

CHAPTER 6 : THE LABOUR SECTOR

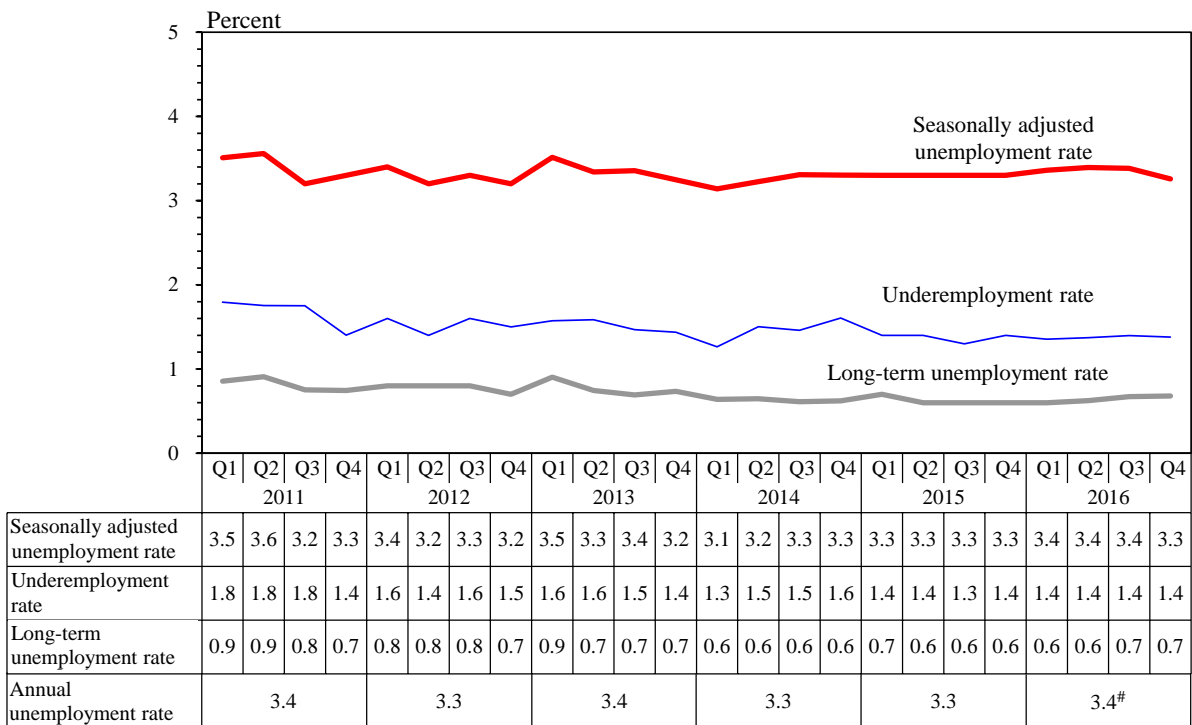
Summary

- *The labour market stayed resilient and held largely stable in overall terms in 2016, with the unemployment rate staying low throughout the year. Alongside the relative improvement of both inbound tourism and domestic demand, the softness in labour demand in the early part of the year ameliorated towards the year-end.*
- *The labour force and total employment expanded further at a broadly similar pace in 2016. As such, the unemployment rate hovered at a low level of 3.3-3.4% during the year, averaging at 3.4% for the year as a whole, signifying another year of full employment.*
- *On the back of a resilient labour market, nominal wages and earnings continued to see broad-based increases in 2016, though at a slightly slower pace in tandem with lower inflation. Meanwhile, earnings of grassroots workers sustained solid growth.*

Overall labour market situation⁽¹⁾

6.1 The labour market displayed resilience and remained largely stable in overall terms in 2016. For 2016 as a whole, the labour force and total employment expanded further, with total employment reaching a new annual high of 3 812 400. The *unemployment rate*⁽²⁾ hovered at a low level during the year, averaging at 3.4% for the year as a whole, while the *underemployment rate*⁽³⁾ held steady at 1.4%. Although data collected from private sector establishments pointed to a slower year-on-year employment growth and a further decline in the number of vacancies in the first three quarters of 2016 combined, the easing trend of private sector labour demand showed some stabilisation in the latter part of 2016 along with the relative improvement of inbound tourism and domestic demand. Amid the broadly stable labour market, overall wages and earnings posted further across-the-board increases, though at a somewhat slower pace in line with easing inflation. Meanwhile, grassroots workers continued to see solid income growth.

Diagram 6.1 : The labour market stayed resilient and held largely stable in 2016



Note : # Provisional figure.

Labour force and total employment

6.2 On the supply side, the *labour force*⁽⁴⁾ expanded by 0.9% in 2016 to 3 944 600. With the labour force participation rate holding steady at 61.2%, the labour force growth largely reflected the increase in working-age population (i.e. land-based non-institutional population aged 15 and above).

6.3 On the demand side, *total employment*⁽⁵⁾ grew by 0.8% to reach a new annual high of 3 812 400 in 2016. In terms of the quarterly profile, the year-on-year growth pace was more muted in the first quarter but picked up somewhat since the second quarter. In particular, employment in the consumption- and tourism-related segment reverted to a modest year-on-year growth in the fourth quarter, alongside the progressive improvement of inbound tourism in the latter part of the year.

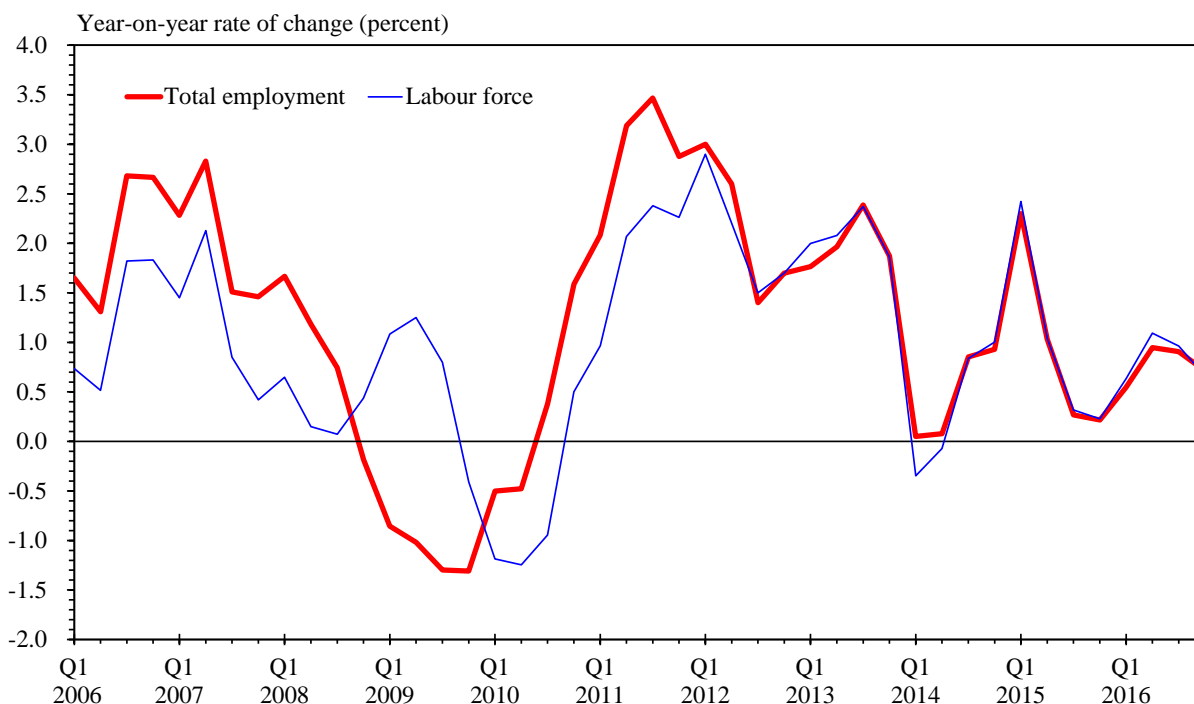
Table 6.1 : The labour force, and persons employed, unemployed and underemployed

		<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2015	Annual	3 909 800 (0.9)	3 780 900 (0.8)	128 900	53 000
	Q1	3 917 300 (2.4)	3 791 100 (2.3)	126 200	53 500
	Q2	3 900 500 (1.0)	3 771 400 (1.0)	129 100	55 200
	Q3	3 916 300 (0.3)	3 779 200 (0.3)	137 100	52 800
	Q4	3 913 300 (0.2)	3 790 000 (0.2)	123 300	52 900
2016	Annual [#]	3 944 600 (0.9)	3 812 400 (0.8)	132 300	54 300
	Q1	3 942 200 (0.6)	3 811 800 (0.5)	130 400	53 400
	Q2	3 943 200 (1.1)	3 807 100 (0.9)	136 100	54 100
	Q3	3 954 000 (1.0)	3 813 400 (0.9)	140 600	55 300
	Q4	3 939 100 (0.7)	3 817 000 (0.7)	122 000	54 400
		<§>	<0.1>		

