

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 2020, the department secured 4,200 convictions, resulting in fines totalling more than \$22.75 million.

On 11 December, amendments to the Employment Ordinance took effect to increase statutory maternity leave from 10 weeks to 14 weeks. Employers may apply to the government for full reimbursement of the additional maternity leave pay, subject to a cap of \$80,000 per employee.

Labour Market

In 2020, the labour force totalled 3.89 million people, of whom 50 per cent were men and 50 per cent were women. The total represented a drop of 2 per cent over 2019.

The majority, or 88.9 per cent, were employed in the service sectors: 29.3 per cent in public administration, and social and personal services; 26.2 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; 22.6 per cent in financing and insurance, real estate, and professional and business services; and 10.9 per cent in transportation, storage, postal and courier services, and information and communications. Only 2.3 per cent worked in manufacturing.

The overall unemployment rate rose from 2.9 per cent in 2019 to 5.8 per cent in 2020, whereas the underemployment rate rose from 1.1 per cent in 2019 to 3.3 per cent in 2020. Total employment dropped by about 188,300 to 3,661,600.

Employment Earnings and Wages

During the year, 12.1 per cent of employed people earned less than \$5,000 a month and 26.6 per cent earned \$30,000 and above a month. Median monthly employment earnings rose by \$600 to \$17,700 from \$17,100 in 2019. The median monthly employment earnings for higher-skilled workers, such as managers and administrators, professionals and associate professionals, were \$30,000 in 2020, 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 1 per cent in December 2020 over a year earlier.

International Labour Affairs

Hong Kong applies 31 international labour conventions of the International Labour Organisation (ILO) through comprehensive legislative and administrative measures.

Hong Kong also takes part in ILO activities to keep abreast of international labour issues.

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, Racial Diversity Employment Programme, 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 2020, the department registered 41,180 job-seekers and made over 126,000 job placements. It recorded 686,297 private-sector vacancies, 46.8 per cent less than in 2019.

Employment Programme for the Elderly and Middle-aged

The Employment Programme for the Elderly and Middle-aged encourages employers to hire the elderly and middle-aged and provide them with on-the-job training by paying employers an on-the-job training allowance. In light of the deteriorating employment situation, the monthly allowance was increased from September to \$5,000 for engaging job-seekers aged 60 or above (payable for six to 12 months), and to \$4,000 for engaging those aged 40 to 59 (payable for three to six months). There were 2,260 placements under the programme in 2020.

Work Trial Scheme

Work trials are conducted for people with difficulties in finding jobs. 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, 320 people took part in the trials.

Individual-based 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, 23,381 applicants received the subsidy.

Racial Diversity Employment Programme

In November, two non-governmental organisations commissioned by the department started, on a pilot basis, the Racial Diversity Employment Programme. The programme provides one-stop employment support services to job-seekers from ethnic minorities in a case management approach, including canvassing suitable vacancies, assessing individual employment needs, assisting with job matching, providing pre-employment counselling and offering post-placement follow-up services for those employed and their employers.

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 2020, the department registered 2,478 job-seekers with disabilities and secured 1,741 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. In September, the maximum allowance payable to an employer who

hires a person under the scheme was increased by \$9,000 to \$60,000 over the nine-month on-the-job training period. In 2020, 809 job placements were made under the scheme.

Continuing Education Fund

The fund provides adults with subsidies for continuing learning. About 26,578 reimbursement claims were approved and subsidies totalling about \$220 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. Government departments, employers and non-governmental organisations work together under this programme 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 for six to 12 months, increased in September from \$4,000 to \$5,000 per month. In 2019-20, 3,418 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 2020, services were provided to young people by the two centres 21,705 times.

Retention Allowance

The department launched a pilot scheme in September to encourage eligible participants in the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme to complete on-the-job training by paying them a retention allowance, up to a maximum of \$12,000 per employee.

Working Holiday Scheme

Hong Kong has bilateral working holiday arrangements with 14 economies: Australia, Austria, Canada, France, Germany, Hungary, Ireland, Italy (commencement date to be confirmed), 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 different cultures through living and working temporarily overseas while holidaying, and allows youths from the partner economies to learn about Hong Kong.

The majority of Working Holiday Scheme partner economies allow 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 December, the scheme had recorded about 97,000 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 through 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. The board's 'Love Upgrading Special Scheme' (commissioned by the government) offers free training courses and special allowances during the training period. In May, the maximum monthly allowance per trainee was increased from \$4,000 to \$5,800.

