



樂施會
OXFAM
Hong Kong

無窮世界
World
Without
Poverty

「低收入零散工概況調查」 內容撮要及政策建議

EXECUTIVE SUMMARY
RESEARCH ON LOW-INCOME CASUAL WORK
IN HONG KONG

2017年6月
June 2017

1. Foreword

Oxfam, as an international poverty alleviation organisation, has been working to realise the United Nations Sustainable Development Goals (SDGs), end extreme poverty, and tackle inequality and injustice. Oxfam's report 'An economy for the 99 percent' points out that the gap between rich and poor is far greater than had been feared as eight men own the same wealth as the 3.6 billion people who make up the poorest half of the world.

Though affluent, there remain 970,000 people who live in poverty in Hong Kong. Wealth inequality is worse than ever before and has already reached an alarming level with the richest 10 per cent of the city's households earning close to 44 times more than the poorest 10 per cent, according to the Thematic Report: Household Income Distribution in Hong Kong released early June. Nevertheless, Forbes estimated last year that the combined wealth of the 18 richest people in the city exceeds the Hong Kong government's reserve.

The just announced Gini Coefficient has edged up by 0.002 to 0.539¹, from 0.537² in 2011. The higher the Gini Coefficient, the wider the income gap among all the households in Hong Kong. The disparity between the rich and poor has been worsened since 2011. The Gini Coefficient of Hong Kong remains higher than other developed countries³. The salary earned by the richest 20% households accounted for 57.1% of total households' income. The grassroot households suffer the most as a consequence of social injustice and weak poverty alleviation policy. Although the unemployment rate remains steadily at 3.2%, yet it does not help close the wealth gap between the rich and the poor. Low-income households only earn a meagre salary which does not pledge with inflation. Some people from grassroot households even have to do a second job to improve their livelihood. However, the existing regulation does not provide sufficient protection for casual worker, which put them into a vulnerable position.

Oxfam believes that a just society should move towards a human economy. In other words, profit should not be the only goal; instead, the needs of people should be a priority in economic development. To build a just society, the basic needs of the underprivileged should be taken into account. For instance, by achieving gender equality (SDG 5), ensuring decent work and economic growth (SDG 8), and reducing inequality (SDG 10), our society would be better off and be more equal.

¹ <http://www.info.gov.hk/gia/general/201706/09/P2017060900426.htm?fontSize=1>

² <http://www.census2011.gov.hk/pdf/household-income.pdf>

³ E.g. Canada (2015 at 0.436), the United States (2015 at 0.482), the United Kingdom (2015/16 at 0.35), Singapore (2016 at 0.458) and Taiwan (2015 at 0.388).

2. Research Background

In 2016, women who work as a 'non-continuous' employee reached 89,100, and accounted for 59.5% of the 'non-continuous' employees. The figure was higher than that of 2014 (57.2%)⁴ (Figure 1). The main reason women work as casual workers is because of family duties, which reveals the inequality that remains between men and women in terms of family status. In general, the jobs taken up by women as casual workers are unstable and not decent, and tend to leave workers unprotected by labour laws.

Although Hong Kong calls itself an international city, its employment protection falls far behind its neighbours, such as Singapore and Taiwan (Table 1). For instance, some enterprises do not employ people under a continuous contract. Instead, they continually renew employees' contracts or shorten their work hours in the last week of the month to avoid providing their employees with any benefits. Casual workers are therefore placed in a vulnerable position; this kind of work makes it hard for those who are already poor to escape poverty.

Oxfam has always been concerned about the labour rights of workers, especially those of low-income workers. To better understand the challenges these workers face in the context of employment, Oxfam commissioned Policy 21 to conduct a survey that looks at casual workers who are not employed under a continuous contract.

2.1 Definition of 'continuous contract'

According to the Employment Ordinance of Hong Kong, an employee who has been employed continuously by the same employer for four weeks or more, and who works at least 18 hours each week is regarded as someone who is employed under a continuous contract. He/she is entitled to rights such as rest days, annual leave with pay and sickness allowance, severance and long service payment, etc. On the contrary, if an employee fails to meet this requirement, he/she will be classified as a 'casual worker' or 'non-4.18' employee. According to Census data, 149,800 people were working as 'non-4.18' employee, 16.4⁵ per cent higher than that of 2001.

The Hong Kong government defined the term 'continuous contract' in the Employment Ordinance in 1968. The objective was to ensure that employers would provide these employees with the rights and benefits stipulated in the Employment Ordinance. However, besides the minor amendments that were made to the definition of 'continuous contract', no amendments were made or supplementary information provided about the employment protection of those employed under 'non-continuous contracts'. The Labour Department submitted a few proposals to the Labour Advisory Board in 2013 for discussion, but no consensus has been reached. The outdated employment law now has loopholes, and so it fails to provide employees with adequate protection and fails to cope with the structural changes in the labour market, which only allows

⁴ Report on Annual Earnings and Hours Survey 2012-2016

⁵ Ibid

the gap between the rich and poor to continue to widen.

3. Methodology

The survey was conducted through questionnaires which were distributed among workers who were employed under non-continuous contracts. There were five sections in the questionnaire: details about respondents' work under non-continuous contracts, salary and legal protection, other jobs they took up, their desire to apply for Low-income Working Family Allowance (LIFA), and personal particulars. The survey was conducted between February and September 2016. A total of 368 questionnaires were completed.