Notes : (a) These include first-time job-seekers and re-entrants into the labour force.
 () % change over a year earlier.
 < > Seasonally adjusted quarter-to-quarter % change for the fourth quarter of 2016.
 # Provisional figures.
 § Change less than 0.05%.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.2 : Both the labour force and total employment grew moderately further in 2016



**Table 6.2 : Labour force participation rates by gender and by age group
(%)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016[#]</u>
<u>Male</u>						
15-24	35.7	36.4	37.8	37.8	39.0	39.2
<i>of which:</i>						
15-19	9.9	10.5	11.0	11.1	11.6	12.6
20-24	61.1	61.1	62.5	61.5	61.9	61.5
25-29	93.9	94.5	93.8	93.4	93.6	92.6
30-39	96.5	96.8	96.9	96.5	96.5	96.2
40-49	95.1	95.3	95.5	94.7	95.0	95.0
50-59	84.9	85.1	86.8	86.7	86.7	86.4
≥ 60	23.4	25.6	26.9	27.8	28.4	30.0
Overall	68.4	68.7	69.1	68.8	68.8	68.6
<u>Female</u>						
15-24	37.0	37.5	40.0	39.3	41.5	41.2
<i>of which:</i>						
15-19	9.1	9.7	11.5	12.5	12.8	11.8
20-24	62.1	62.0	64.2	61.4	63.7	63.8
25-29	87.5	87.2	86.6	86.3	85.8	86.3
30-39	76.8	77.5	78.5	79.0	78.5	78.9
40-49	69.9	70.8	72.8	73.1	73.8	74.0
50-59	51.6	53.8	56.1	57.1	58.2	59.4
≥ 60	8.1	8.8	9.6	10.6	11.4	12.3
Overall	53.0	53.6	54.5	54.6	54.8	55.0
<u>Both genders combined</u>						
15-24	36.4	37.0	38.9	38.6	40.2	40.2
<i>of which:</i>						
15-19	9.5	10.1	11.2	11.8	12.2	12.2
20-24	61.6	61.6	63.4	61.4	62.8	62.7
25-29	90.2	90.3	89.7	89.4	89.2	89.1
30-39	84.9	85.4	85.9	86.0	85.7	85.8
40-49	81.0	81.4	82.5	82.3	82.7	82.7
50-59	68.0	69.2	71.0	71.4	71.8	72.2
≥ 60	15.5	16.9	17.9	18.9	19.6	20.8
Overall	60.1	60.5	61.2	61.1	61.2	61.2

Note : # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Box 6.1

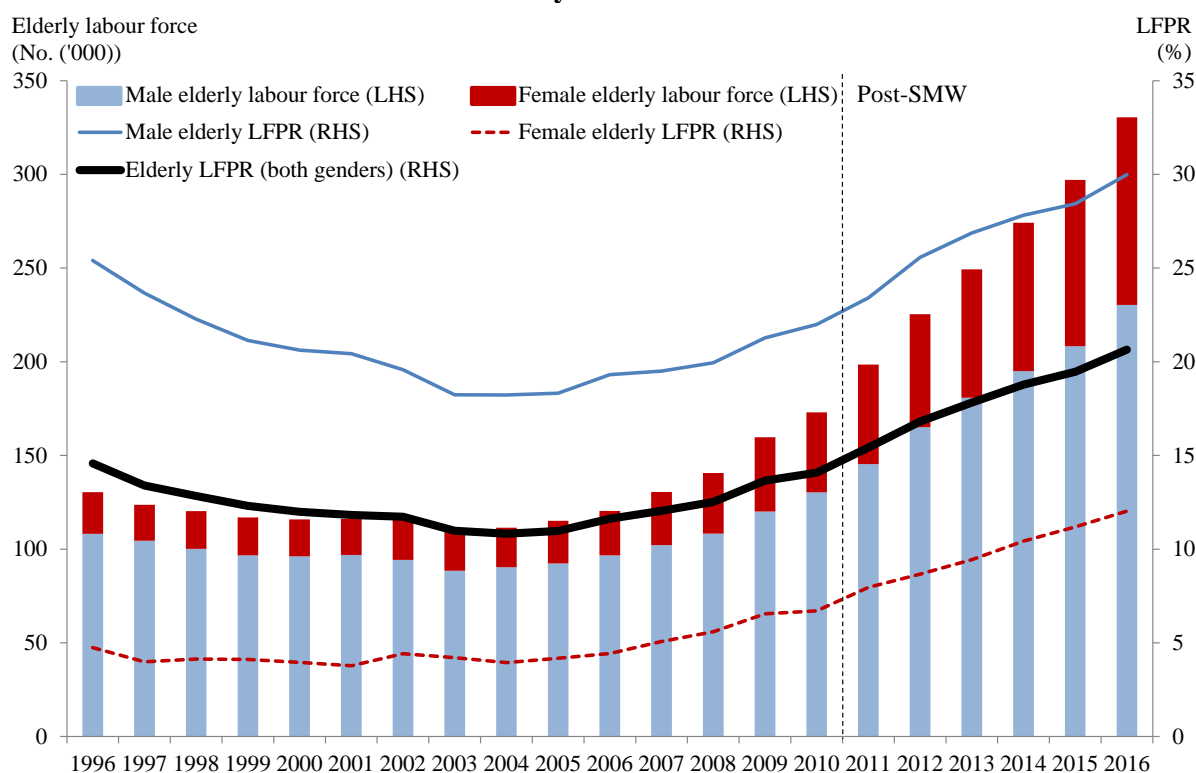
Elderly employment

Thanks to the advancement in technology and medical services, many people nowadays enjoy better health and have greater capacity to choose their ways of life even after reaching old age. While some elderly people may engage in unpaid activities to pursue personal goals after retirement, increasingly more choose to extend their working life or re-enter the workforce when opportunities arise. Statistics compiled by the Census and Statistics Department (C&SD) ⁽¹⁾ showed that among some 1 600 800 people aged 60 and above (crudely classified as “elderly people” for analytical purpose in this article) in 2016, around 330 500 were in our workforce, of which almost 70% aged 60-64. The elderly workforce accounted for 9.1% of the total in 2016, as compared to merely 4.3% two decades ago.

Augmenting elderly labour force and employment over the past decade

Over the past two decades (1996-2016), the elderly labour force bottomed out in around 2004-2005, a period when the first batch of post-War baby boomers (i.e. those who were born after 1945) reached 60, and bounced back notably thereafter (*Chart 1*). For the period of 2007-2016, the elderly labour force rose at 10.6% per annum, in stark contrast to the decline of 0.8% per annum in the preceding decade. Elderly labour force participation rate (LFPR), a measure of incentive to stay in the labour market, exhibited a similar trend. Specifically, LFPR of elderly females only hovered at around 4-5% during 1996-2005, with females only making up less than one-fifth of the elderly labour force. Their LFPR increased continuously since then to a historic high of 12.0% in 2016, with females accounting for around 30% of the elderly workforce. On the employment front, elderly employment largely showed a similar uptrend as the labour force in the past decade. During the period after the implementation of the Statutory Minimum Wage (SMW) (i.e. 2011-2016) in particular, elderly employment on average increased by 11.5% per annum (or 155 100 in total) amidst largely favourable labour market conditions, as compared to overall employment growth of 1.3% per annum (or 262 500 in total) over the same period.

Chart 1: Elderly labour force and LFPR



Source: General Household Survey, C&SD.

(1) Unless specified otherwise, all labour-related statistics quoted in this article exclude foreign domestic helpers.

Box 6.1 (Cont'd)

Improved income prospects and job quality for the elderly

The rising elderly LFPR over the past decade in some way reflects the more favourable income and job prospects which have conceivably helped entice elderly people to enter / stay in the workforce. Apart from cyclical factors, elderly people nowadays are generally better educated, thereby allowing them to have more career options, including jobs which are less physically demanding. Specifically, the share of employed elderlies with upper secondary and above almost doubled from 21.0% in 1996 to 39.1% in 2016. Echoing the improved educational profile, around 27% of employed elderlies was in the higher-skilled segment in 2016, as compared to only 19% in 1996 (*Chart 2a*). Also, when comparing to their counterparts in 1996, the average employment earnings of full-time elderly employed persons rose by some 53% in real terms (i.e. after discounting inflation) in 2016, as against some 34% increase for all employed persons over the same period.

