

LCQ5: Rising tide of unemployment

Following is a question by the Hon Vincent Cheng and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (December 18):

Question:

The social unrest has persisted for half a year and has hit many industries. This situation, coupled with the protracted trade conflicts between China and the United States (US) as well as the enactment of the Hong Kong Human Rights and Democracy Act by the US authorities, has not only dampened investment incentives but will also further weaken Hong Kong's economic performance. Some members of the public are worried that amid the gloomy economic outlook, tides of pay cuts and business closing down will appear one after another, and a large unemployed population is poised to grow. In this connection, will the Government inform this Council:

(1) Of the respective numbers of employees' applications to the Protection of Wages on Insolvency Fund received and approved by the authorities, and the respective numbers of cases concerning wage defaults, dismissal and closing down of companies received by the relevant government departments, in each of the past 12 months, as well as the top five industries with the largest number of such cases;

(2) Of the unemployed population in each of the past six months; the top five industries with the highest unemployment rate at present; the projected unemployment rates for the whole of this year and the first half of next year; and

(3) Of the implementation progress of the four rounds of relief measures introduced by the Government in recent months and their effectiveness in safeguarding jobs; whether it will introduce a new round of relief measures; given that the Government introduced, in 2003 after an epidemic had been brought under control, a package of measures which created approximately 30 000 jobs, whether the Government will introduce a similar package of measures for job creation?

Reply:

President,

In consultation with the Financial Services and the Treasury Bureau, the Office of the Government Economist and the Census and Statistics Department, the consolidated reply to the Member's question is as follows:

(1) In the past 12 months, the Protection of Wages on Insolvency Fund received a total of 2 992 applications. The number of applications received per month ranged from 142 to 539. The top five industries with the largest number of applications received were construction industry (1 158 applications), food and beverage service activities (716 applications),

retail trade (233 applications), import and export trade (220 applications) and other personal service activities (80 applications). During the same period, a total of 2 531 applications were approved. The number of applications approved per month ranged from 73 to 406. The top five industries with the largest number of applications approved (including applications received in the corresponding period or before) were construction industry (1 092 applications), food and beverage service activities (398 applications), retail trade (316 applications), import and export trade (125 applications) and manufacture of computer, electronic and optical products (122 applications). Details of the monthly figures of applications for the Fund received and approved in the aforesaid period are at Annex 1.

In the aforesaid period, the number of labour disputes and claims over dispute on wages, termination of contract and cessation of business/winding up/bankruptcy of employers handled by the Labour Department (LD) each month is provided at Annex 2. From January to November 2019, in respect of labour disputes and claims handled by LD, the top five industries with the most cases handled were construction industry (2 865 cases), accommodation and food service activities industry (2 372 cases), other service activities industry (1 229 cases), import/export, wholesale and retail trades industry (1 190 cases) and work activities within domestic households (1 050 cases). LD did not keep such breakdown before January 2019.

(2) The number of unemployed persons compiled from the General Household Survey by the Census and Statistics Department for the three-month periods in the previous six months (i.e. from April to June 2019 onwards) is given below:

	April-June 2019	May-July 2019	June-August 2019	July-September 2019	August-October 2019	September-November 2019*
Unemployed persons	114 300	118 500	120 600	120 300	125 400	125 400

Note: *Provisional figure

In the survey period from September to November 2019, the five major industries with the highest unemployment rate were the decoration, repair and maintenance for buildings sector (7.0 per cent), the food and beverage service activities sector (6.2 per cent), the retail sector (4.8 per cent), the foundation and superstructure sector (4.4 per cent) and the warehousing and support activities for transportation sector (3.7 per cent).

The labour market eased further as economic conditions continued to worsen. The seasonally adjusted unemployment rate increased successively from 2.8 per cent in the second quarter of 2019 to 3.2 per cent in the period from September to November. The number of unemployed persons increased by around 11 200 to 125 400 over the same period. Hard hit by the local social incidents, the unemployment rate of retail, accommodation and food services sectors as a whole rose visibly from 3.9 per cent in the second quarter to a three-year high of 5.2 per cent in the period from September to November. The

number of unemployed persons in these three sectors increased by 6 000 to 31 600, accounting for around 25 per cent of overall unemployment.

If the overall economy, in particular the consumption market, continues to weaken considerably, the local labour market will likely be under severe pressure in the short term. It is possible that the unemployment rate may increase at a faster pace, with the employment situation in the consumption- and tourism-related sectors being particularly serious. The Government will stay vigilant.

(3) To counter the challenging external and local economic environment, the Government has announced four rounds of helping measures since August 2019 to support enterprises, safeguard jobs and relieve people's financial burden, costing over \$25 billion. These measures are summarised at Annex 3.

For some helping measures announced between August and October 2019 requiring additional resources in the current financial year, the Government had consulted the relevant Panels of the Legislative Council (LegCo), and the funding proposals have subsequently been approved by the LegCo Finance Committee on December 6, 2019. As regards the enhanced tax concession, the bill for effecting the tax concession was passed by LegCo on November 6, 2019, and gazetted on November 15, 2019. The Inland Revenue Department will reflect the tax reductions in the tax demand notes.

Relevant bureaux and departments will follow up on the implementation of the above measures at full speed so that enterprises and the public can benefit early. The Government is committed to working out more comprehensive and targeted measures to address the evolving challenges. It is hoped that by supporting enterprises it will help safeguard employment. During economic downturn, helping people secure their job opportunities through the continuing operation of businesses is the top priority of the Government. Through these purposeful measures, we may achieve better effectiveness than creating a large number of unwarranted employment.

The Government will remain vigilant in assessing the economic impacts of the internal and external environment, and utilise our financial reserves to implement timely and suitable countercyclical measures, so as to stimulate the economy and relieve people's hardship, and go through the wave of economic downturn with the community together where necessary.