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 2020, the department handled 85 trade disputes and 10,991 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, 496 new unions were registered, bringing the number of registered trade unions to 1,422, comprising 1,355 employee unions, 12 employers' associations, 43 mixed organisations of employees and employers, and 12 trade union federations. The yearly average of the declared membership of employee unions over the five years from 2015 to 2019 was about 900,000. During the same period, the trade union participation rate (the proportion of the total declared membership of employee unions to the total number of salaried employees and wage earners) was 25 per cent.

As at December, around 30 per cent of the employee unions were affiliated to four major labour organisations: the Hong Kong Federation of Trade Unions (192 unions), Federation of Hong Kong and Kowloon Labour Unions (109 unions), Hong Kong Confederation of Trade Unions (84 unions), and Hong Kong and Kowloon Trades Union Council (25 unions).

Minor Employment Claims Adjudication Board

This board adjudicates claims arising from disputes of statutory or contractual rights of employment involving not more than 10 claimants in each case and sums not exceeding \$8,000 per claimant. In 2020, it dealt with 370 claims and granted awards amounting to \$0.88 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, 3,533 cases were filed with the tribunal, of which 3,504 were initiated by employees and 29 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 2020, the three departments carried out 34 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 2020, the department secured 565 convictions for wage offences and 143 convictions for failure to pay sums awarded by the tribunal or the board. Two company directors were

sentenced to imprisonment for these offences, and another four 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 2020, the fund made ex gratia payments totalling \$78.5 million to 2,428 applicants and recorded a surplus of \$391 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 out of 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 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 Pneumoconiosis and Mesothelioma (Compensation) Ordinance. 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

From May 2019, the statutory minimum wage (SMW) rate is \$37.50 per hour. 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 report to the Chief Executive in Council its recommendation as to the amount of the minimum hourly wage, at least once every two years. It submitted its most recent report in October, recommending that the SMW rate should be maintained at \$37.50 per hour.

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 2020, the department conducted 1,405 inspections of employment agencies, prosecuted 11 non-compliant agencies successfully, issued or renewed 3,331 licences, and revoked or refused to issue seven licences.

Working Hours Policy

The department engages its 11 industry-based tripartite committees, including two set up specifically to discuss working hours arrangements of the cleaning services and elderly homes industries, to formulate sector-specific guidelines that will suggest arrangements for working hours, overtime compensation and good working hours management measures for employers and their employees to adopt and apply.

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 2020, the government continued drafting legislation to abolish the practice of employers using their mandatory MPF contributions and other retirement fund contributions to offset their employees' severance and long service payments and to implement the support measures.

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. In 2020, 21,612 applications were approved from people from more than 100 countries and territories.

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, 5,158 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 373,884 foreign domestic helpers. Filipino and Indonesian helpers respectively accounted for 55 per cent and 42 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 2020, there were 27,127 occupational injuries, a drop of 33.1 per cent from the 40,578 cases a decade ago. Over the same period, the number of industrial accidents fell 47.3 per cent from 13,658 to 7,202. There were 216 cases of occupational diseases confirmed in the year.

Inspection and Enforcement

The department monitors occupational safety and health risks in various industries, and 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; and logistics, cargo and container handling areas. Enforcement is strengthened in the summer to protect outdoor workers from heatstroke.

In 2020, the department served 2,743 improvement notices on companies and other organisations, urging them to improve safety conditions promptly, and 361 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 2,136 convictions, resulting in penalties totalling \$16.55 million. It also increased inspections of infection control measures at workplaces to reduce the risk of COVID-19 transmission.

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 2020, the department held 694 courses, lectures and talks for over 48,200 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 2020, the department broadcast 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 6,327 clinical consultations with workers in 2020.

Occupational Safety and Health Council

The OSHC fosters awareness of safety and health at work through training, promotion, consultancy, research and information services. In 2020, it produced a series of information packs on personal hygiene and workplace infection control measures for various industries to help combat COVID-19. It also increased the discount offered on its training courses for small and medium enterprises, and offered free training courses to the catering, retail, hotel and tourism sectors.

In 2020, the OSHC conducted over 1,000 seminars and training courses (both physical and online) for over 55,000 people.

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