3.1 Demographic and Household Characteristics

The target respondents of the survey were those with a household income of less than 70 per cent of the medium household income in Hong Kong. Regarding their age, 26 per cent of respondents were aged between 18 and 30, while 20 per cent were aged 51 or above (please see Figure 3). As for their household income, 36.7 per cent were three-person households, while 37.8 per cent were four-person households. Small households with one or two persons accounted for 2.2 per cent and 12.5 per cent respectively. While households with five persons, or six or more persons accounted for 9 per cent and 1.9 per cent of all respondents respectively (please see Figure 4).

The majority (91.1 per cent) of respondents indicated that they were taking up a non-continuous contract job; 7.4 per cent said they were taking up two while 1.5 per cent had three. The total number of 'non-continuous contract' jobs all 368 respondents had was 404 (please see Figure 5).

4. Main Findings

4.1 Over 70 per cent of casual workers were women

Among the 368 respondents, 73 per cent were women while 27 per cent were men (please see Figure 2). The results revealed the inequality in employment between men and women; it also reflected that in low-income households, women tend to work as casual employees. As a result, they often lack adequate labour protection and are therefore more vulnerable.

4.2 Family duties and responsibilities – main reason for women to work as casual workers

Figure 6 lists the reasons why men and women to take up casual work. A total of 72.6 per cent of married women said that looking after their families was the main reason why they cannot work full-time. Moreover, 7.3 per cent of respondents said that the incomes from their full-time jobs were insufficient to support their families' needs and therefore they had to find a part-time job as well. Only 7.9 per cent of respondents said that they could not find a full-time job. However, for the male respondents, it was the opposite. Only 8.2 per cent

of male respondents said that family reasons made them take up casual work; 34.7 per cent said they could not find a full-time job while 32.7 per cent took up part-time jobs as their salary from their full-time job was not enough to support their families.

4.3 Over 80 per cent of casual workers lacked labour protection

In our observation, workers employed under non-continuous contracts were poorly protected by labour laws. Over 80 per cent of casual workers were not entitled to sick leave, payment of wages in lieu of notice, statutory holiday pay, sickness allowance, annual leave, long service payment, severance payment or end of year payment. The 'Employee Compensation Ordinance' applies to all full-time or part-time employees who are employed under contracts of service or apprenticeship. All employers are obliged to take out an employees' compensation insurance policy. Yet in our survey, 78 per cent of respondents said that they were not covered by insurance. According to the Mandatory Provident Fund (MPF) Schemes Ordinance and the Mandatory Provident Fund Schemes Regulation, employers must enrol all their regular and casual employees in an MPF Scheme as long as that employee is employed for 60 days or more. It highlighted that even if the employment does not fulfil the requirements of the '4.18' rule, an employer must enrol an employee in an MPF Scheme. However, only 24 per cent of respondents were enrolled in an MPF Scheme despite the fact that their employment duration exceeds the 60-day requirement. One of the reasons may be linked to their employment type. If an employee was asked to claim that he/she was self-employed, then the 'employer' is not required to provide neither compensation insurance nor MPF to the 'employee'. As 76.5 per cent of respondents did not sign written contracts with their employers (please see Figure 6), some of them were not clear about the contract terms, which made it hard to protect the rights of these workers (please see Figure 7).

4.4 Twenty per cent of casual workers took up full-time employment

A total of 20.4 per cent of respondents worked 20 days or more per month, which was on par with full-time workers. However, they did not have the same rights or benefits that were given to full-time staff (please see Figure 9). Furthermore, 28.7 per cent worked for the same employer for one to two years continuously, while 19.8 per cent worked for the same employer for half a year to one year continuously. Neither group, however, was protected by labour laws in the same way full-time staff were (please see Figure 10).

4.5 Income from casual work accounted for 30 per cent of total household income

Among the respondents, 23.1 per cent earned \$2,000 to \$2,999 a month, while 21.2 per cent earned \$3,000 to \$3,999 (please see Figure 10). The survey showed that the salary earned from casual employment accounted for 30 per cent of total household income (please see Figure 11 and Table 2), and was an important source of income for their families. Yet the lack of labour laws that protect casual employees has lessened their access to their rights.

4.6 Only twenty per cent households would apply for LIFA

Respondents whose household income was below 60 per cent of the medium household income can apply for LIFA. As per our survey, 66.3 per cent said that they were aware of LIFA, yet only 20.4 per cent indicated that they would apply for it; the rest were either undecided or did not intend to apply (please see Figure 12). Moreover, 37 per cent expressed that the application procedure was too complicated, while 11.1 per cent found it difficult to obtain proof of income. These were the main obstacles which discouraged low-income households from applying for LIFA (please see Figure 13).

5. Review of Current Policy

Women from low-income households have limited career choices as many of them are responsible for taking care of their families. Most of them were unwilling to take up casual employment, but simply have no choice. With the lack of labour protection casual employment offers, poor families are unable to lift themselves out of poverty. Although the government has launched the LIFA scheme, the lack of support and complicated procedures it entails have led to a low application rate, and has not been able to alleviate poverty.

