

Chapter 7

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 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, safeguards employees' rights and benefits, and promotes occupational safety and health 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 2019, the department secured 4,843 convictions, resulting in fines totalling more than \$30.29 million.

The Employment (Amendment) (No. 3) Ordinance 2018 took effect on 18 January to increase statutory paternity leave from three days to five days.

The Employees' Compensation Ordinance, Pneumoconiosis and Mesothelioma (Compensation) Ordinance (PMCO) and Occupational Deafness (Compensation) Ordinance were amended with effect from 26 April to raise the amounts of 18 compensation items payable in cases involving work accidents or prescribed occupational diseases and to expand the list of medical appliances under the PMCO.

From 1 May, the Minimum Wage Ordinance was amended to increase the statutory minimum wage rate by 8.7 per cent to \$37.50 per hour.

Labour Market

In 2019, the labour force totalled 3.97 million people, of whom 50 per cent were men and 50 per cent were women. The total represented a drop of 0.3 per cent over 2018.

The majority, or 88.6 per cent, were employed in the service sectors: 28.4 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; 28 per cent in public administration, and social and personal services; 21.3 per cent in financing and insurance, real estate, and professional and business services; and 10.9 per cent in transport, storage, postal and courier services, and information and communications. Only 2.3 per cent worked in manufacturing.

The overall unemployment rate rose from 2.8 per cent in 2018 to 2.9 per cent in 2019, while the underemployment rate remained at 1.1 per cent in 2018 and 2019. Total employment dropped by about 17,100 to 3,849,900.

Employment Earnings and Wages

During the year, 12 per cent of employed people earned less than \$5,000 a month and 25.3 per cent earned \$30,000 and above a month. Median monthly employment earnings rose by \$600 to \$17,100 from \$16,500 in 2018. The median monthly employment earnings for higher-skilled workers, such as managers and administrators, professionals and associate professionals, were \$30,000 in 2019, while those for lower-skilled workers were \$13,000.

Wage rates as measured by the Nominal Wage Index for workers up to supervisory level increased 2.8 per cent in December 2019 over a year earlier.

International Labour Affairs

Hong Kong applies 31 international labour conventions of the International Labour Organisation (ILO). The city puts in place comprehensive legislative and administrative measures to implement standards set by these conventions.

Hong Kong takes part actively in ILO activities. In June, a team comprising representatives of employers, employees and the government attended the 108th Session of the International Labour Conference, a centenary conference marking the ILO's 100th anniversary, 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 six members 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 the Interactive Employment Service website and mobile application.

The department organises large-scale, district-based and thematic job fairs. It offers targeted help through the Employment Programme for the Elderly and Middle-aged, Work Trial Scheme, Work Orientation and Placement Scheme for job-seekers with disabilities, Youth Employment and Training Programme, and Youth Employment Start. 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 2019, the department registered 43,742 job-seekers and made over 111,000 job placements. It recorded 1,288,926 private-sector vacancies, 12.2 per cent less than in 2018.

Employment Programme for the Elderly and Middle-aged

Employers engaging job-seekers aged 60 or above who are unemployed or have left the workforce and providing them with on-the-job training under the Employment Programme for the Elderly and Middle-aged are offered a monthly training allowance of up to \$4,000 per employee for six to 12 months. Those who engage unemployed job-seekers aged 40 to 59 are offered an allowance of up to \$3,000 per month for three to six months. This programme recorded 3,061 placements in 2019.

Work Trial Scheme

Work trials are conducted for people with difficulties in finding jobs. On 1 May, the work trial allowance was increased for full-time posts and the scope of the scheme expanded to cover part-time posts. Each participant who completes a one-month full-time work trial receives \$8,300 from the department, while the allowance for a part-time work trial is \$49 per hour, of which \$500 is contributed by the organisation in which the participant served. During the year, 227 people 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. During the year, 26,883 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 hearing or visual impairment, physical handicap, chronic illness, autism spectrum disorder, intellectual disability, specific learning difficulties or attention deficit/hyperactivity disorder. In 2019, the department registered 2,766 job-seekers with disabilities and secured 2,213 placements.

