Labour legislation, supplemented by administrative measures, provides the basis for the enforcement of employers' and employees' rights and obligations, and enables Hong Kong to meet internationally-accepted labour standards.

There were 4,100 prosecutions for breaches of various ordinances and regulations by the Labour Department in 2014, resulting in fines totalling more than \$24.27 million.

International Labour Affairs

Hong Kong applies 41 international labour conventions of the International Labour Organisation (ILO). These conventions set standards that have a significant bearing on the formulation of Hong Kong's labour laws.

Hong Kong continued to participate actively in ILO activities in 2014, keeping itself abreast of international labour issues. In June, a team comprising representatives of employers, employees and the government attended the 103rd Session of the International Labour Conference as part of the People's Republic of China delegation.

Labour Advisory Board

The Labour Advisory Board, a representative tripartite consultative body, advises the Commissioner for Labour on labour matters and ILO conventions and recommendations. It is chaired by the Commissioner for Labour and comprises six members representing employers and six representing employees.

Five committees of the board dealt separately with employees' compensation, employment services, occupational safety and health, labour relations and implementation of international labour standards. A working group under the board dealt with applications for labour importation under the Supplementary Labour Scheme.

Employment Services

The Labour Department provides a wide range of free employment and recruitment services to job seekers and employers through 13 job centres, two recruitment centres for the catering and retail industries, a Telephone Employment Service Centre and a Job Vacancy Processing Centre. Round-the-clock employment services are also available through the Interactive Employment Service website, which recorded 0.28 billion page views in 2014, or an average page view of 0.78 million per day. The department also organises large-scale and district-based job fairs to help job seekers find jobs, and employers recruit workers. For major closure or retrenchment cases, the department will set up a telephone hotline and special counters at job centres to provide priority job referral services for affected workers.

In 2014, 75,314 job seekers registered with the Labour Department and there were about 151,500 job placements. The department also recorded 1,220,405 private sector vacancies, similar to that received in 2013.

Employment Programme for the Middle-aged

In 2014, 2,564 middle-aged job seekers were employed under this programme, which gave employers, who engaged eligible people aged 40 or above and provided them with on-the-job training, a maximum training allowance of \$3,000 per month per employee for three to six months.

Work Trial Scheme

In 2014, 276 job seekers with difficulties in finding jobs took part in the Work Trial Scheme. On completion of the one-month trial, each participant receives \$6,400 from the Labour Department, of which \$500 is paid by the organisation in which the participant served.

Employment in One-stop

This one-stop employment and training centre in Tin Shui Wai provides employment and training to needy job seekers, including unemployed able-bodied recipients of Comprehensive

Social Security Assistance (CSSA)¹. The centre provides services and facilities, such as case management and employment support services, that are currently not available at other Labour Department job centres. In 2014, 69,889 job seekers made use of the centre's services and facilities.

Work Incentive Transport Subsidy Scheme

This scheme, commenced in October 2011, helps low-income earners reduce their cost of travelling to and from work and encourages them to secure or stay in employment. From the claim months of 2013, applicants could choose to apply on an individual or household basis. As at end-2014, 85,431 workers had received the subsidy.

Helping Persons with Disabilities Find Jobs

The Labour Department helps persons with disabilities who are fit for open employment to seek jobs in the employment market. It provides free employment counselling and placement services to formerly mentally ill persons and persons with hearing or visual impairment, physical handicap, chronic illness, autism, intellectual disability, specific learning difficulties and attention deficit/hyperactivity disorder, etc. In 2014, the department launched various employment and promotional programmes, registered 2,650 job seekers with disabilities and secured 2,464 job placements.

The Work Orientation and Placement Scheme improves employment opportunities for persons with disabilities by paying an allowance to encourage employers to provide jobs and employment support. A participating employer who employs a person with disabilities having employment difficulties is entitled to an allowance of up to \$5,500 per month for the first two months of employment. After the first two months, the employer is entitled to an allowance of up to \$4,000 per month for a maximum of six months. In 2014, there were 805 job placements made under the scheme.

Preparing People for Work

Youth Employment and Training Programme (YETP)

The YETP provides a full range of pre-employment and on-the-job training for young school leavers aged between 15 and 24 with educational attainment up to sub-degree level. The YETP has established an effective platform for government departments, employers and non-governmental organisations to work together to help young people enhance their employability, improve job search skills and secure employment. Employers who engage eligible young people under the programme and provide them with on-the-job training are entitled to a maximum training allowance of \$3,000 per month per employee for six to 12 months. In 2013-14, 7,753 young school leavers had enrolled on the programme.

