

LCQ8: Corporate restructuring of Cathay Pacific Group

Following is a question by the Hon Michael Tien and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (March 17):

Question:

The Government decided in June last year to invest in Cathay Pacific Airways Limited (CX) to help it tide over the predicament it was facing amid the epidemic. On the other hand, CX announced in October last year a business restructuring plan under which some 8 500 positions were to be cut. In this connection, will the Government inform this Council:

(1) whether it knows the respective numbers and percentages of local and non-local pilots dismissed in the aforesaid lay-off exercise, as well as the relative ratios of these two types of pilots before and after the lay-off exercise;

(2) whether it has studied if CX's lay-off exercise is consistent with the Government's policy of safeguarding priority employment of Hong Kong people; and

(3) whether it has required CX, when conducting a lay-off exercise again in the future, to accord, on the premise of ensuring that its manpower resources are equipped with the necessary skills, knowledge and working experience, priority to retaining local pilots and other local employees; if not, of the reasons for that?

Reply:

President,

Having consulted the Security Bureau and the Labour and Welfare Bureau, our reply is as follows:

(1) The Cathay Pacific Group announced corporate restructuring in October 2020, reducing approximately 8 500 positions. Taking into account factors including natural attrition, the actual number of employees being made redundant was around 5 900, including around 5 300 Hong Kong-based employees. Another 600 employees based outside of Hong Kong may also be affected, subject to local regulatory requirements.

(2) and (3) The Transport and Housing Bureau has already requested the Cathay Pacific Group, in adjusting its operation mode and scale, to fully consider the potential impact on Hong Kong's status as an international aviation hub and the aviation network. The Cathay Pacific Group should also maintain its core team and suitable talents, in order to ensure that the Group is well equipped to start off again after the epidemic and to provide impetus for the

relaunch of the local aviation industry as well as Hong Kong's overall economy.

As far as airline operation is concerned, depending on the aircraft types, services and maintenance requirements, different companies require talents with different professional qualifications and experiences. Most of these talents can be hired in Hong Kong, while some of them have to be hired from abroad in order to fulfil the operational needs of and the regulatory requirements applicable to the companies concerned.

Overall, all local airlines have to comply with, among others, local laws and regulatory requirements in respect of employment. When formulating its employment policy and considering any adjustments to its operation mode and scale, the Cathay Pacific Group should balance the need to groom and retain local talents, with due regard to relevant laws and regulatory requirements.