The Work Orientation and Placement Scheme improves employment opportunities for people with disabilities by paying employers an allowance to encourage them to provide jobs and employment support. A participating employer who hires a person with disabilities having employment difficulties is entitled to an allowance of up to \$51,000 over the nine-month on-the-job training period. In 2019, the scheme made 942 job placements.

Continuing Education Fund

The fund provides adults with subsidies for continuing learning. A series of enhancement measures were implemented from April. About 19,200 reimbursement claims were approved and subsidies totalling about \$153 million were paid out in the year.

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. This programme 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 training allowance of up to \$4,000 per month per employee for six to 12 months. In 2018-19, 4,572 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 help secure their sustainable employment or self-employment. In 2019, services were provided to young people by the two centres 70,305 times.

Working Holiday Scheme

Hong Kong has bilateral working holiday arrangements with 13 economies: Australia, Austria, Canada, France, Germany, Hungary, Ireland, Japan, Korea, the Netherlands, New Zealand, 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.

The UK allows Hong Kong youths to stay for up to 24 months. The remaining 12 partner economies issue working holiday visas to Hong Kong youths to stay for up to 12 months for holidaying, short-term employment to support their travel expenses and, except for Ireland, short-term courses.

As at end-2019, the scheme had recorded about 96,000 Hong Kong youth participants and welcomed about 14,000 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. Through about 80 appointed training bodies that operate a total of around 350 training centres, the board provides market-driven training and support to help the unemployed and those seeking job changes re-enter the labour market. People aged 15 or above with up to sub-degree education may enrol on its full-time placement-tied courses, half-day or evening generic skills training courses, and Skills Upgrading courses. The board offers around 140,000 training places annually under its 700 courses straddling 28 industries. The training and support also cater for the needs of different social groups, including young people, new arrivals, ethnic minorities, people with disabilities, people recovered from work injuries, rehabilitated former drug abusers and former offenders. In October the board, entrusted by the government, launched the Love Upgrading Special Scheme for employees affected by the economic downturn to upgrade their skills with the aim of rejoining the job market as soon as possible.

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 human resource 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 human resource management practices in their organisations and sectors.

In 2019, the department handled 76 trade disputes and 13,755 employment claims. In cases where the department provided a conciliation service, more than 70 per cent were settled.

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.

During the year, 25 new unions were registered, bringing the number of registered trade unions to 928, comprising 866 employee unions, 12 employers' associations, 39 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 2014 to 2018 was about 880,000. 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 24.5 per cent.

As at end-2019, nearly 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 (94 unions), Hong Kong Confederation of Trade Unions (78 unions), and Hong Kong and Kowloon Trades Union Council (26 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 2019, it dealt with 570 claims and granted awards amounting to \$1.38 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. During the year, 4,323 cases were filed with the tribunal, of which 4,252 were initiated by employees and 71 by employers.

Employees' Rights and Benefits

The Employment Ordinance provides for 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. The government aims to improve employees' benefits and protection at a pace commensurate with Hong Kong's overall socio-economic development, taking into account both employees' interests and employers' ability to afford the benefits.

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 that 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 2019, the three departments carried out 81 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 2019, the department secured 836 convictions for wage offences and 186 convictions for failure to pay sums awarded by the tribunal or the board. Five company directors were

sentenced to imprisonment for these offences, and another two company directors and one employer were 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 2019, the fund made ex gratia payments totalling \$83.1 million to 2,524 applicants and recorded a surplus of \$417 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 employees and employers better understand their rights and obligations under the ordinance through talks and wide publicity.

The Employees Compensation Assistance Fund 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 Fund 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 funds are financed mainly by a levy imposed on all employees' compensation insurance policies taken out by employers.

Pneumoconiosis and/or mesothelioma sufferers are eligible for compensation administered by the Pneumoconiosis Compensation Fund Board under the PMCO. 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 new statutory minimum wage rate of \$37.50 per hour, effective from May, has been operating smoothly. The department publicises the Minimum Wage Ordinance widely and labour inspectors visit businesses to ensure employers' compliance with the law.

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.

Regulation of Employment Agencies

The department enforces Part XII of the Employment Ordinance, the Employment Agency Regulations and the Code of Practice for Employment Agencies through issuing licences, conducting inspections, investigating complaints and prosecuting offenders. In 2019, the department conducted 2,043 inspections of employment agencies, prosecuted 10 non-compliant agencies successfully, issued or renewed 3,266 licences, and revoked or refused to issue or renew 13 licences.

