

## Chapter 7

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# Employment

*The government promotes employment, maintains harmonious labour relations, safeguards the labour rights of employees and enhances safety and health at work.*

Employment is the key to people's livelihood. The government improves the use of human resources in Hong Kong and supports further economic development by upgrading workers' skills so they can be more employable and competitive, improving the business environment, introducing measures to create jobs and enhancing labour market efficiency.

The Labour and Welfare Bureau maps out strategies to develop a well-trained and adaptable workforce to meet the changing manpower demands of the economy and contribute to the overall competitiveness of Hong Kong.

The Labour Department formulates and implements labour policies; enforces labour legislation; provides free employment and recruitment services to job-seekers and employers; 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, supplemented by administrative measures, provides the statutory basis for employers' and employees' obligations and rights, and enables the city to meet internationally accepted labour standards. In 2017, the department secured 4,176 convictions, resulting in fines totalling more than \$30.71 million.

The Employees' Compensation Ordinance, Pneumoconiosis and Mesothelioma (Compensation) Ordinance and Occupational Deafness (Compensation) Ordinance were amended with effect from 1 April to increase the amounts of 18 compensation items payable in cases involving work accidents or prescribed occupational diseases.

The Minimum Wage Ordinance was amended to increase the statutory minimum wage rate by 6.2 per cent to \$34.50 per hour with effect from 1 May.

## Labour Market

In 2017, the labour force totalled 3.95 million people, of whom 51 per cent were men and 49 per cent were women. The total represented a rise of 0.7 per cent over 2016.

The majority, or 88.2 per cent, were employed in the service sectors: 29.8 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; 26.7 per cent in public administration, and social and personal services; 20.5 per cent in financing and insurance, real estate, and professional and business services; and 11.2 per cent in transport, storage, postal and courier services, and information and communications. Only 2.5 per cent worked in manufacturing.

In 2017, the overall unemployment rate dropped from 3.4 per cent in 2016 to 3.1 per cent, while the underemployment rate was 1.2 per cent, lower than the 1.4 per cent in 2016. Total employment rose by about 36,100 to 3,823,200 from 3,787,100 in 2016.

## Employment Earnings and Wages

In 2017, 12.2 per cent of employed persons earned less than \$5,000 a month and 22.8 per cent earned \$30,000 and above a month. Median monthly employment earnings rose by \$500 to \$15,500 from \$15,000 in 2016. The median monthly employment earnings for higher skilled workers, such as managers and administrators, professionals and associate professionals, were \$30,000, while those for lower skilled workers were \$12,000.

Wage rates as measured by the Nominal Wage Index for workers up to supervisory level increased 3.8 per cent in December 2017 over a year earlier.

## International Labour Affairs

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

Hong Kong takes part actively in ILO activities, keeping itself abreast of international labour issues. In June, a team comprising representatives of employers, employees and the government attended the 106th 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 including legislation and ILO conventions and recommendations. Chaired by the commissioner, it has 12 members, with six representing employers and six representing employees.

## **Employment Services**

The Labour Department provides free employment and recruitment services to job-seekers and employers through 13 job centres, three recruitment centres for the catering, retail and construction industries, a Telephone Employment Service Centre and a Job Vacancy Processing Centre. Round-the-clock employment services are available through an Interactive Employment Service website and its mobile application. In 2017, the website recorded an average of around 580,000 page views per day, while its mobile app registered about 430,000 daily hits.

The department offers special help to job-seekers through initiatives that include the Employment Programme for the Middle-aged, Work Trial Scheme, Work Orientation and Placement Scheme for job-seekers with disabilities, Youth Employment and Training Programme, and Youth Employment Start.

The department also organises large-scale, district-based and thematic job fairs. For major closure or retrenchment cases, it will set up a telephone hotline and special counters at job centres to provide priority job referral services for affected workers.

In 2017, the department registered 49,233 job-seekers and made over 154,000 job placements. It recorded 1,419,270 private-sector vacancies, 5.3 per cent more than in 2016.

### ***Employment Programme for the Middle-aged***

Employers who engage eligible people aged 40 or above and give them on-the-job training get a training allowance of up to \$3,000 per month per employee for three to six months. In 2017, 2,642 middle-aged or elderly job-seekers were employed under this programme.

### ***Work Trial Scheme***

Each participant who completes a one-month work trial receives \$7,600 from the department, of which \$500 is paid by the organisation in which the participant served. In 2017, 173 people with difficulties in finding jobs took part in the trials.

### ***Work Incentive Transport Subsidy Scheme***

This scheme helps low-income earners reduce their cost of travelling to and from work and encourages them to secure and stay in employment. In 2017, 44,172 applicants received the subsidy.