Chart 2a: Elderly employment by occupation

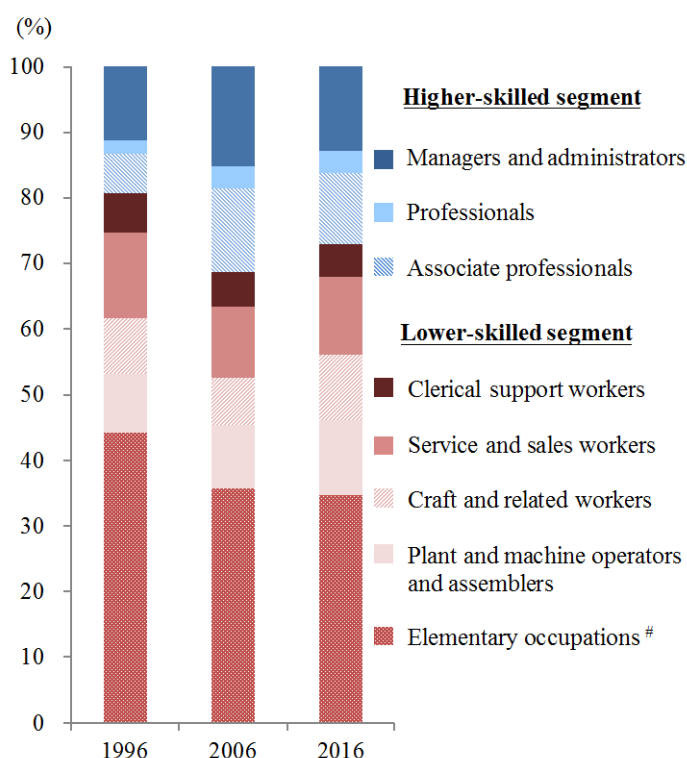
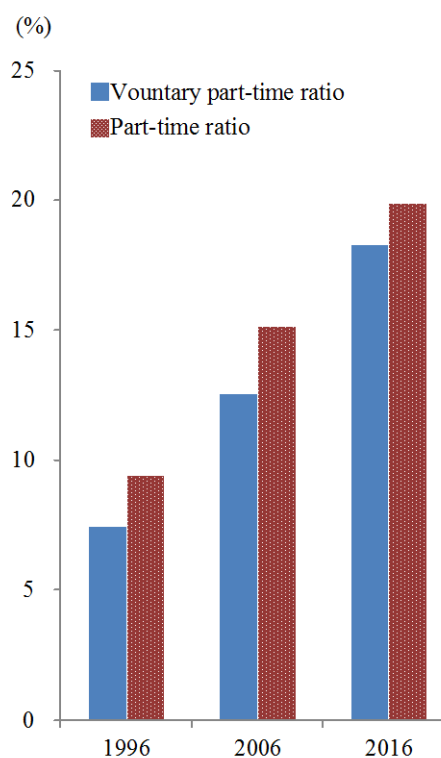


Chart 2b: Part-time^(*) ratio of elderly employed persons



Notes: (*) Part-time employed persons are those working less than 35 hours during the seven days before enumeration due to reasons other than vacation. Voluntary part-time employed persons exclude those part-time employed persons who were underemployed.

(#) Include other occupations.

Source: General Household Survey, C&SD.

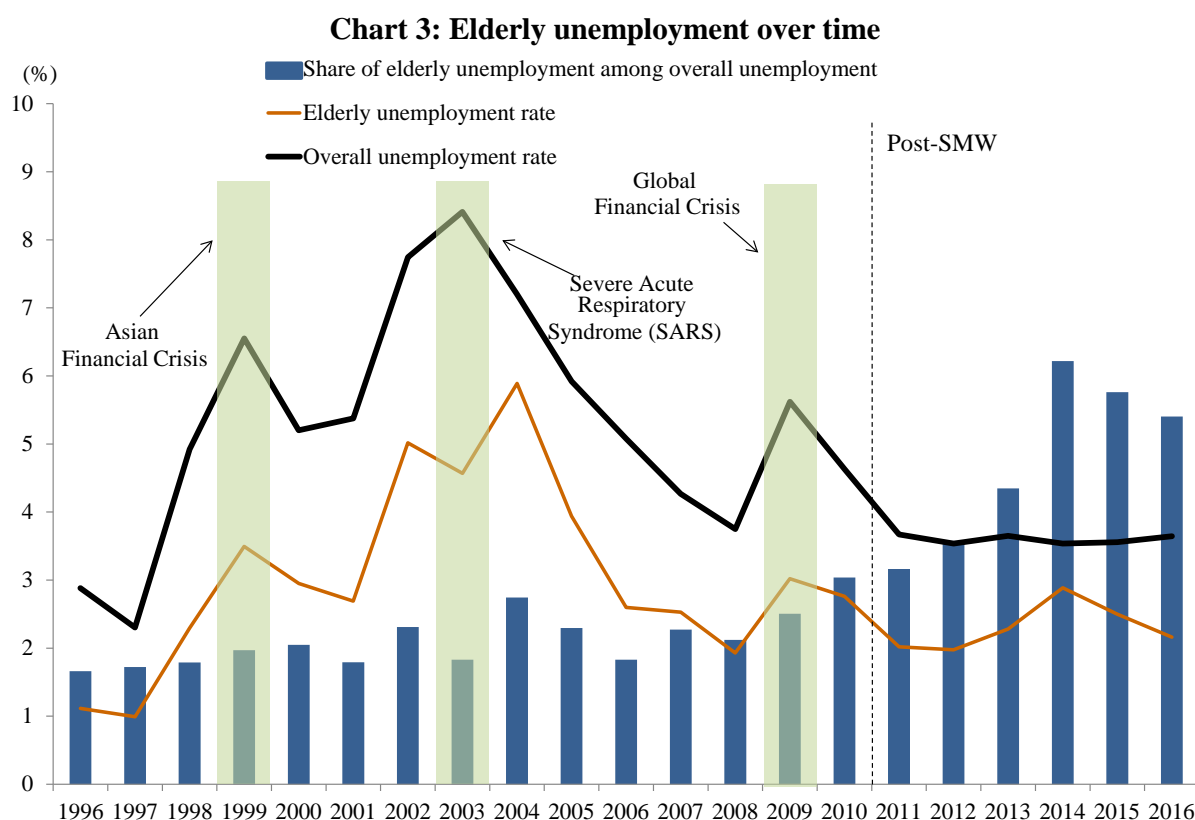
Over the past two decades, the share of part-timers among elderly employed persons more than doubled, from 9.4% in 1996 to 19.9% in 2016 (*Chart 2b*). It is worth noting that more than 90% of these part-timers actually engaged in part-time jobs voluntarily in 2016. In fact, the elderly underemployment rate in 2016, at 1.5%, was at the lowest level since 1997. Even for full-time elderly workers, the average weekly working hours⁽²⁾ also dropped from 52 hours in 1996 to 47 hours in 2016. All these suggested that the elderly workers these days generally had greater autonomy in shaping their mode of working that met their circumstances, while also with both pay and working conditions improved in overall terms when comparing with their counterparts of previous birth cohorts.

(2) Based on General Household Survey, weekly hours of work refer to hours of work during the seven days before enumeration.

Box 6.1 (Cont'd)

Unemployment situation of the elderly

The elderly unemployment rate largely moved together with, albeit consistently lower than, the overall figure (*Chart 3*). This is understandable as the elderly people might choose to retire from or not to enter the labour market if no desirable jobs are available, more so for those without any immediate financial needs. In 2016, the number of unemployed elderly was still small, averaging around 7 100, accounting for about 5% of total unemployment. Nevertheless, the corresponding percentage was only around 3% during the years before SMW implementation. The increase was conceivably attributable to the more active labour force participation among elderly people.

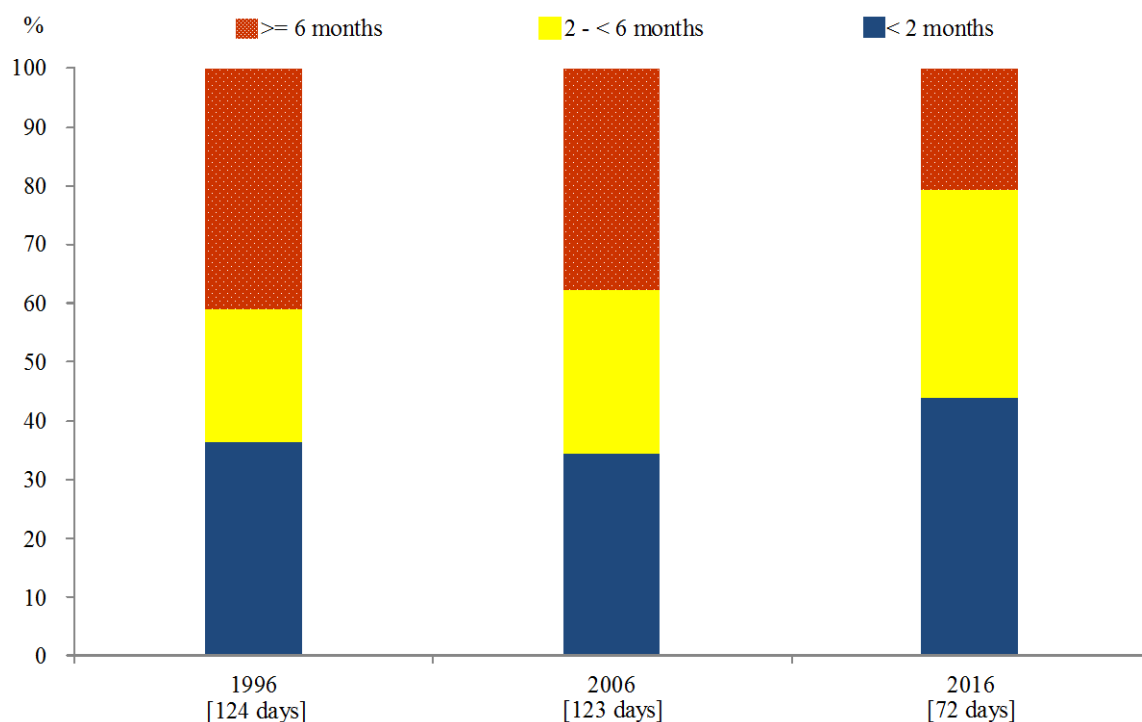


Source: General Household Survey, C&SD.