Working Hours Policy

In 2019, the department continued to engage its 11 industry-based tripartite committees, comprising nine existing committees and two set up specifically to discuss working hours arrangements of the cleaning services and elderly homes industries. The aim is to formulate working hours guidelines that will suggest sector-specific working hours arrangements, overtime compensation arrangements and good working hours management measures for the reference and adoption of employers and their employees in these sectors.

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 2019, the government worked on the implementation details of support measures and the enabling legislation to abolish the practice of employers using their mandatory MPF contributions and the comparable part of other retirement fund contributions to offset their employees' severance payment and long service payment.

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 taken up readily by the local workforce and offers a remuneration package broadly commensurate with the prevailing market level. Entrepreneurs, including start-ups, are also welcome to bring capital and expertise to Hong Kong if they can make a substantial contribution to the economy. During the year, 55,342 people from more than 100 countries and territories availed themselves of this opportunity.

Students

Fresh graduates of full-time, locally accredited programmes at degree or higher level may apply to stay and work in Hong Kong for one year after graduation.

Non-local graduates may also apply to return to work in Hong Kong if the job they have secured is at a level commonly taken up by degree-holders and the remuneration package is at market level.

Supplementary Labour Scheme

Employers may apply to the Labour Department to import workers to fill vacancies at the 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 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, 5,637 imported workers were working in Hong Kong under the scheme.

Foreign Domestic Helpers

Foreign domestic helpers may be admitted to work in Hong Kong if they and their employers satisfy the eligibility criteria, subject to immigration control. Employers must offer their helpers the terms of employment stipulated in the government-prescribed standard employment contract, including 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.

As at December, Hong Kong had 399,320 foreign domestic helpers. Filipino and Indonesian helpers respectively accounted for 55 per cent and 43 per cent of all the foreign domestic helpers.

Occupational Safety and Health

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

In 2019, there were 32,872 occupational injuries, a drop of 21.6 per cent from the 41,907 cases a decade ago. Over the same period, the number of industrial accidents fell 34 per cent from 14,015 to 9,254. There were 442 cases of occupational diseases confirmed in the year.

Inspection and Enforcement

The department adopts a risk-based approach to inspect workplaces to ensure compliance with occupational safety and health laws, targeting high-risk industries and work processes such as work-at-height activities, and organisations with poor safety records. From time to time, the department launches special enforcement operations on workplaces and trades that are more risk-prone, such as new construction sites; repair, maintenance and alteration 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 2019, the department served 3,987 improvement notices on companies and other organisations, urging them to improve safety conditions promptly, and 541 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 2,379 convictions, resulting in penalties totalling \$21.33 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 produces work safety alerts in the form of animation videos to help the industry understand how some accidents happened and the preventive measures that can be taken to prevent recurrence. In 2019, the department held 2,046 courses, lectures and talks for over 65,400 employees.

The department also works with the OSHC, Construction Industry Council, employers' associations and workers' unions to promote the prevention of musculoskeletal disorders to various industries and to publicise heatstroke prevention at construction sites and other outdoor workplaces. In 2019, the department produced a new Announcement in the Public Interest to enhance awareness of reducing the health risks of standing at work.

Occupational Health Clinics

The department provides occupational health services to workers at its occupational health clinics in Kwun Tong and Fanling. It held 10,718 clinical consultations with workers in 2019.

Occupational Safety and Health Council

The council fosters awareness of safety and health at work through training, promotion, consultancy, research and information services. It organised over 2,000 courses for nearly 60,000 trainees in 2019.

The council works with government departments to conduct the 'Joyful@Healthy Workplace' campaign to raise awareness of mental health. During the year, it rolled out a pilot scheme with the Labour Department, providing property management companies with working platforms for free use by their contractors and workers to enhance work-at-height safety.

Sponsorship schemes offer small and medium enterprises technical advice and financial support to buy safety equipment.

Websites

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

Continuing Education Fund: www.wfsfaa.gov.hk/cef

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
Working Family and Student Financial Assistance Agency: www.wfsfaa.gov.hk