### ***People with Disabilities***

The department helps people with disabilities who are fit for open employment to seek jobs. It provides free employment counselling and placement services to people who are formerly mentally ill or have conditions such as hearing or visual impairment, physical handicap, chronic illness, autism, intellectual disability, specific learning difficulties and attention deficit/hyperactivity disorder. In 2017, the department registered 2,833 job-seekers with disabilities and secured 2,203 placements.

The Work Orientation and Placement Scheme improves employment opportunities for people with disabilities by paying an allowance to encourage employers to provide jobs and

employment support. A participating employer who hires a person with disabilities having employment difficulties is entitled to an allowance amounting to a maximum of \$35,000 over a period of up to eight months. In 2017, the scheme made 802 job placements.

### **Continuing Education Fund**

The government subsidises continuing studies for adults. Eligible applicants who complete approved courses receive reimbursement of 80 per cent of the fees paid, capped at \$10,000 per person. In 2017, over 25,000 applications to open Continuing Education Fund accounts were approved and subsidies totalling about \$141 million were paid out.

### **Youth Employment and Training Programme**

School-leavers aged between 15 and 24 with up to sub-degree education may choose from a full range of pre-employment and on-the-job training under the programme. This is 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. Participating employers who engage eligible young people and provide them with on-the-job training may get a maximum training allowance of \$3,000 per month per employee for six to 12 months. In 2016-17, 5,720 school-leavers enrolled on the programme.

### **Youth Employment Support**

People aged between 15 and 29 may make use of one-stop advisory and support services at two youth employment resource centres called Youth Employment Start, which are operated by the department to improve their chances of employment and secure sustainable employment or self-employment. In 2017, the two centres served 72,878 young people.

### **Working Holiday Scheme**

Hong Kong has bilateral working holiday arrangements with 12 economies: Australia, Austria, Canada, France, Germany, Hungary, Ireland, Japan, New Zealand, South Korea, Sweden and the United Kingdom. The scheme enables Hong Kong youths aged 18 to 30 to broaden their horizons by experiencing foreign culture through living and working temporarily overseas while holidaying, and allows youths from the partner economies to learn about Hong Kong.

Austria and the UK allow Hong Kong youths to stay for up to six and 24 months respectively. The remaining 10 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 supplement their travel expenses and/or, except for Ireland, studying short-term courses.

As at end-2017, the scheme had recorded about 85,000 Hong Kong youth participants and welcomed about 10,000 youths from the partner economies to Hong Kong.

### **Employees Retraining Board**

The Employees Retraining Board is a statutory body set up under the Employees Retraining Ordinance. The board provides, under its Manpower Development Scheme, market-driven training and employment support through about 90 appointed training bodies that operate a total of around 400 training centres. People aged 15 or above with up to sub-degree education

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. There are about 700 courses covering 28 industries. Every year, the board offers around 130,000 training places to upgrade the skills of in-service workers, and to help the unemployed and those seeking job changes re-enter the labour market.

### ***Dedicated Training***

The board provides dedicated training and employment support to young people, new arrivals, ethnic minorities, people with disabilities, those recovered from work injuries, rehabilitated former drug abusers and former offenders.

### ***Employment Support***

The board operates Smart Living, Smart Baby Care and Smart Starter schemes to provide trainees with registration, referral and follow-up services for relevant job vacancies. It operates service centres in Kowloon East and Tin Shui Wai, as well as service spots in Kwai Tsing, Tsuen Wan and elsewhere, to provide residents in relevant districts with training support services.

### ***Labour Relations***

The Labour Department provides a voluntary conciliation service to help employers and employees outside the government resolve disputes and claims. It also publicises the Employment Ordinance and promotes good people management practices.

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

The department also works with 18 human resources managers' clubs to encourage members to maintain effective employer-employee communication and adopt good people management practices in their organisations and sectors.

During the year, the department handled 57 trade disputes and 14,666 employment claims. In cases where the department provided a conciliation service, more than 70 per cent were settled. It also handled three strikes which resulted in a loss of 166.5 working days in the year, or an average loss of 0.05 working days per 1,000 salaried employees and wage earners, one of the lowest in the world.

### ***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 2017, 13 new unions were registered, bringing the number of registered trade unions to 899, comprising 836 employee unions, 14 employers' associations, 38 mixed organisations of

employees and employers, and 11 trade union federations. The yearly average of the declared membership of employee unions over the five years from 2012 to 2016 was about 850,000. During the same period, the trade union participation rate, meaning the proportion of the total declared membership of employee unions to the total number of salaried employees and wage earners, was 24 per cent.

As at end-2017, about half of the employee unions were affiliated to four major labour organisations: the Hong Kong Federation of Trade Unions (191 unions), Federation of Hong Kong and Kowloon Labour Unions (92 unions), Hong Kong Confederation of Trade Unions (82 unions), and Hong Kong and Kowloon Trades Union Council (27 unions).