However, thanks to the generally favourable and stable labour market conditions in recent years, the duration of unemployment of unemployed elderly people nowadays was shorter as compared to earlier birth cohorts. In 1996, despite the very low elderly unemployment rate, the median duration of elderly unemployment was over four months (124 days), which was 72% longer than that of the overall unemployed persons. Yet in 2016, the respective figure went down to less than three months (72 days), and was largely comparable to that of overall unemployed persons. In fact, over 40% of the elderly unemployed persons managed to find new jobs within two months. In addition, the proportion of long-term unemployment (i.e. duration of unemployment longer than 6 months) among the unemployed elderlies in 2016 was some 20 percentage points lower than that in 1996 and 2006 (*Chart 4*).

Box 6.1 (Cont'd)

Chart 4: Duration of elderly unemployment



Note: Figures in brackets denote the median duration of elderly unemployment in the respective reference years.
Source: General Household Survey, C&SD.

Final Remarks

With the local labour force set to dwindle sooner or later amid an ageing population, it is useful to promote elderly employment as one of the ways to boost our labour supply. Analysing the employment characteristics of the elderly is crucial in enhancing relevant employment support services for these job seekers to help address such future challenges. Indeed, the elderly people nowadays, with better educational attainments and higher skill levels, displayed stronger intentions to stay in the labour market.

The Government actively assists the elderly people to participate in the labour market. On the employment support front, aside from setting up special counters for mature job seekers in Labour Department's (LD) job centres to provide priority registration and job referral services, LD organises employment briefings and thematic job fairs targeted at mature job seekers as well as experience-sharing sessions for employers to promote employment of mature persons. Moreover, LD provides on-the-job training allowance to employers for full-time or part-time employees engaged under the Employment Programme for the Middle-aged to encourage them to hire job seekers aged 40 or above. Looking ahead, the Government will continue to roll out and enhance relevant measures to encourage the elderly people to actualise their career aspirations after passing their "half time". This does not only help individuals to continue to contribute to the community, but will also help build a more inclusive society at large.

Profile of unemployment

6.4 With labour force growth slightly outpacing employment growth, the number of unemployed persons rose slightly by 3 400 over 2015 to 132 300 in 2016. The unemployment rate inched up by 0.1 percentage point to 3.4% in 2016, still a relatively low level that signified a state of full employment.

6.5 Comparing 2016 with 2015, dragged by the slowdown in inbound tourism during most of 2016, as well as the sluggish trade flows, heightened financial volatilities, and slower growth in local consumption in the early part of 2016, many major economic sectors recorded a rise in the unemployment rate, notably retail (up 0.8 percentage point), accommodation services (up 0.6 percentage point), professional and business services (up 0.4 percentage point), financing and insurance (up 0.3 percentage point), and import and export trade (up 0.3 percentage point). On the other hand, slight declines in the unemployment rate were recorded in such sectors as social and personal services, and information and communications (both down by 0.1 percentage point). For the *low paying sectors*⁽⁶⁾ as a whole, the unemployment rate inched up from 3.3% in 2015 to 3.4% in 2016, still a very low level. Analysed by skill segment, the unemployment rate for the higher- and lower-skilled segments both stayed relatively low, albeit up slightly by 0.2 and 0.1 percentage point respectively to 2.0% and 3.6%. Analysed by age, a more notable rise in unemployment rate was found among persons aged 25-29, while that of persons aged 15-24 fell visibly.

6.6 In terms of the quarterly profile, mirroring the noticeable slackening in the consumption- and tourism-related segment in early 2016 and its subsequent stabilisation in the latter part of the year, the seasonally adjusted unemployment rate inched up from 3.3% in the fourth quarter of 2015 to 3.4% in the first quarter of 2016, and held at this level in the subsequent two quarters, before falling back to 3.3% in the fourth quarter. Comparing the fourth quarter of 2016 with a year earlier, more visible declines in the unemployment rate were noted in the professional and business services, construction, and information and communications sectors, while that of retail, accommodation and food services as a whole saw a visibly narrower increase compared to the mid-year. Analysed by occupational category, a more discernible increase in the unemployment rate was seen among craft and related workers, while a more notable decrease was observed among plant and machine operators and assemblers. As for other socio-economic attributes, more visible rises in the unemployment rate were observed among persons aged 15-24, and those with secondary education, offsetting the declines seen among workers aged 40 and above, and those with post-secondary education.

Diagram 6.3 : Unemployment rates in most major economic sectors saw varied movements but generally stayed low in 2016

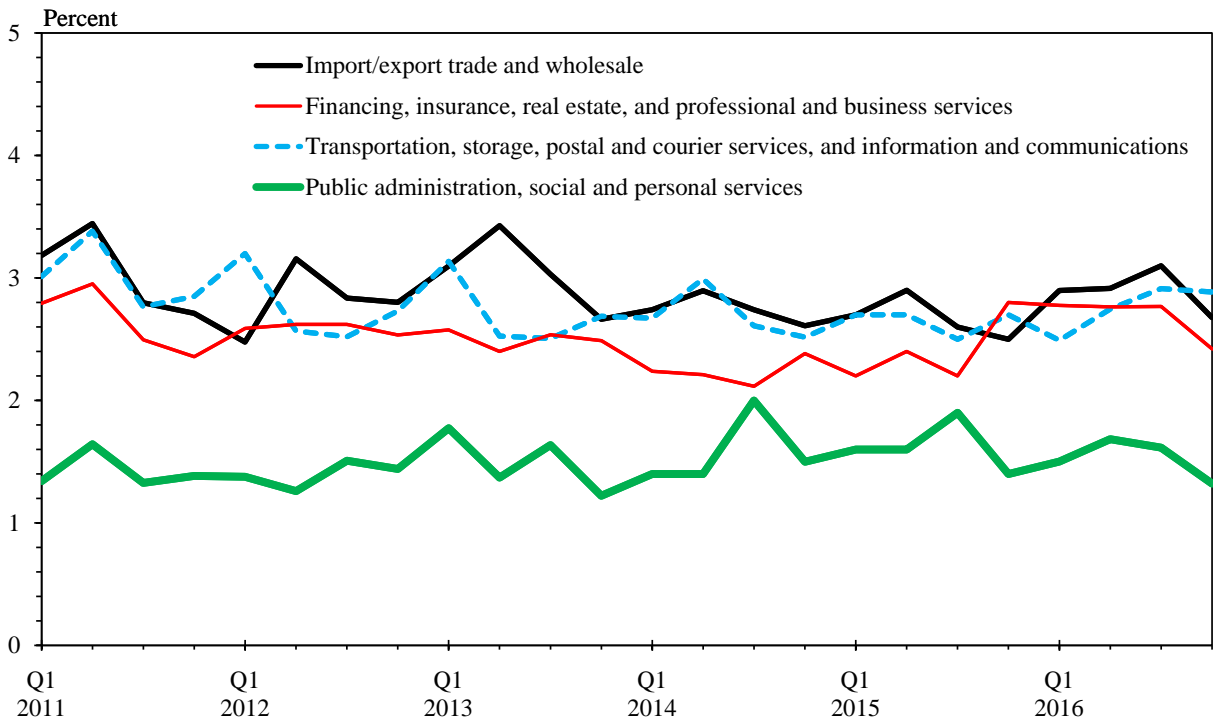
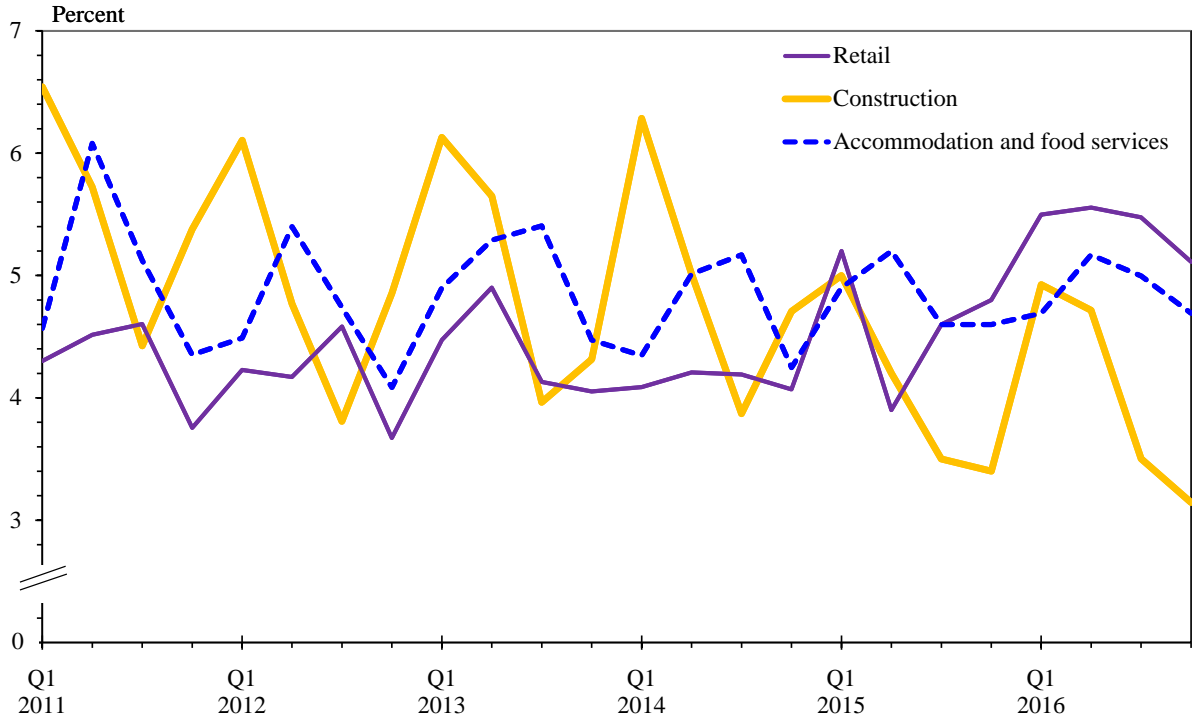