5.1 Employment Ordinance

Women from low-income households cannot take up full-time work as they need to take care of their families, women also accounted for 70% of casual workers among our non-continuous contract respondents. The Employment Ordinance grants the basic protection including paying of wages, restrictions on wages deductions and the rights to join labour union to all employees. However, further labour benefits such as rest days, maternity leave, paid annual leave, sickness allowance, severance payment and long service payments can only be enjoyed by employees who are employed under a continuous contract, that being said, an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 hours worked in each week is regarded as being employed under a continuous contract. Yet for those women who need to take care of their families can only work as casual workers of which the majority were not employed under continuous contract. In some situation, employers intentionally shorten the work hours of their employees to make their contract not classified as 'continuous contract'. In this regard, employees do not only earn less, but are also denied labour protection. Grassroots workers are therefore in a vulnerable position, and are trapped in structural poverty.

5.2 Low-income Working Family Allowance

LIFA was introduced in the 2014 Policy Address, and applications have been received in phases since last year. However, the intended result has not been achieved. As of November 2016, the Working Family Allowance Office has received over 37,000 applications, but only 27,957 applications were approved with allowance granted. The number of applicants has been far lower than what the government had expected. This is indicative of problems in its design and

execution.

5.3 Casual workers found it hard to provide proof of income

LIFA applicants must submit proof of work hours and income for the period to be covered by LIFA. Proof can be in the form of attendance records, an employment contract, employer's certificate of working hours, etc. However, as seen in the survey, most casual workers were employed under a verbal contract. According to our survey, close to 80 per cent of respondents did not sign a written contract with their employers and some casual workers may work for several employers within the period. As such, casual workers found it difficult to ask their employers to provide documentary proof. Although the government proposed that applicants could submit the 'Self-declared Statement on Working Hours/Income from Work' as a way to explain why no proof can be submitted, the government does not accept the self-declaration as proof, and requests applicants to submit supplementary information. Needless to say, this has become a hurdle for many low-income casual workers.

6. Oxfam's Recommendations

6.1 Resume review of Employment Ordinance

The report Oxfam released last year showed that poverty among women in some developing countries in Asia could be attributed to being underpaid and the lack of labour protection. To improve this situation and to achieve the SDGs, it is key that all workers' labour rights are protected.

The Employment Ordinance excludes the rights and benefits of casual workers. Some employers make use of policy loopholes and neglect casual employees' labour rights, such as paid annual leave and severance payment. Oxfam thus requests the Labour and Welfare Bureau, and the Panel on Manpower of the Legislative Council to urge the Labour Advisory Board to resume the review of '4.18' so that workers' pay is increased to a reasonable standard and so they can receive the benefits they should have. By taking these steps, they can help reduce inequality.

Many women from low-income families want to work full-time to increase their household income, but they cannot because they have to take care of their families. This not only affects their family income, it also exacerbates the problem of intergenerational poverty. Oxfam suggests that the '4.18' rule be relaxed so that employees who work 72 hours per month can also be protected under the Employment Ordinance.

In fact, labour protection in Hong Kong lags behind that in Japan, South Korea, Singapore and Taiwan. Workers in these areas are entitled to such rights as paid annual leave, statutory holidays, paid sick leave/maternity leave and severance payment. Oxfam urges the government to study such practices to see how they can be applied in Hong Kong so that casual workers who work under non-continuous contracts are still protected under labour laws, especially poor women.

6.2 Simplify LIFA application procedures

The government should review the LIFA application process. With regard to proof of work hours and income, Oxfam suggests that the required documentation should only be required when the applicant applies for the first time, and that no proof of working hours and income should be required if their pay and working hours remain unchanged in the following six months. In addition, the government should provide LIFA applicants with more support. For instance, it can provide application form filling assistance outside of business hours and follow up on applications to help families who are applying for LIFA.

6.3 Enhancing education

Our survey shows that many casual workers were not clear about their labour rights, and were not aware that they were not protected by labour laws (e.g. compensation for work injuries and MPF). Oxfam urges the government to enhance employer and employee education, and remind employees to understand how they are protected under the Employment Ordinance. More importantly, the government should encourage workers to ask their employers about employment protection when seeking employment so that they will not be forced to claim themselves “self-employed” and their labour rights can be properly protected. Furthermore, the Labour Department should step up inspections of companies and prosecute employers who do not provide their staff with sufficient coverage through employees' compensation insurance or enrol eligible employees into an MPF scheme. Employers should also be educated about the importance of following the Employment Ordinance so that they do not exploit their employees.