### **Minor Employment Claims Adjudication Board**

This 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 2017, it dealt with 828 claims and granted awards amounting to \$1.91 million.

### **Labour Tribunal**

The Labour Tribunal is part of the Judiciary. It 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 2017, 4,015 cases were filed with the tribunal, of which 3,909 were initiated by employees and 106 by employers. Of these, 94 per cent were referred by the Labour Department. The tribunal dealt with 4,048 cases and granted awards totalling more than \$227 million.

### **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.

### **Legal Protection**

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

Labour inspectors conduct workplace inspections to ensure employers comply with laws which safeguard workers' rights and benefits. The inspectors also check employees' proof of identity and work with the police and Immigration Department to combat illegal employment. In 2017, the three departments carried out 220 joint operations.

### **Enforcement against Wage Offences**

The Labour Department takes active steps to prevent wage defaults. It also pursues vigorous enforcement action against employers who fail to pay wages due to their employees, and

against employers who wilfully and without reasonable excuse fail to pay sums awarded by the Labour Tribunal or Minor Employment Claims Adjudication Board.

In 2017, the department secured 766 convictions for wage offences and 126 convictions for failure to pay sums awarded by the tribunal or the board. One employer and four company directors were sentenced to imprisonment for these offences, and another company director was ordered to perform community service.

### ***Protection of Wages on Insolvency Fund***

The fund provides timely relief in the form of ex gratia payment covering outstanding wages, wages in lieu of notice, severance payment, pay for untaken annual leave and pay for untaken statutory holidays to employees affected by their insolvent employers. It is financed mainly by a levy on business registration certificates. In 2017, the fund made ex gratia payments totalling \$79.6 million to 2,640 applicants and recorded a surplus of \$336 million.

### ***Employees' Compensation***

The employees' compensation regime follows the 'no-fault' compensation principle, whereby compensation is payable regardless of whether the injury, prescribed occupational disease or death is due to the employee's fault. The Employees' Compensation Ordinance covers injury or death caused by accidents arising from and in the course of employment, or by prescribed occupational diseases. An employer must have a valid employees' compensation insurance policy to cover liabilities under the laws, including common law. Labour inspectors conduct workplace inspections to ensure employers have taken out such insurance.

The department helps injured employees and the families of deceased employees get compensation from their employers under the Employees' Compensation Ordinance. It helps employers and employees better understand their rights and obligations under the ordinance through talks, leaflets, the media platform at hospitals, and journals of employers' associations and trade unions.

An Employees Compensation Assistance Scheme administered by the Employees Compensation Assistance Fund Board provides assistance payment to injured employees or family members of deceased employees who fail to receive the entitled compensation after exhausting all legally and financially viable means of recovery. The Occupational Deafness Compensation Scheme, administered by the Occupational Deafness Compensation Board, 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. Both schemes are 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. The fund is financed by a levy imposed on the construction and quarrying industries. 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.

### **Statutory Minimum Wage**

The overall employment market has remained stable since statutory minimum wage was introduced in 2011. Employment earnings of low-income employees have continued to improve. The statutory minimum wage rate was raised to \$34.50 per hour on 1 May. Labour inspectors visit businesses to make sure employers comply with the Minimum Wage Ordinance.

The Minimum Wage Commission is an independent statutory body established under the ordinance. Its main function is to recommend the statutory minimum wage rate to the Chief Executive in Council when required by the Chief Executive to do so. The commission comprises a chairperson and not more than three members each from the labour and business sectors, academia and the government.

### **Employment Agencies**

The department enforces Part XII of the Employment Ordinance and the Employment Agency Regulations through issuing licences, investigating complaints and prosecuting offenders. A Code of Practice for Employment Agencies was promulgated in January to enhance the professional standards and service quality of the industry. The department issued or renewed 3,119 employment agency licences and revoked or refused to renew six in 2017.

### **Working Hours Policy**

The Standard Working Hours Committee submitted a report with its recommendations on the working hours policy direction to the government on 27 January. The department is reviewing and following up on those recommendations, taking account of views from the community. It is formulating sector-specific guidelines through its industry-based tripartite committees to provide guidance to industries on working hours arrangements, overtime compensation methods and good working hours management measures.

### **Retirement Protection**

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

In January, the last-term government proposed progressively abolishing the offsetting of severance and long service payments with the accrued benefits of employers' mandatory contributions under the MPF System. The current-term government is committed to abolishing the offsetting arrangement and will put forward a revised proposal that takes into account the interests of both the labour and business sectors.