Table 6.3 : Unemployment rates by major economic sector

	<u>2015</u>					<u>2016</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Import/export trade and wholesale	2.7	2.7	2.9	2.6	2.5	2.9	2.9	2.9	3.1	2.7
Retail	4.6	5.2	3.9	4.6	4.8	5.4	5.5	5.6	5.5	5.1
Accommodation and food services	4.8	4.9	5.2	4.6	4.6	4.9	4.7	5.2	5.0	4.7
Transportation, storage, postal and courier services	2.8	2.8	2.8	2.7	2.6	2.8	2.5	2.8	2.9	2.9
Information and communications	2.7	2.4	2.6	2.1	3.1	2.6	2.4	2.5	2.8	2.8
Financing and insurance	1.7	1.7	1.4	1.7	2.1	2.0	2.0	2.0	2.1	1.9
Real estate	2.3	1.7	2.9	2.4	2.3	2.5	2.2	3.0	2.6	2.4
Professional and business services	2.8	2.8	2.9	2.5	3.5	3.2	3.5	3.2	3.3	2.8
Public administration, social and personal services	1.7	1.6	1.6	1.9	1.4	1.5	1.5	1.7	1.6	1.3
Manufacturing	3.4	3.0	3.4	4.0	3.2	3.3	4.1	3.8	2.9	2.4
Construction	3.9	5.0	4.2	3.5	3.4	4.1	4.9	4.7	3.5	3.1
Overall	3.3	3.2 (3.3)	3.3 (3.3)	3.5 (3.3)	3.2 (3.3)	3.4	3.3 (3.4)	3.5 (3.4)	3.6 (3.4)	3.1 (3.3)

Notes : () Seasonally adjusted unemployment figures.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.4 : The unemployment rates of both the higher-skilled and lower-skilled segments stayed relatively low in 2016

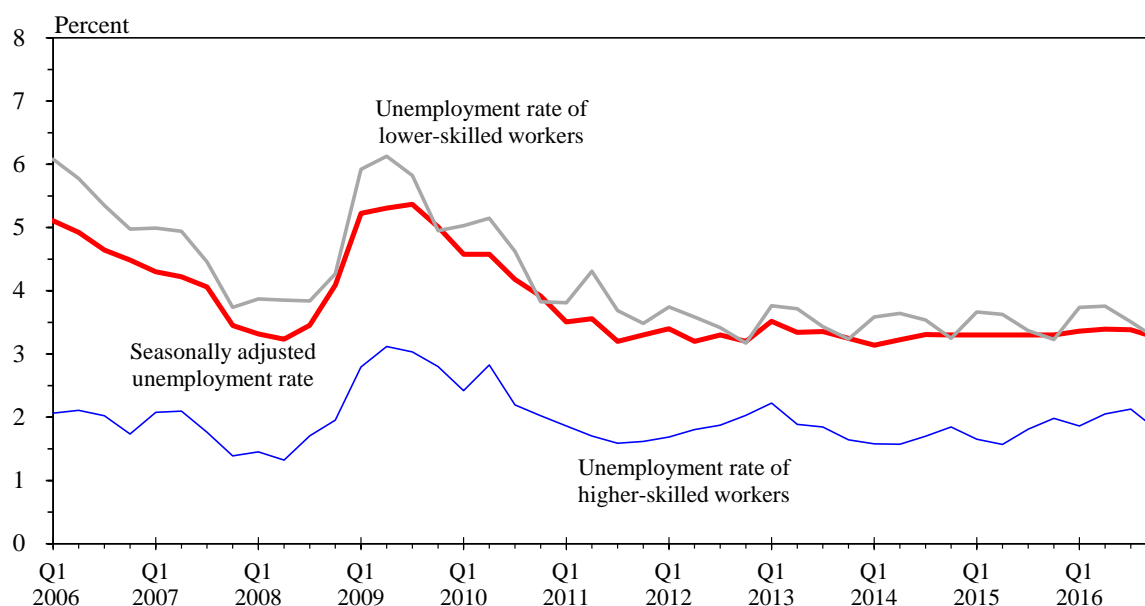


Table 6.4 : Unemployment rates* by skill segment

	<u>Annual</u>	<u>2015</u>				<u>Annual[#]</u>	<u>2016</u>			
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Higher-skilled segment</u>	1.8	1.7	1.6	1.8	2.0	2.0	1.9	2.1	2.1	1.8
Managers and administrators	1.4	1.1	1.2	1.7	1.5	1.5	1.6	1.7	1.2	1.3
Professionals	1.6	1.4	1.2	1.9	1.7	1.6	1.3	1.6	2.2	1.4
Associate professionals	2.0	2.0	2.0	1.8	2.4	2.4	2.2	2.4	2.6	2.2
<u>Lower-skilled segment[^]</u>	3.5	3.7	3.6	3.4	3.2	3.6	3.7	3.8	3.5	3.2
Clerical support workers	3.1	2.7	3.7	3.4	3.0	3.5	3.4	3.4	3.8	3.4
Service and sales workers	4.6	5.1	4.6	4.4	4.2	4.6	4.8	5.0	4.3	4.2
Craft and related workers	3.5	4.4	4.0	3.1	3.0	4.1	4.6	4.3	3.7	3.7
Plant and machine operators and assemblers	2.5	1.9	2.3	2.6	3.0	2.3	2.3	2.4	2.7	1.8
Elementary occupations	2.9	3.3	2.9	2.8	2.6	2.9	3.1	3.2	2.8	2.6

Notes : * Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

^ Including other occupations.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Table 6.5 : Unemployment rates* by age and educational attainment

<u>Age</u>	<u>2015</u>					<u>2016</u>				
	<u>Annual</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual[#]</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
15-24	10.5	9.0	11.1	12.4	8.8	9.9	8.9	10.3	11.0	9.4
<i>of which:</i>										
15-19	14.2	13.9	17.3	14.1	9.1	14.0	15.1	17.4	12.1	11.3
20-24	9.9	8.3	10.1	12.1	8.8	9.3	8.0	9.2	10.8	9.2
25-29	3.4	2.9	3.4	3.8	3.5	4.0	4.0	3.9	4.5	3.7
30-39	2.1	1.9	2.1	2.2	2.2	2.3	2.0	2.2	2.5	2.3
40-49	2.8	3.2	2.6	2.7	2.7	2.7	2.8	2.9	2.8	2.4
50-59	2.8	2.8	2.8	2.8	2.8	3.0	3.4	3.1	3.0	2.7
≥ 60	2.5	3.0	2.4	2.0	2.5	2.1	2.1	2.8	1.8	1.8
<u>Educational attainment</u>										
Primary education and below	3.0	3.7	3.0	2.4	2.8	3.1	3.2	3.4	2.8	2.8
Lower secondary education	4.1	4.6	4.3	3.8	4.0	4.1	4.3	4.3	3.9	4.0
Upper secondary education [^]	3.1	3.2	3.1	3.2	2.8	3.3	3.1	3.6	3.5	3.0
Post-secondary education	3.3	2.6	3.2	3.9	3.3	3.2	3.2	3.0	3.7	2.9

Notes : * Not seasonally adjusted, but including first-time job-seekers and re-entrants into the labour force.