Youth Employment Support

The Labour Department operates two youth employment resource centres called 'Youth Employment Start' to offer one-stop advisory and support services to young people aged

¹ CSSA is a scheme that helps people with financial difficulties.

between 15 and 29 to improve their chances of employment, and to help them secure sustainable employment or self-employment. In 2014, the two centres provided services to 74,288 young people.

Working Holiday Scheme (WHS)

Since 2001, Hong Kong has established bilateral WHS arrangements with nine economies: Australia, Canada, France, Germany, Ireland, Japan, Korea, New Zealand and the United Kingdom (UK). These WHSs seek to provide opportunities for youths aged 18 to 30 to gain living and working experience in a different economy and broaden their horizons, and for youths of the other partner economies to learn more about Hong Kong.

Save for the UK which allows Hong Kong youths to stay for up to 24 months, the WHS partners issue working holiday visas to Hong Kong youths to stay in their economies for up to 12 months for holidaying, taking up short-term employment to subsidise their stay, and/or studying short-term courses (except Ireland).

As at end-2014, more than 50,000 Hong Kong youths had participated in WHS, while over 4,600 youths had come to Hong Kong from WHS partner economies.

Employees Retraining Board (ERB)

The ERB is a statutory body set up under the Employees Retraining Ordinance. Its members include employer and employee representatives, people connected with vocational training and retraining or manpower planning, and public officers. The ERB provides, under its Manpower Development Scheme, market-driven training and employment support services through about 110 appointed training bodies, operating around 410 training centres across Hong Kong. People aged 15 or above with education attainment up to sub-degree level may enrol on its full-time placement-tied courses and half-day or evening generic skills training courses or courses under the 'Skills Upgrading Scheme Plus'. As at December 2014, there were around 800 courses covering 28 industries.

Dedicated Training for Special Service Targets

The ERB provides training and employment support to young people, new arrivals, ethnic minorities, people with disabilities, people who have recovered from work injuries, and rehabilitated ex-drug abusers and ex-offenders. The ERB organises dedicated training programmes targeting young people of different backgrounds and aspirations to increase their employment opportunities. In 2014, the ERB offered the Youth Training Programme, the Specialised Security Services Training Programme and the Youth Management Trainee Programme to equip young people with vocational skills and render placement follow-up services.

Employment Support Services of ERB

The ERB's 'Smart Living Scheme' and 'Smart Baby Care Scheme' provide referral services for its graduates in domestic help, elderly and patient care, healthcare massage, post-natal care as well as infant and child care.

The ERB also operates three service centres in Kowloon East, Kowloon West and Tin Shui Wai to provide people in those districts with training and employment support.

Continuing Education Fund (CEF)

The government's CEF subsidises continuing studies for adults. On completion of a CEF approved course, eligible applicants receive reimbursement of 80 per cent of the fees paid, capped at \$10,000 per person. More than 30,000 applications to open CEF accounts were approved in 2014.

Labour Relations

In 2014, the Labour Department handled 68 trade disputes and 15,764 employment claims. The total was 10 per cent lower than that of 2013. In cases where the department provided conciliation services, more than 70 per cent were settled. The department handled three strikes which resulted in a loss of 138 working days, or an average loss of 0.04 working days per 1,000 salaried employees and wage earners, one of the lowest in the world.

Activities such as roving exhibitions, online quizzes, seminars and talks are organised to promote the Employment Ordinance, good people management and family-friendly employment practices. Information is disseminated through free publications, the internet, the media and networks of employers' associations and trade unions.

The department fosters tripartite dialogue and co-operation at the industry level among employers, employees and the government through nine industry-based tripartite committees (covering catering, construction, theatre, logistics, property management, printing, hotel and tourism, cement and concrete, and retail). These committees provide effective forums for members to discuss issues of common concern to their industries.

The department also works with 18 human resources managers' clubs through meetings, seminars and newsletters, to encourage members to adopt enlightened management practices and effective employer-employee communication.

Trade Unions

The Registry of Trade Unions administers the Trade Unions Ordinance and promotes good and responsible trade union management. Once registered, a trade union becomes a body corporate and enjoys immunity from certain civil suits.

In 2014, 15 new unions were registered, bringing the number of registered trade unions to 869, comprising 819 employee unions, 17 employers' associations and 33 mixed organisations of employees and employers. There are also nine registered trade union federations. Declared membership of employee unions over the past five years remained at around 790,000. The trade union participation rate (the percentage of salaried employees and wage earners who are union members) was around 23 per cent for the same period.

