

**Speaking Notes for the Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on 9 April 2020**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2020-21 is estimated to be \$2,460 million, representing an increase of \$320 million (15.1%) over the revised estimate of \$2,140 million last year. It accounts for 0.5% of the total recurrent government expenditure. I will briefly highlight the key areas of work in respect of labour and manpower development in the coming year.

Supporting Employees

2. Hong Kong's economy has seen negative growth since the second half of 2019 and the unemployment rate has been on the rise. Compounded with the threat posed by the COVID-19 infection, it is anticipated that the labour market will further deteriorate. The Government plans to raise the ceiling of the on-the-job training (OJT) allowance payable to employers under the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme as well as the Work Orientation and Placement Scheme in the second half of this year, with a view to further encouraging employers to hire the elderly, young people and persons with disabilities. With the introduction of the enhancement measures, employers engaging a job seeker under these three employment programmes would be entitled to an allowance of up to \$60,000.

3. The Government will also launch a pilot scheme in the second half of this year to offer a retention allowance to eligible elderly persons, young people and persons with disabilities engaged under these employment programmes so as to encourage them to undergo and complete OJT, thereby stabilising employment. Subject to the length of the OJT period, the maximum amount of retention allowance that a full-time employee may receive is \$12,000.

Abolishing the “Offsetting” of Severance Payment and Long Service Payment with Employers’ Mandatory Contributions under the Mandatory Provident Fund System

4. Regarding the abolition of the arrangement of “offsetting” severance payment and long service payment with employers’ mandatory contributions under the Mandatory Provident Fund (MPF) System, the Government will continue to work in full steam on the preparatory work, including mapping out the operational details of the supporting measures, such as assisting employers to set up designated saving accounts under their own name, and embarking on the drafting of the enabling bill, etc. The Government will strive to introduce the enabling bill into the Legislative Council (LegCo) by the end of this year, with a view to securing its passage by 2022 and implementing the abolition of the “offsetting” arrangement two years after the passage of the enabling bill and in tandem with the full implementation of the eMPF Platform of the MPF System.

Extending Statutory Maternity Leave

5. The Government introduced the Employment (Amendment) Bill 2019 (the Bill) into LegCo on 8 January this year. At present, the Panel on Manpower is handling the Bill. The Bill proposes that maternity leave (ML) under the Employment Ordinance be increased by four weeks and be taken by eligible employees continuously after the existing 10 weeks’ ML. The current statutory rate of maternity leave pay (MLP) (i.e. four-fifths of the employee’s average daily wages) would be maintained for calculating the additional MLP in respect of the extension of ML, subject to a cap of \$36,822 per employee. The cap amount may be reviewed from time to time. While the cap is stipulated in the Bill, the employer is not prohibited from paying a higher amount to the employee under the contract of employment.

6. The additional four weeks’ MLP will be funded by the Government by way of reimbursement to employers through an administrative scheme. The Labour Department (LD) will develop a new Disbursement Information System (DIS) for implementing the new Reimbursement of Maternity Leave Pay Scheme (RMLPS). The Government consulted the Panel on Manpower on the proposal for developing DIS this January. Members had no objection in principle to the Government’s submission of the proposal to the Finance Committee for funding approval. Subject to the passage of the Bill and approval of funding for DIS within the current LegCo term, the Government aims to implement RMLPS by the end of next year.

Increasing Progressively the Number of Statutory Holidays

7. The Chief Executive announced on 14 January this year 10 new initiatives on improving people's livelihood, one of which is to increase progressively the number of statutory holidays so that it is eventually on par with the number of general holidays. The Government will work out and invite the Labour Advisory Board (LAB) to discuss the relevant proposal, and facilitate and support its work. LD will provide relevant information for LAB to discuss on the proposal.

Setting up a Dedicated Foreign Domestic Helpers Division

8. Foreign domestic helpers (FDHs) are an important workforce in Hong Kong. LD will set up a dedicated FDH division to ensure effective coordination and implementation of measures to strengthen the protection of FDHs, and provide better support to FDHs and their employers. The responsibilities of the division include: enhancing publicity and education efforts; providing more support services to FDHs and employers; supporting the implementation of FDH policy measures; and exploring new FDH source countries.

Enhancing Occupational Safety and Health

9. The Government attaches great importance to occupational safety and health (OSH) of employees. LD has been adjusting its strategies of inspection and enforcement, publicity and promotion, as well as education and training according to the OSH risk levels of different industries, driving employers and employees to work together in taking sufficient precautionary measures to prevent accidents.

10. As the number of fatal industrial accidents in the construction industry and its accident rate per 1 000 workers have been the highest of all industries, LD will continue to undertake a series of targeted measures to improve construction workers' OSH. These measures include conducting in-depth surprise inspections of construction sites involving high-risk processes or with poor safety performance, and stepping up participation in site safety management committee meetings of public work projects so that LD will be apprised of their latest risk situation and give advice, and adjust the inspection strategy accordingly in a more focused manner. In addition, with a view to enhancing the protection of workers of the renovation and repair sector, LD will establish an additional office through new resources allocated in this year to monitor the OSH of repair, maintenance, alteration and addition works.

11. LD launched a “Construction Safety Ambassador Pilot Scheme” early this year, encouraging construction workers to report any unsafe working conditions to LD. LD collaborated with the property management sector to strengthen the current referral mechanism for renovation and maintenance works carried out in individual units of estates. LD is also refining the statutory notification mechanism of construction works to cover those with shorter durations or engaging less workers but involving higher risk. Upon receipt of the relevant information, LD will conduct targeted inspections in accordance with its nature and risk level.

12. Besides, LD will continue to launch large-scale promotional programmes and produce “Work Safety Alerts” in the form of animation videos to enhance OSH awareness of stakeholders.

Pilot Rehabilitation Programme for Employees Injured at Work

13. The Chief Executive announced in the 2019 Policy Address the Government’s plan to introduce a three-year pilot rehabilitation programme for employees injured at work (Pilot Programme) targeting at injured employees from the construction industry. The Government also proposed to commission the Occupational Safety and Health Council to administer the Pilot Programme through legislative amendments. The Pilot Programme will be mainly funded by the Government, while employers are to shoulder part of the rehabilitation treatment expenses to fulfill their existing statutory responsibility under the Employees’ Compensation Ordinance.

14. After consultation with relevant stakeholders on the design and proposed mechanics of the Pilot Programme, LD has embarked on drafting legislative amendments and drawing up details for the Pilot Programme. The Government aims to introduce a bill to amend the Occupational Safety and Health Council Ordinance into LegCo in the 2020-21 legislative session. Subject to the progress of the legislative amendment exercise and the time required for concrete preparatory work, the Government envisages launching the Pilot Programme in 2022.

Training Support for Employees

15. Employees Retraining Board (ERB) launched the “Love Upgrading Special Scheme” (“Special Scheme”) in October last year to provide comprehensive training for two to three months to employees affected by the economic downturn and special allowance to eligible trainees during the training period. In view of the positive response to the Special Scheme, the

2020-21 Budget proposes to allocate \$2.5 billion for ERB's enhancement and extension of the Special Scheme. ERB has published a subsidiary legislation in the Gazette on 27 March and submitted for tabling at LegCo to increase the maximum amount of monthly allowance per trainee from \$4,000 to \$5,800, with a target commencement date on 25 May. This initiative will benefit over 40 000 eligible trainees who take part in the regular courses and those of the Special Scheme annually.

16. Chairman, this concludes my opening remarks. Members are welcome to raise questions.

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