7. Conclusion

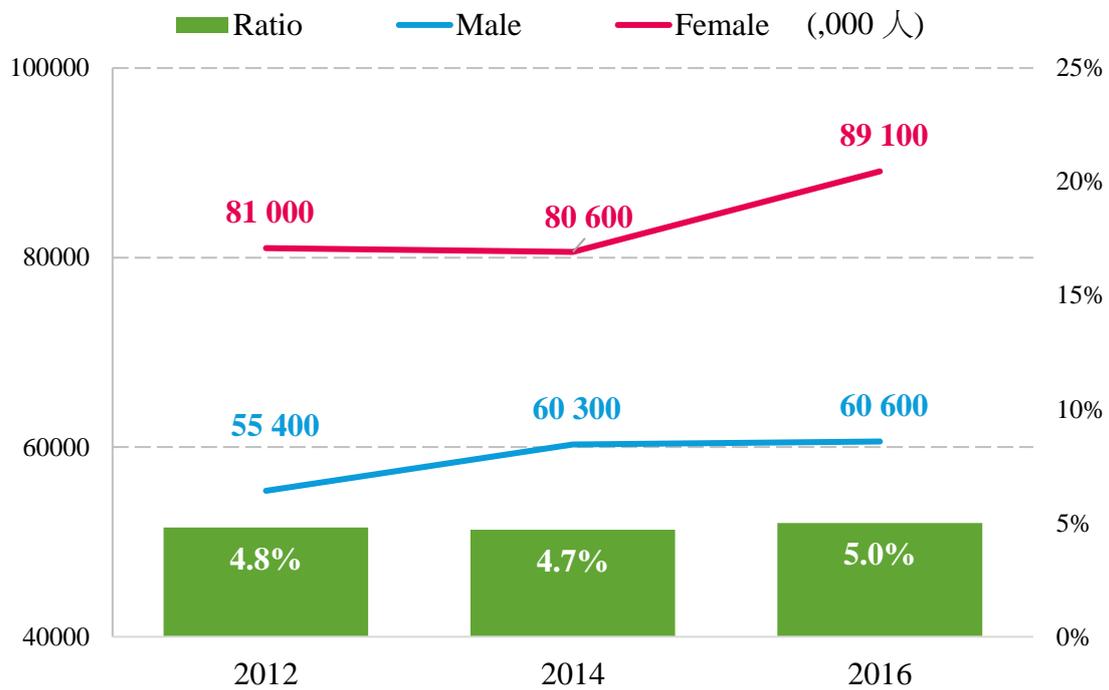
The development of Hong Kong depends on everyone doing their job dutifully, and contributing to its social and economic development in their own capacities. Those who work as casual workers – whether or not they chose to take up this kind of work – should be adequately protected by labour laws. Oxfam believes that by amending the existing labour policy and improving work incentive schemes, Hong Kong's labour market can become a human economy that rewards those who work hard.

Appendix

Table 1

	Japan	South Korea	Singapore	Taiwan	Hong Kong
Definition of Part-time job	workers with prescribed weekly working hours shorter than ordinary workers	Workers with shorter weekly working hours relative to full-time workers	35 hours per week	No specification	Under '4.18'
Salary Protection	✓	✓	✓	✓	✓
Paid rest day	✓		✓	✓	×
Paid annual leave	✓	work for at least 15 hours per week	On pro rata basis, after serving for 3 months	✓	×
Paid statutory holiday	×	✓	✓	✓	×
Paid sick Leave	×	×	✓	✓	×
Paid maternity leave	✓	✓	✓	✓	×
Paid paternity leave	×	✓	✓	✓	×
Severance protection	✓	✓	✓	Pro rata	×

Figure 1: Non-4-18 employees and their ratio to total employed persons in private sector



*Figures are rounded to the nearest hundred. There may be a slight discrepancy between the sum of individual items and the total due to rounding.