## **Entry of Non-locals for Employment**

### **Professionals**

People who possess special skills, knowledge or experience of value to Hong Kong may apply to take up employment if they have secured a job that cannot be filled readily by local workers and which offers a remuneration package broadly commensurate with prevailing market levels. In 2017, 52,333 people from more than 100 countries or territories were hired this way. Non-



local entrepreneurs, including start-ups, are welcome to bring capital and expertise to Hong Kong if they can make a substantial contribution to the economy.

### **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 this scheme, employers may apply to the Labour Department to import workers to fill vacancies at technician level or below. All applications are considered on a case-by-case basis. To ensure employment priority for local workers, employers must undertake a four-week open recruitment for each fresh application. The department will then pass the application and its recommendation to members of the Labour Advisory Board for views, followed by the Commissioner for Labour for a decision.

As at December, 4,930 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 government-prescribed standard employment contract. The terms of employment include free and suitable accommodation with reasonable privacy 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, Hong Kong had 369,651 foreign domestic helpers. The Philippines and Indonesia respectively accounted for 54.4 per cent and 43.2 per cent of the total number of foreign domestic helpers.

### **Occupational Safety and Health**

The Labour Department strives to improve occupational safety and health standards in the workplace through inspection and enforcement, publicity and promotion, and education and training. Occupational safety and health standards have improved through the years with the concerted efforts of employers, employees, contractors, safety practitioners and the government.

In 2017, there were 35,631 occupational injuries, a drop of 15 per cent from the 41,900 cases a decade ago. Over the same period, the number of industrial accidents fell 25.8 per cent, from 14,932 to 11,077. There were 304 cases of occupational diseases confirmed in the year.

### ***Inspection and Enforcement***

The department inspects workplaces regularly to ensure compliance with occupational safety and health laws, particularly in high-risk industries and work processes such as work-at-height activities, and at organisations with poor safety records. Special enforcement operations target workplaces and trades which tend to be risk-prone, such as new construction sites; repair, maintenance, alteration and addition works sites; waste management premises; logistics, cargo and container handling areas, and food and beverage services. Enforcement is strengthened in the summer to protect outdoor workers from heatstroke.

In 2017, the department served 2,790 improvement notices on companies and other organisations, urging them to improve safety conditions promptly, and 823 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 department secured 2,256 convictions, resulting in penalties totalling \$23.78 million.

### ***Promotion and Education***

The Labour Department works with the Occupational Safety and Health Council (OSHC), other government departments, major trade associations and labour unions to raise awareness of occupational safety and health and the relevant laws among employers and employees in different industries. It promotes the Occupational Safety Charter, which urges employers and employees to maintain a safe and healthy environment at their workplaces, and organises safety award schemes for the construction and catering industries. In 2017, the department held 2,162 courses, lectures and talks for some 70,800 employees.

The department also works with the OSHC, Construction Industry Council, employers' associations and workers' unions to promote the prevention of lower limb musculoskeletal disorders to industries such as catering and retail services, and to publicise heatstroke prevention measures at construction sites and other outdoor workplaces.

### ***Occupational Health Clinics***

The department provides occupational health services to workers at its occupational health clinics in Kwun Tong and Fanling. It held 11,124 clinical consultations with workers in 2017.

### ***Occupational Safety and Health Council***

The OSHC encourages safety and health at work through training, promotion, consultancy, research and information services. To minimise the risk of head injuries due to falls from heights, the OSHC and the department in 2017 launched two sponsorship schemes, on safety helmets and light work platforms, for small and medium enterprises to suitably equip employees who work above the ground.

The OSHC held 2,074 courses on occupational safety and health for 44,154 trainees. The programmes are accredited within the Qualifications Framework, ensuring quality training for safety management personnel. To meet market needs, new courses were rolled out to strengthen the safety and health training of front-line supervisors in performing daily duties.

Inculcating a knowledge of safety and health in youngsters is of great importance in fostering a safety culture in the community. Students learn through participation in competitions and other OSHC activities. To reach out to ethnic minorities, the council also provides promotional materials in languages such as Indonesian and Nepali.

**Websites**

Census and Statistics Department: [www.censtatd.gov.hk](http://www.censtatd.gov.hk)

Continuing Education Fund: [www.wfsfaa.gov.hk/cef](http://www.wfsfaa.gov.hk/cef)

Employees Retraining Board: [www.erb.org](http://www.erb.org)

Immigration Department: [www.immd.gov.hk](http://www.immd.gov.hk)

Interactive Employment Service: [www.jobs.gov.hk](http://www.jobs.gov.hk)

Labour and Welfare Bureau: [www.lwb.gov.hk](http://www.lwb.gov.hk)

Labour Department: [www.labour.gov.hk](http://www.labour.gov.hk)

Occupational Safety and Health Council: [www.oshc.org.hk](http://www.oshc.org.hk)

Security Bureau: [www.sb.gov.hk](http://www.sb.gov.hk)