About half of the employee unions are affiliated to four major labour organisations: the Hong Kong Federation of Trade Unions (187 unions), the Hong Kong and Kowloon Trades Union

Council (27 unions), the Federation of Hong Kong and Kowloon Labour Unions (85 unions), and the Hong Kong Confederation of Trade Unions (81 unions).

Minor Employment Claims Adjudication Board

The Minor Employment Claims Adjudication Board determines claims arising from disputes of statutory or contractual rights of employment that involve not more than 10 claimants in each case and for sums not exceeding \$8,000 per claimant. In 2014, the board dealt with 1,160 claims and granted awards amounting to \$2.51 million.

Labour Tribunal

The Labour Tribunal is part of the Judiciary and is a quick, simple and inexpensive channel for adjudicating labour disputes that are not within the exclusive jurisdiction of the Minor Employment Claims Adjudication Board. In 2014, 4,039 cases were filed with the tribunal, of which 3,942 were initiated by employees and 97 by employers. Of these, 91.7 per cent were referred to the tribunal by the Labour Department. The tribunal dealt with 4,710 cases and granted awards totalling more than \$240 million, or 710 cases and \$28 million less than those in 2013.

Employees' Rights and Benefits

The Employment Ordinance provides for various employment-related benefits and entitlements to employees. Over and above the statutory requirements, employers and employees are free to negotiate the terms and conditions of employment.

Labour Conditions

In general, children under 15 are prohibited by law from taking up employment. Children aged between 13 and 14 may work in non-industrial establishments under strict rules, while young people in the 15-17 age group may work in industrial establishments, subject to restrictions on their working hours.

Labour inspectors conduct workplace inspections to ensure employers' compliance with laws safeguarding workers' rights and benefits, and that employers have taken out employees' compensation insurance. Labour inspectors also check employees' proof of identity and collaborate with the Police and the Immigration Department to combat illegal employment. In 2014, 178 joint operations were carried out by the three departments.

Enforcement against Wage Offences

Apart from taking active steps to prevent wage defaults, the Labour Department also takes vigorous enforcement action against employers who fail to pay wages due to their employees. The department secured 304 convictions for wage offences during 2014. Two employers and one company director were sentenced to imprisonment and another company director was ordered to perform community service as a result of wage defaults.

In addition, employers who wilfully and without reasonable excuse fail to pay wages or other entitlements awarded by the Labour Tribunal or Minor Employment Claims Adjudication Board, are liable to criminal prosecution under the Employment Ordinance. In 2014, the department

secured 89 convictions for failures to pay awards made by the Labour Tribunal or Minor Employment Claims Adjudication Board. Two employers and two company directors were sentenced to imprisonment. Another company director was ordered to perform community service.

Protection of Wages on Insolvency Fund

The Protection of Wages on Insolvency Fund, financed by a levy on business registration certificates, provides timely relief to employees affected by insolvent employers in the form of ex gratia payments to cover outstanding wages, wages in lieu of notice, severance payment and pay for untaken annual leave and/or untaken statutory holidays.

In 2014, the fund received 2,236 applications for ex gratia payment, paid out \$58.8 million to 2,186 applicants, and recorded a surplus of \$339 million.

Employees' Compensation

Hong Kong's employees' compensation regime follows the 'no-fault' principle, whereby compensation is payable regardless of whether the injury, occupational disease or death is due to the employee's fault. The Employees' Compensation Ordinance covers injuries or death caused by accidents arising from, and in the course of employment or by specified occupational diseases. An employer must have a valid insurance policy to cover his liabilities both under the ordinance and the common law.

The Labour Department assists injured employees and the families of deceased employees to get compensation from their employers under the Employees' Compensation Ordinance. It also provides interest-free loans to workers injured in job-related accidents. During the year, the Labour Department delivered talks, distributed leaflets, and made announcements on TV and radio to help employers and employees better understand their rights and obligations under the ordinance. An Employees Compensation Assistance Scheme helps injured employees, or family members of deceased employees obtain compensation from defaulting employers. The scheme is financed by a levy imposed on all employees' compensation insurance policies taken out by employers.