‘Research on Low-income Casual Work’ Findings

Figure 2: Gender

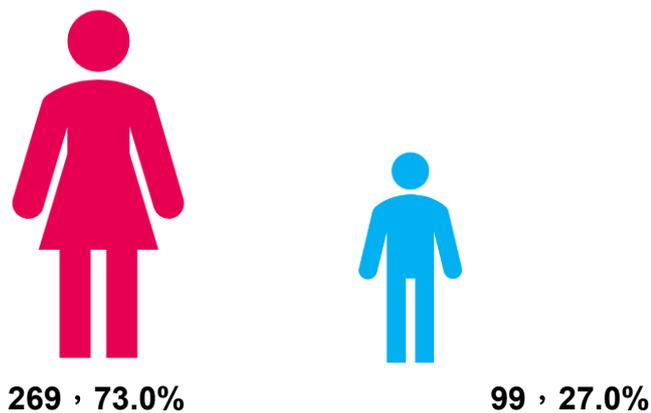


Figure 3: Age of respondents

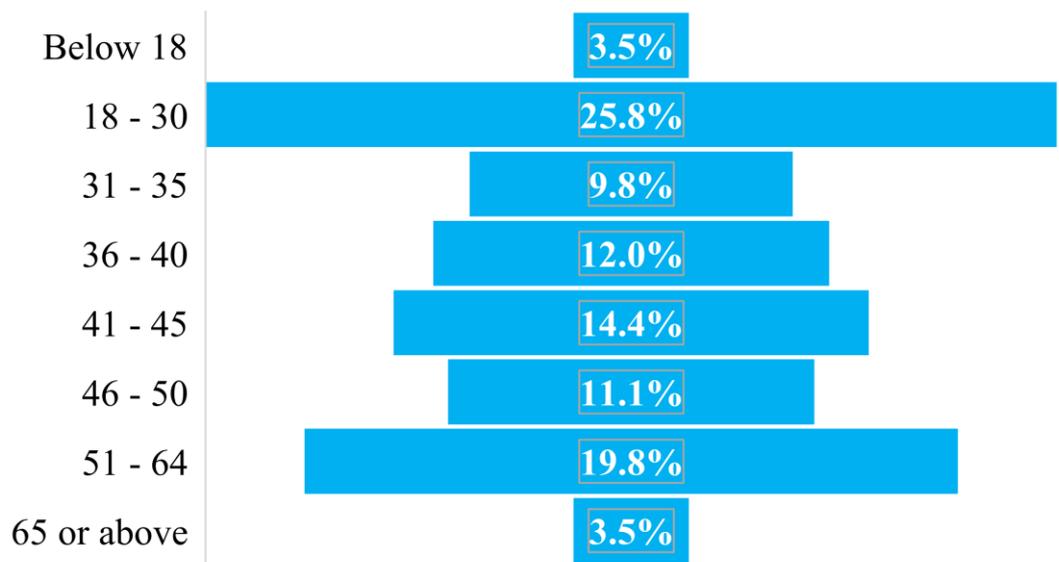


Figure 4: Household size (%)