^ Including craft courses.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

6.7 Other indicators measuring the intensity of unemployment saw some deterioration in 2016, reflecting mainly moderated labour demand in the early part of the year. While the long-term unemployment rate stayed at 0.6% in 2016, the number of long-term unemployed persons (i.e. unemployed for six months or longer) increased from 23 600 in 2015 to 25 400. The share of long-term unemployment in total unemployment went up from 18.3% in 2015 to 19.2% in 2016. The proportion of dismissal or lay-offs among the total number of unemployed persons increased by 5.8 percentage points to 47.0%, and the median duration of unemployment lengthened from 63 days in 2015 to 72 days in 2016.

Profile of underemployment

6.8 The underemployment situation remained broadly stable in 2016. While the number of underemployed persons increased slightly by 1 300 over 2015 to 54 300, the underemployment rate remained unchanged at a low annual level of 1.4%. On the quarterly profile, the underemployment rate held stable at 1.4% throughout the four quarters of 2016. For the latest trend, in the fourth quarter of 2016, more noticeable year-on-year increases in the underemployment rate were seen in the foundation and superstructure, and cleaning and similar activities sectors, while more notable year-on-year declines were observed in arts, entertainment and recreation, retail, and food and beverage service activities sectors. Analysed by occupational category, the underemployment rate for the higher-skilled segment was little changed from a year earlier at a low level of 0.5% in the fourth quarter, while that of the lower-skilled segment edged up by 0.1 percentage point to 2.0%, dragged mainly by craft and related workers.

Profile of employment in establishments

6.9 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available up to September 2016. To bring the analysis more up-to-date, attempts have been made wherever possible by drawing reference to information from supplementary sources.

6.10 Total employment in private sector establishments grew moderately by 0.7% in September 2016 over a year earlier to 2 814 500. More visible job gains were observed in construction sites (covering manual workers only) (up 15.0% year-on-year), human health services (up 4.3%), and residential care and social work services (up 3.2%), while more noticeable declines were seen in manufacturing amid its secular downtrend (down 4.4%), and arts, entertainment and recreation (down 3.6%). For the tourism- and consumption-related sectors in particular, in tandem with the relative stabilisation of inbound tourism, both the retail and accommodation and food services sectors recorded narrower declines (down 0.9% and 0.1% respectively). Analysed by establishment size, employment in large enterprises grew by 2.7% year-on-year, more than offsetting the decline of 1.6% in small and medium-sized enterprises (SMEs)⁽⁷⁾. Taking the first nine months of 2016 together, total employment in private sector establishments increased by 0.6% year-on-year, slower than the 1.2% growth for 2015 as a whole. As for the civil service, employment increased by 1.1% in September and by 1.2% in the first nine months of 2016 combined over the same periods a year earlier.

Table 6.6 : Employment by major economic sector

	<u>2015</u>					<u>2016</u>		
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>
Import/export trade and wholesale	546 500 (-1.4)	549 200 (-0.7)	545 700 (-1.5)	545 400 (-1.6)	545 500 (-1.9)	542 900 (-1.1)	543 000 (-0.5)	542 000 (-0.6)
Retail	269 600 (-0.5)	271 500 (0.6)	269 900 (-0.7)	268 900 (-0.3)	268 100 (-1.3)	266 200 (-1.9)	266 200 (-1.4)	266 500 (-0.9)
Accommodation ^(a) and food services	283 000 (-0.1)	283 700 (0.9)	282 700 (-0.1)	282 300 (-0.2)	283 300 (-0.8)	280 600 (-1.1)	280 800 (-0.7)	282 100 (-0.1)
Transportation, storage, postal and courier services	177 400 (1.6)	176 600 (2.8)	176 500 (1.1)	178 200 (1.6)	178 500 (1.1)	178 600 (1.2)	177 900 (0.8)	178 200 (§)
Information and communications	105 300 (1.1)	104 000 (1.2)	104 900 (1.4)	105 500 (0.7)	106 500 (1.2)	105 700 (1.6)	105 100 (0.2)	105 700 (0.2)
Financing, insurance, real estate, professional and business services	712 100 (2.2)	711 400 (2.6)	712 300 (2.6)	712 500 (2.6)	712 400 (1.2)	714 100 (0.4)	718 000 (0.8)	720 600 (1.1)
Social and personal services	497 200 (3.1)	494 100 (3.9)	495 200 (3.2)	497 400 (3.1)	501 900 (2.2)	505 500 (2.3)	503 400 (1.7)	505 200 (1.6)
Manufacturing	99 600 (-2.8)	100 300 (-3.1)	99 600 (-2.6)	99 600 (-3.0)	98 900 (-2.6)	97 800 (-2.5)	96 100 (-3.5)	95 300 (-4.4)
Construction sites (manual workers only)	95 100 (14.9)	91 900 (16.9)	92 800 (16.4)	93 700 (8.3)	102 000 (18.1)	104 800 (14.1)	106 200 (14.4)	107 800 (15.0)
<i>All establishments surveyed in the private sector^(b)</i>	<i>2 796 700 (1.2)</i>	<i>2 793 700 (1.9)</i>	<i>2 790 500 (1.3)</i>	<i>2 794 600 (1.1)</i>	<i>2 808 000 (0.7)</i>	<i>2 807 200 (0.5)</i>	<i>2 807 600 (0.6)</i>	<i>2 814 500 (0.7)</i>
		<0.2>	<§>	<0.3>	<0.1>	<0.1>	<0.2>	<0.3>
<i>Civil service^(c)</i>	<i>164 100 (0.7)</i>	<i>163 600 (0.5)</i>	<i>163 800 (0.6)</i>	<i>164 000 (0.6)</i>	<i>164 900 (0.9)</i>	<i>166 200 (1.5)</i>	<i>165 500 (1.1)</i>	<i>165 900 (1.1)</i>

Notes : Employment figures enumerated from business establishments, as obtained from the Quarterly Survey of Employment and Vacancies, are somewhat different from those enumerated from households, as obtained from the General Household Survey. This is mainly due to the difference in sectoral coverage: while the former survey covers selected major sectors, the latter survey covers all sectors in the economy.

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(b) The total figures on private sector employment cover also employment in mining and quarrying; and in electricity and gas supply, and waste management, besides employment in the major sectors indicated above.

(c) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the Hong Kong Economic and Trade Offices outside Hong Kong, and other government employees such as non-civil service contract staff are not included.

() % change over a year earlier.

< > Seasonally adjusted quarter-to-quarter % change.

§ Change less than 0.05%.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Vacancies

6.11 The vacancy situation, though still on a downtrend, likewise saw some relative improvement during the year. The number of private sector vacancies fell by 7.1% year-on-year to 69 340 in September 2016, representing the sixth consecutive quarter of decline, albeit markedly narrowed from that of 13.0% in June 2016. Taking the first nine months of 2016 together, job vacancies in the private sector dropped visibly by 10.1% year-on-year, after the 1.3% dip in 2015.

6.12 Analysed by economic sector, many sectors still recorded decreases in vacancies in September 2016, more notably construction sites (covering manual workers only) (down 16.6% year-on-year), real estate (down 12.2%), import and export trade (down 11.4%), and social and personal services (down 9.9%). Nevertheless, the decline in vacancies in construction sites probably reflected that some previous vacancies had been gradually filled when viewed against the notable employment growth over the period. Meanwhile, vacancies in the retail (down 0.9%) and accommodation and food services (down 9.4%) sectors saw narrower year-on-year declines compared to the preceding quarters, while appreciable increases in vacancies were seen in the wholesale (up 14.4%), financing and insurance (up 10.0%), and information and communications sectors (up 7.9%). Analysed by occupational category, both higher-skilled and lower-skilled vacancies saw smaller year-on-year declines of 4.6% and 8.2% respectively, with the former dragged by associate professionals and the latter dragged mainly by elementary occupations, and service and sales workers. Taking the first nine months of 2016 together, higher-skilled vacancies dropped by 9.1% over a year earlier, while lower-skilled ones fell by 10.5%. Analysed by the size of establishments, vacancies in SMEs and large enterprises both fell year-on-year in September 2016, by 9.4% and 5.6% respectively. In contrast, the number of job openings in the civil service rose by 2.4% year-on-year to 8 740 in September 2016.