Pneumoconiosis and/or mesothelioma sufferers are eligible for compensation under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance administered by the Pneumoconiosis Compensation Fund Board. Those diagnosed to have contracted pneumoconiosis before the ordinance became effective in 1981 may apply for ex gratia payments from the government under the Pneumoconiosis Ex Gratia Scheme. As at 31 December 2014, 1,716 pneumoconiosis and/or mesothelioma sufferers were receiving payments under either the ordinance or the ex gratia scheme. Family members of 92 pneumoconiosis and/or mesothelioma sufferers who died from the diseases were also granted compensation in the year.

The Occupational Deafness Compensation Board administers the Occupational Deafness Compensation Scheme which provides compensation for persons employed in specified noisy occupations who suffer hearing loss as a result of prolonged exposure to excessive noise at work, and financial assistance for hearing assistive devices. In 2014, the board approved 126

compensation applications and paid out \$10.07 million in compensation. It also approved 478 applications to finance hearing assistive devices, costing \$1.49 million, and provided 468 rehabilitation programmes for people with impaired hearing caused by their jobs.

Retirement Protection

All employees, except those who are not required by law to join a local retirement scheme, are provided with retirement protection under the Mandatory Provident Fund Schemes Ordinance, the Occupational Retirement Schemes Ordinance, or other statutory pension plans.

Statutory Minimum Wage (SMW)

The overall employment market has remained stable since the introduction of SMW in May 2011. Employment earnings of low-income employees have continued to improve. The Labour Department organised various publicity activities to promote the SMW legislation. Labour inspectors visited businesses throughout Hong Kong to make sure employers were complying with the law.

The main function of the Minimum Wage Commission, an independent statutory body established under the Minimum Wage Ordinance, is to recommend the SMW rate to the Chief Executive in Council when required by the Chief Executive to do so. On completing its latest review of the SMW rate, the commission submitted its recommendation in October 2014 for the government's consideration.

Employment Agencies

The Labour Department enforces Part XII of the Employment Ordinance and the Employment Agency Regulations which empower it to issue licences to employment agencies, monitor and investigate complaints, and prosecute offenders. The department issued 2,843 employment agency licences, revoked three and refused to renew two in 2014.

Standard Working Hours

With the help of consultants, the Standard Working Hours Committee in 2014 completed public consultation and a survey on working hours. The views and data collected will help the committee in its deliberations on the way forward in respect of a working hours policy.

Entry of Non-locals for Employment

Employment of Professionals

People who possess special skills, knowledge or experience of value to Hong Kong may apply to take up employment in Hong Kong if they have secured a job that cannot be filled readily by local workers that offers a remuneration package broadly commensurate with the prevailing market level. In 2014, 40,989 people from more than 100 countries or territories were admitted for employment in this way. Entrepreneurs who can make a substantial contribution to the economy are also welcome to bring capital and expertise to Hong Kong.

Employment of Non-local Students

Non-local fresh graduates of full-time locally-accredited local programmes at degree or higher level may apply to stay in Hong Kong for one year after graduation to take up employment. Returning non-local graduates may also apply to return to Hong Kong for employment if the job they have secured is at a level normally taken up by degree-holders and remunerated at market rates.

Supplementary Labour Scheme

Under the Supplementary Labour Scheme, employers may apply to the Labour Department to import workers to fill vacancies at technician level or below. The government's policy on labour importation is based on two principles:

- local workers must be given priority in filling job vacancies available in the job market; and
- employers who are genuinely unable to recruit local workers to fill their vacancies should be allowed to import workers.

All applications are considered on a case-by-case basis. To ensure priority of employment for local workers, employers must undertake a four-week open recruitment for each application. The department will then pass the application and the department's recommendation to the Labour Advisory Board for views and then the Commissioner for Labour for a decision. The requirements of open recruitment are: advertising in newspapers, job-matching by the Labour Department and, if appropriate, organising retraining courses for local workers with the assistance of ERB.

As at December 2014, 2,990 imported workers were working in Hong Kong under the scheme.

Foreign Domestic Helpers

Foreign domestic helpers may be admitted, subject to immigration control, if they have relevant working experience and their employers are Hong Kong residents who will offer the terms of employment stipulated in the standard employment contract prescribed by the government. The terms of employment include free and suitable accommodation at the employer's residence, free food or food allowance in lieu, wages not lower than the minimum allowable wage set by the government, free passage from and to the helper's place of origin and free medical treatment. Employers must also meet the required levels of income or assets.

As at December 2014, there were 330,650 foreign domestic helpers in Hong Kong, an increase of 3.01 per cent from 2013. The Philippines and Indonesia respectively accounted for 52.3 per cent and 45.3 per cent of the number of foreign domestic helpers.