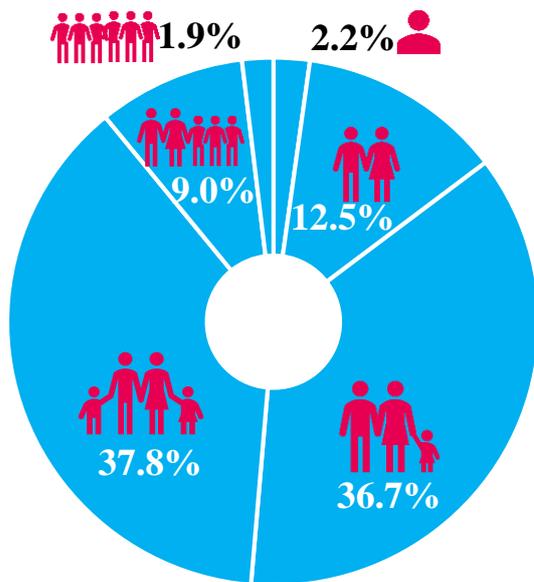


Figure 5: Number of non-continuous employment of the respondents at present

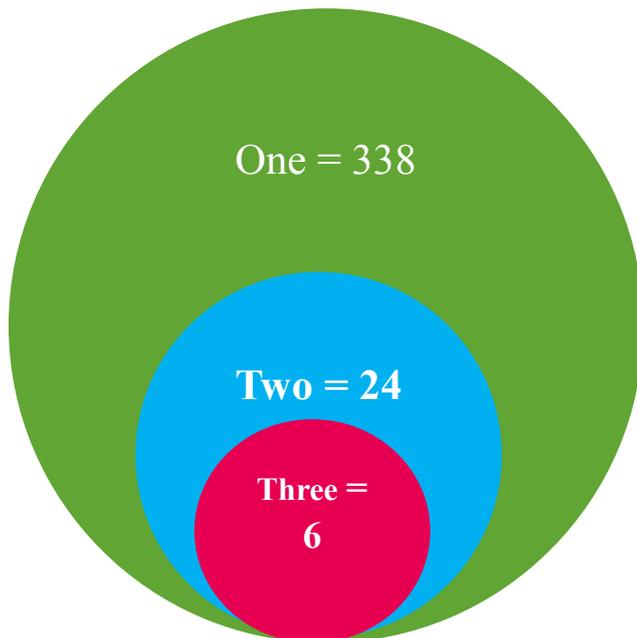


Figure 6: Reasons of taking up non-continuous work of married person by gender

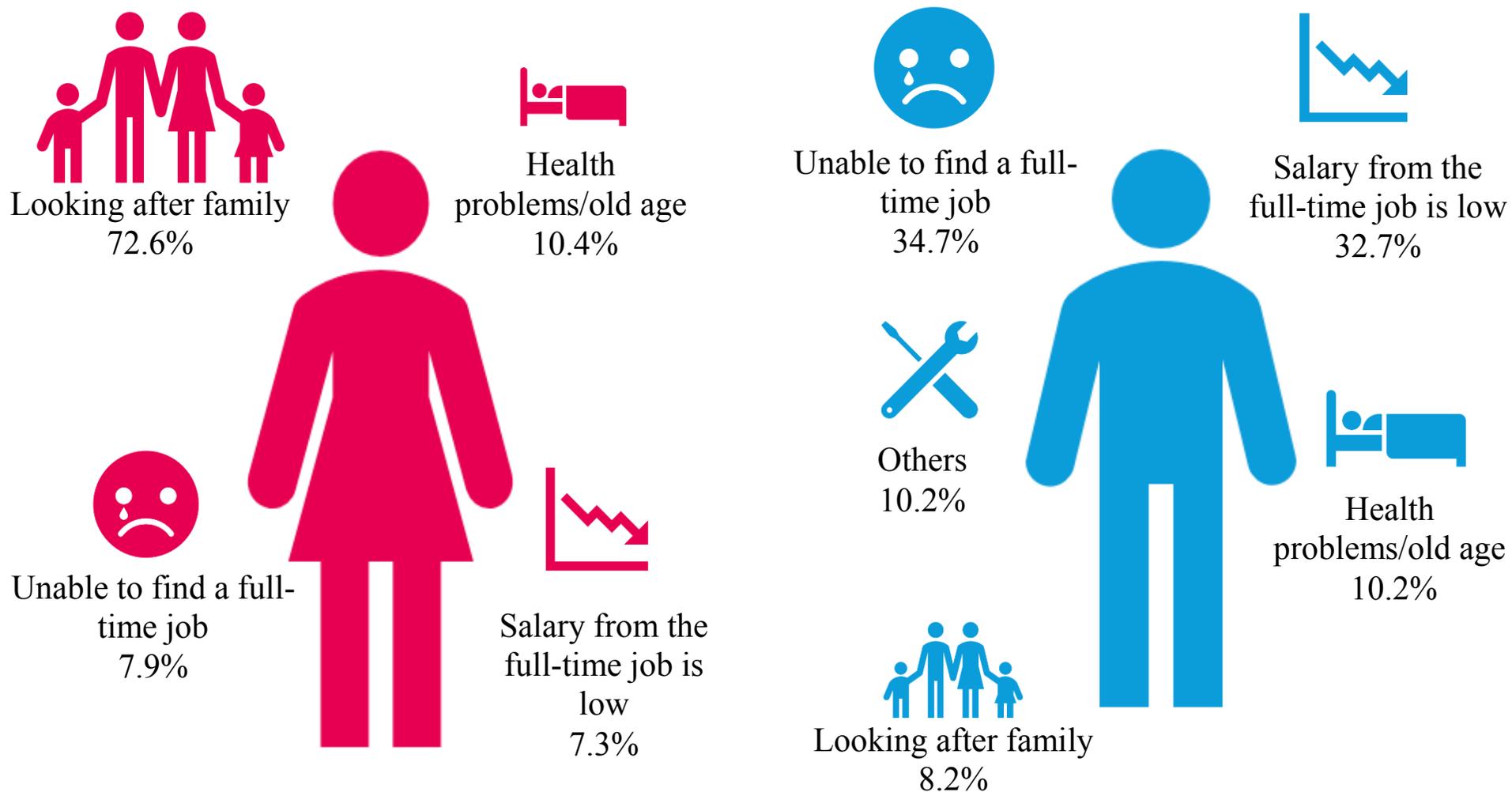


Figure 7: Employment contract of the non-continuous jobs (Total employments = 404)