6.13 The ratio of job vacancies per 100 unemployed persons fell only slightly from 50 in June 2016 to 49 in September, reflecting some stabilisation in the easing trend of labour demand. In terms of skill segment, the ratio for higher-skilled jobs fell from 69 in June 2016 to 64 in September, while that for lower-skilled jobs rose from 51 to 57 over the same period, yet both were down from their respective year-ago levels. Nevertheless, manpower shortages remained apparent in such sectors as residential care and social work services, human health services, and financing and insurance, for which the corresponding ratios exceeded 100.

6.14 The vacancy rate for private sector establishments, measured in terms of the percentage of job vacancies to total employment opportunities, remained unchanged at 2.4% in September 2016 compared with June 2016, but was down by 0.2 percentage point from 2.6% a year earlier. Year-on-year decreases in the vacancy rate were observed in many sectors, including notably accommodation and food services, real estate, and social and personal services.

Table 6.7 : Vacancies by major economic sector

	<u>Number of vacancies</u>								Vacancy rate in Sep 2016 (%)
	<u>Annual average</u>	<u>2015</u>			<u>2016</u>				
		<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	
Import/export trade and wholesale	7 810 (-7.7)	9 000 (-2.3)	8 200 (0.6)	7 610 (-10.0)	6 450 (-19.8)	6 920 (-23.1)	6 940 (-15.4)	7 030 (-7.5)	1.3
Retail	8 320 (-8.6)	8 550 (-11.7)	8 440 (-4.2)	8 350 (-9.6)	7 950 (-8.7)	7 660 (-10.5)	7 100 (-15.9)	8 280 (-0.9)	3.0
Accommodation ^(a) and food services	14 610 (-9.1)	15 470 (-12.1)	15 150 (-4.1)	14 600 (-6.1)	13 200 (-13.7)	12 930 (-16.4)	13 040 (-13.9)	13 230 (-9.4)	4.5
Transportation, storage, postal and courier services	3 640 (-1.1)	3 960 (-5.4)	4 060 (0.6)	3 440 (1.7)	3 100 (-0.4)	3 440 (-13.2)	3 290 (-19.1)	3 210 (-6.8)	1.8
Information and communications	2 800 (9.3)	2 930 (14.3)	2 480 (-6.5)	2 620 (11.3)	3 160 (18.3)	2 550 (-13.0)	2 470 (-0.3)	2 830 (7.9)	2.6
Financing, insurance, real estate, professional and business services	18 790 (4.9)	18 360 (3.0)	18 780 (3.1)	18 590 (4.4)	19 440 (9.2)	18 400 (0.2)	18 020 (-4.1)	17 670 (-4.9)	2.4
Social and personal services	15 800 (12.0)	15 620 (34.3)	17 290 (4.1)	15 760 (13.2)	14 540 (1.9)	14 280 (-8.6)	14 260 (-17.5)	14 210 (-9.9)	2.7
Manufacturing	2 720 (-10.6)	2 990 (-6.6)	2 730 (-23.9)	2 700 (-6.4)	2 470 (-1.2)	2 880 (-3.5)	2 280 (-16.2)	2 100 (-22.1)	2.2
Construction sites (manual workers only)	800 (-42.6)	880 (-45.8)	940 (-39.1)	710 (-53.7)	650 (-22.7)	960 (8.8)	550 (-41.6)	590 (-16.6)	0.5
All establishments surveyed in the private sector ^(b)	75 590 (-1.3)	78 070 (0.4)	78 380 (-1.7)	74 670 (-0.9)	71 240 (-3.1)	70 300 (-10.0)	68 200 (-13.0)	69 340 (-7.1)	2.4
		<-2.3>	<0.1>	<-1.9>	<0.5>	<-8.4>	<-3.8>	<4.9>	
Civil service ^(c)	8 250 (15.1)	7 820 (23.3)	8 030 (10.4)	8 540 (14.9)	8 590 (13.0)	8 090 (3.3)	8 900 (10.8)	8 740 (2.4)	5.0

Notes : Vacancy rate refers to the ratio of vacancies to total employment opportunities (actual employment plus vacancies).

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(b) The total figures on private sector vacancies cover also vacancies in mining and quarrying; and in electricity and gas supply, and waste management, besides vacancies in the major sectors indicated above.

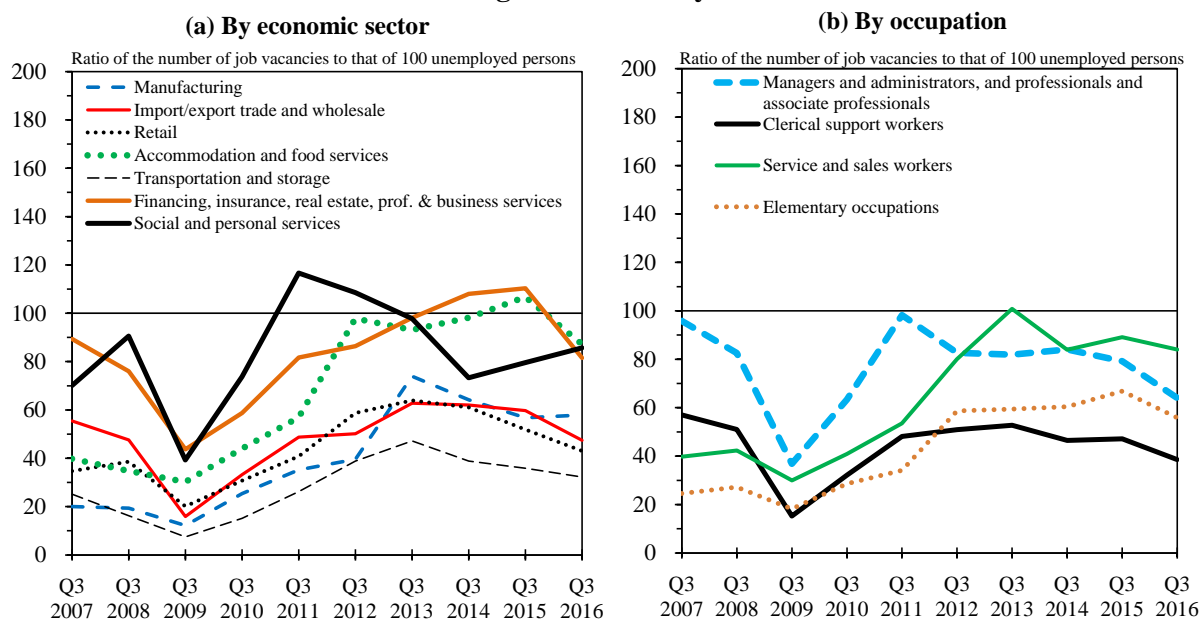
(c) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

() % change over a year earlier.

<> Seasonally adjusted quarter-to-quarter % change.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Diagram 6.5 : In the third quarter of 2016, manpower resource balance eased in most segments over a year earlier



6.15 The vacancy registration figures compiled by the Labour Department (LD), notwithstanding its smaller sample size, may provide some hints on the latest developments in the labour market. The number of private sector job vacancies averaged at around 110 500 per month in the fourth quarter of 2016, down by 6.5% over a year earlier. For 2016 as a whole, the monthly average number of private sector vacancies, at around 112 300, was broadly similar to the level in 2015.