Occupational Safety and Health

The Labour Department continues to improve safety and health standards in the workplace through inspection and enforcement, publicity and promotion, and education and training. Safety and health at work in Hong Kong have shown clear signs of improvements in the last

decade as a result of the concerted efforts of employers, employees, contractors, safety practitioners and the government.

In 2014, there were 37,523 occupational injuries, a drop of 15.2 per cent from the 44,267 cases a decade ago. Over the same period, the number of industrial accidents fell from 16,917 to 11,677 a decrease of 31 per cent. In 2014, a total of 243 cases of occupational diseases were confirmed.

Inspection and Enforcement

The Labour Department inspects workplaces regularly to ensure compliance with occupational safety and health laws, particularly in high-risk industries and organisations with poor safety records. The department also conducts special enforcement operations targeting accident-prone workplaces and trades, such as new works construction sites, repair, maintenance, alteration and addition works sites, waste treatment workplaces, logistics, cargo and container handling workplaces, and food and beverages services activities. Enforcement was stepped up in the summer to protect outdoor workers from heat strokes.

In 2014, the department served 2,031 Improvement Notices on companies and organisations, ordering them to improve safety conditions in their workplaces promptly, and 980 Suspension Notices to stop those work activities or the use of plant or substances that posed imminent risks of death or serious bodily injury to employees. The courts heard 2,437 cases, convicting the defendants in 80.3 per cent of these and handing down penalties totalling \$20.12 million.

Promotion and Education

The Labour Department, in collaboration with the Occupational Safety and Health Council (OSHC), major trade associations and the labour unions concerned, organised promotional campaigns to enhance the occupational safety and health awareness of employers and employees in different industries through seminars, roving exhibitions, out-reaching promotional visits, and television and radio broadcasts. The department held a Repair, Maintenance, Alteration and Addition Work Safety Conference and thematic work safety seminars to enhance relevant occupational safety standards. It continued to promote the Occupational Safety Charter and Workplace Hygiene Charter which urge employers and employees to maintain a safe and healthy environment at their workplaces, and organised safety award schemes for the construction and catering industries.

In 2014, the Labour Department held over 2,047 courses, lectures and health talks for some 73,930 employees to help them better understand occupational safety and health and the relevant laws. The department continued to collaborate with relevant organisations, such as the OSHC, the Construction Industry Council, employers' associations and workers' unions, to promote healthy living for professional drivers and to publicise heat stroke prevention measures in construction sites and other outdoor workplaces.

Occupational Health Clinics

The Labour Department provides occupational health services to workers at its occupational health clinics in Kwun Tong and Fanling, and 10,396 clinical consultations with workers were held in 2014.

Occupational Safety and Health Council (OSHC)

The OSHC promotes occupational safety and health in Hong Kong through training, promotion, consultancy, research and information services. In 2014, the OSHC launched the Hong Kong Safety and Health Certification Scheme to provide certification of safety and health management systems in public and private enterprises to enhance safety and productivity. To target the occupational safety and health performance in the construction and catering industries, the OSHC specially launched the 'OSH Star Enterprise – Renovation and Maintenance Work Safety Accreditation Scheme' and the 'Outstanding OSH Restaurant – Pilot Scheme on Catering Safety Accreditation'. Workforce safety and health were enhanced through promotion, systematic training and subsidy to purchase appropriate safety equipment.

In collaboration with its working partners, the OSHC disseminated occupational safety and health messages through various channels. In 2014, it co-organised the 'Healthy Living for Professional Drivers Campaign' with the Labour Department, launched the 'Healthy Workplace is a Happy Workplace Campaign' with employers and employees, and jointly organised the 'Construction Site Lecture Tour for South Asian Workers' with related unions.

In 2014, 1,910 courses on occupational safety and health were held, attended by 39,841 trainees. To better disseminate occupational safety and health information to the ethnic minorities, the OSHC provided information and conducted training courses in different languages. To improve safety performances, the OSHC organised various seminars for different industries and invited overseas and local experts to share their experience.

Websites

Census and Statistics Department: www.censtatd.gov.hk

Education Bureau: www.edb.gov.hk

Employees Retraining Board: www.erb.org

Immigration Department: www.immd.gov.hk

Interactive Employment Service: www.jobs.gov.hk

Labour and Welfare Bureau: www.lwb.gov.hk

Labour Department: www.labour.gov.hk

Occupational Safety and Health Council: www.oshc.org.hk

Security Bureau: www.sb.gov.hk