Figure 8: Legal protection of non-continuous jobs

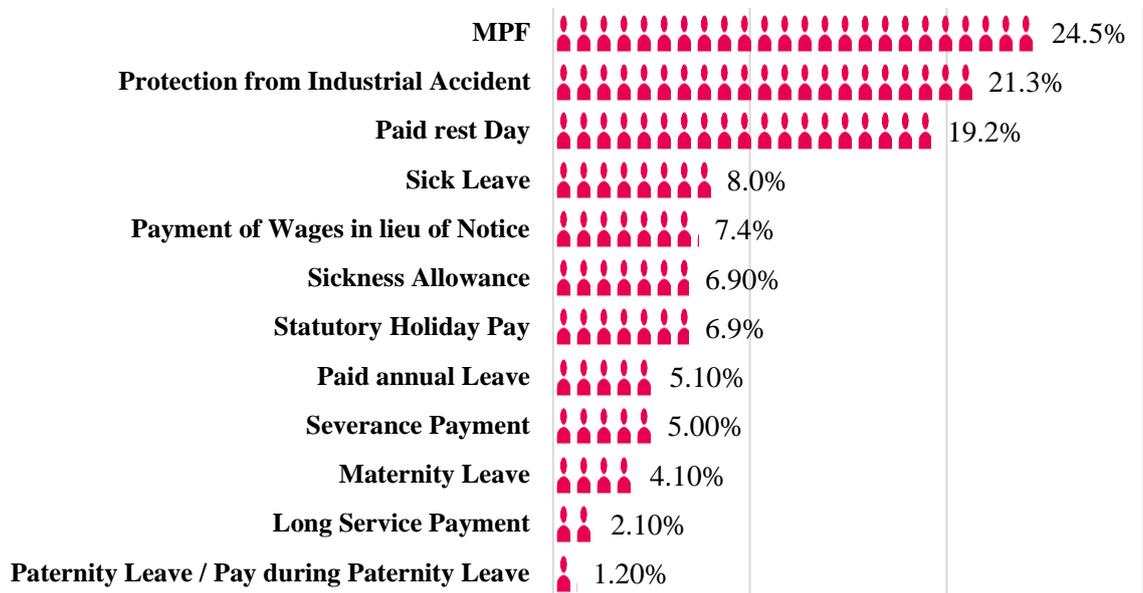


Figure 9: No. of days of work per month

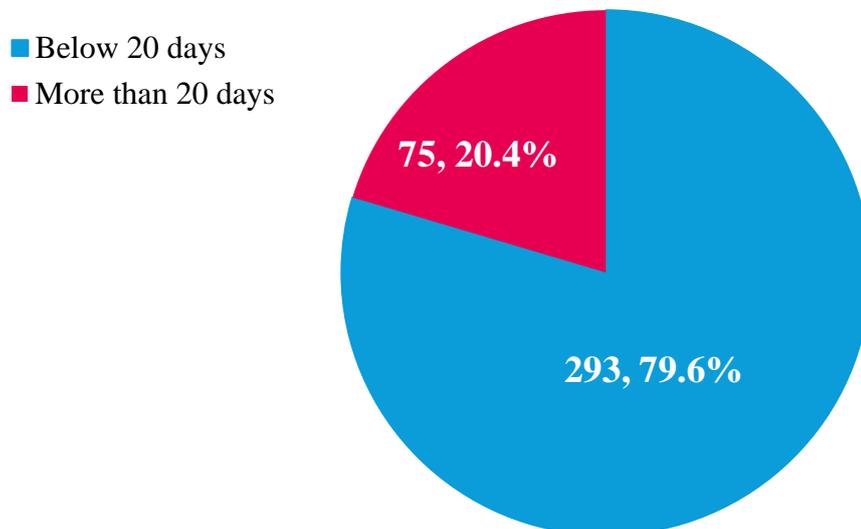


Figure 10: Length of current non-continuous work

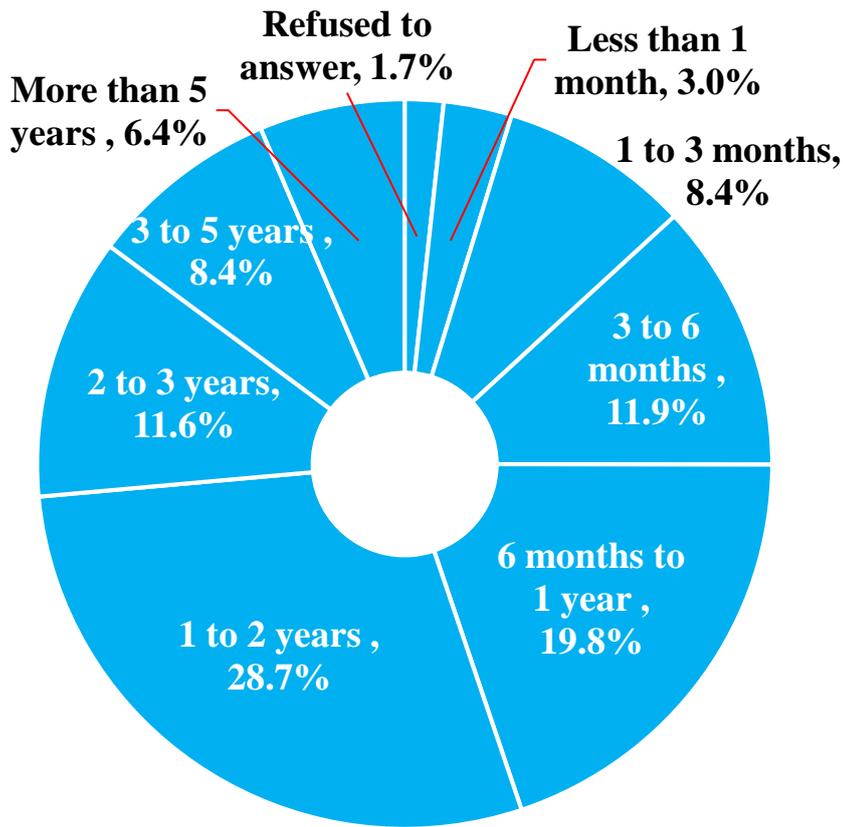


Figure 11: Monthly income of non-continuous employments

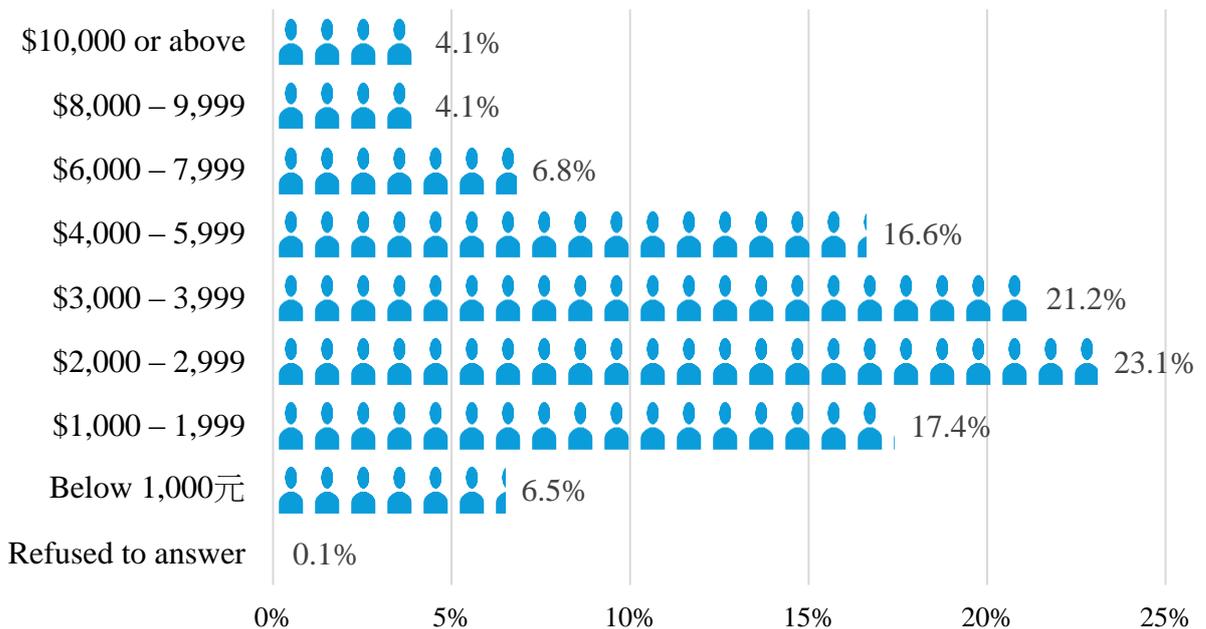


Table 2: Non-continuous work income, household income and the relative ratio

		Family
Non-continuous work income	Average	\$3,936
Household income	Average	\$16,590
Ratio of non-continuous income over household income (r) = (a) / (b)	Average	0.29