Wages and earnings

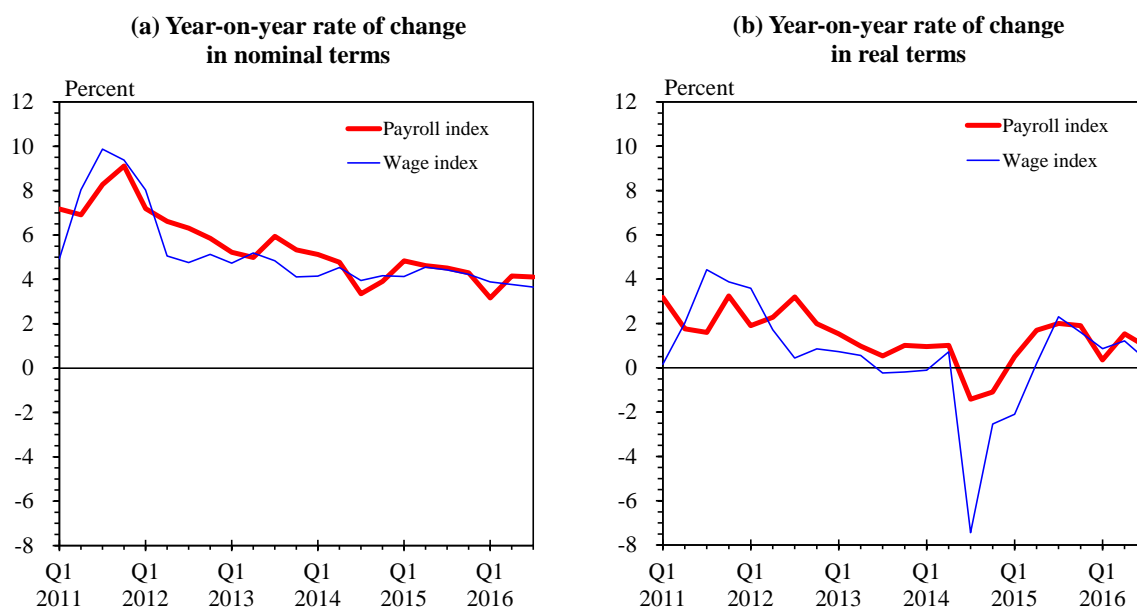
6.16 On the back of a largely stable labour market, wages and earnings stayed on the rise in 2016, though at a slightly slower pace, partly in tandem with easing inflation. *Wage index*, which covers regular payment to employees at the supervisory level or below, rose by 3.7% year-on-year in September 2016 and by 3.8% in the first nine months of 2016 combined, after the 4.4% increase for 2015 as a whole. After adjusting for inflation⁽⁸⁾, real wages increased by 0.8% in the first nine months of 2016.

6.17 Nominal wage index increased across all economic sectors and occupations in September 2016. More notable increases were observed in personal services (up 5.3% year-on-year), accommodation and food service activities (up 5.0%), and professional and business services (up 4.4%). Analysed by occupation, operatives and service workers (both up by 5.4%) continued to see more pronounced wage gains.

6.18 *Labour earnings*⁽⁹⁾, as measured by the index of payroll per person engaged in the private sector, likewise went up, by 4.1% in the third quarter of 2016. Taking the first three quarters of 2016 together, nominal labour earnings rose by 3.8% year-on-year, slower than the 4.6% for 2015 as a whole. After discounting inflation, overall payroll saw a real increase of 0.9% in the first three quarters of 2016 over a year earlier.

6.19 Nominal payroll continued to see across-the-board increases in the third quarter of 2016. More notable increases were seen in the accommodation and food service activities (up 5.2%), professional and business services (up 4.8%), and real estate activities (up 4.5%) sectors. Payroll in the retail trade sector (up 2.8%) also picked up slightly, in line with the relative improvement in retail businesses towards the end of the quarter.

Diagram 6.6 : Nominal wages and earnings continued to see broad-based growth



Note : The real wages and earnings in late 2014 to early 2015 were affected by the larger year-on-year increases in the headline Consumer Price Indices, which in turn reflected the distortion arising from the Government's one-off relief measures.

6.20 More recent statistics compiled from the General Household Survey, though not strictly comparable to those from the business establishment surveys, revealed that average monthly employment earnings⁽¹⁰⁾ of full-time employees engaged in elementary occupations (excluding foreign domestic helpers) recorded a year-on-year nominal increase of 5.5% in the fourth quarter of 2016. For 2016 as a whole, preliminary estimates suggested that their average employment earnings grew appreciably by 5.7% in nominal terms and 2.8% in real terms. Average employment earnings of full-time employees (excluding foreign domestic helpers) in the lowest three decile groups combined likewise grew solidly by 5.3% in 2016.

Highlights of labour-related measures and policy developments in 2016

6.21 LD regularly organises large-scale job fairs in different locations, canvassing vacancies from various industries for application by job-seekers on the spot. In 2016, LD organised 19 large-scale job fairs in North District, Cheung Sha Wan, Wan Chai, Tsuen Wan, Sha Tin, Tuen Mun and Yau Tong. 519 participating organisations offered over 34 300 vacancies from the retail, catering, property management, transport and other industries. There were also 15 training bodies joining the job fairs to introduce job training courses and receive applications on the spot. Apart from large-scale job fairs, district-based job fairs are organised at LD's Job Centres from time to time to assist job-seekers in finding employment. Recruitment activities are also staged by catering, retail and construction employers at the three industry-based recruitment centres regularly for interviewing job-seekers on the spot.

6.22 On completion of a new round of review of the Statutory Minimum Wage (SMW) rate, the Minimum Wage Commission (MWC) submitted its recommendation report on 31 October 2016. The Chief Executive in Council has adopted the recommendation of MWC to raise the SMW rate from its prevailing level of \$32.5 per hour by 6.2% to \$34.5 per hour. Subject to approval by the Legislative Council, the revised SMW rate will be implemented from 1 May 2017.

6.23 The Standard Working Hours Committee (SWHC) submitted its report to the Government on 27 January 2017. The Government will take full account of the report of SWHC and the views of various sectors of the community, and strive to map out within the term of the current Government the working hours policy direction that suits Hong Kong's socio-economic situation.

Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. The statistics of the three-month periods of November 2014 – January 2015 to October – December 2015 have been revised to take into account the final end-2015 population estimates.

The classification of occupation adopted by the Census and Statistics Department follows the International Standard Classification of Occupations (ISCO), which is used to classify the occupation of an employed person or the previous occupation of an unemployed person. After the implementation of the new ISCO, 2008 (ISCO-08), the General Household Survey has been enhanced to adopt the ISCO-08 in compiling labour force statistics by occupation, with statistics backcasted to the quarter of January to March 2011. Starting from the reference quarter of January to March 2011, all the labour force statistics by occupation, unless otherwise specified, are compiled based on the ISCO-08.

- (2) For a person aged 15 or above to be classified as unemployed, he or she should: (a) not have a job and not be performing any work for pay or profit during the reference period (i.e. seven days before enumeration); and (b) be available for work during the reference period; and (c) be seeking work during the 30 days before enumeration.

Notwithstanding the above, the following types of persons are also considered unemployed: (a) persons without a job, having sought work but not available for work because of temporary sickness; (b) persons without a job, available for work but not having sought work because they will take up new jobs or start business at a subsequent date, or expect to return to their original jobs; and (c) discouraged workers not having sought work because they believe work is not available to them.

Even at full employment, some frictional unemployment is bound to exist as workers move between jobs in order to obtain better terms of employment. The precise level of unemployment which can be described as purely frictional varies amongst economies, depending on the structure and characteristics of their labour markets.

The seasonally adjusted series is compiled using the X-12 ARIMA method, which is a standard method applied in compiling seasonally adjusted statistical data series.

- (3) The main criteria for an employed person aged 15 or above to be classified as underemployed are: involuntarily working less than 35 hours during the reference period (i.e. seven days before enumeration), and either available for additional work during the reference period or seeking additional work during the 30 days before enumeration.

Following these criteria, employed persons taking no-pay leave due to slack work during the reference period are also classified as underemployed if they had worked less than 35 hours or were on leave for the entire reference period.

- (4) The labour force, or the economically active population, is defined to include all persons aged 15 or above who either were engaged in productive work during the reference period (i.e. seven days before enumeration) or would otherwise have been engaged in productive work but were unemployed.

- (5) Figures enumerated from household data. The employed population is defined here to include those persons aged 15 or above who performed work for pay or profit or had a formal job attachment during the reference period (i.e. seven days before enumeration).
- (6) The low paying sectors as identified by the Minimum Wage Commission include:
- (i) retail (including supermarkets and convenience stores, and other retail stores);
 - (ii) restaurants (including Chinese restaurants, non-Chinese restaurants, fast food cafes, and Hong Kong style tea cafes);
 - (iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);
 - (iv) other low paying sectors, including
 - elderly homes;
 - laundry and dry cleaning services;
 - hairdressing and other personal services;
 - local courier services; and
 - food processing and production.
- (7) Manufacturing enterprises with fewer than 100 employees and non-manufacturing enterprises with fewer than 50 employees are regarded as small and medium-sized enterprises (SMEs) in Hong Kong. Yet, establishments with the same main business registration number (BRN) and engaging in activities of the same industry sector are grouped into one business unit for the purpose of calculating the number of SMEs. Thus, a business with a lot of small chain stores each employing a small number of employees will be considered as a single large enterprise, instead of separate SMEs.
- (8) Different consumer price indices are used for compiling the real indices of labour earnings and wages, taking into account their relevance to the respective occupation coverage. Specifically, the Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for earnings received by employees at all levels of the occupational hierarchy. The CPI(A), being an indicator of consumer prices for the relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.
- (9) In addition to wages, which include all regular and guaranteed payments like basic pay and stipulated bonuses and allowances, earnings also cover overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in sectoral and occupational coverage, the movements in average earnings, as measured by payroll per person engaged, do not necessarily match closely with those in wage rates.
- (10) The average (mean) monthly employment earnings are easily affected by extreme values in the survey sample, more so when reckoned for higher-end workers. They should therefore be interpreted with caution, in particular when they are compared over time.