Figure 12: Plan to apply for Low-income Working Family Allowance (%)

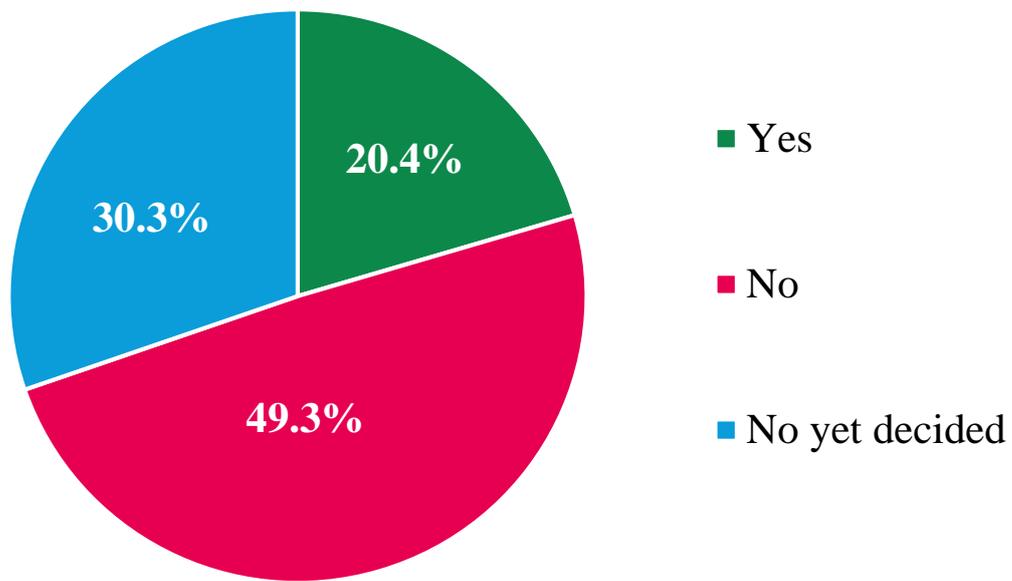


Figure 13: Reasons for no intention to apply LIFA (%)

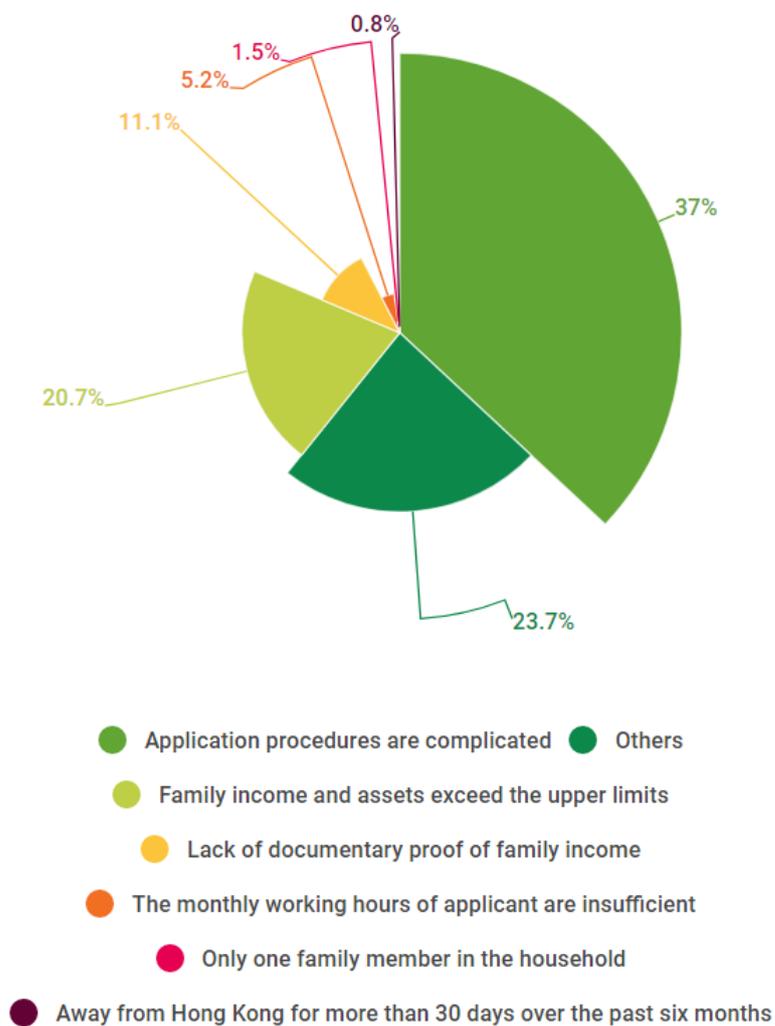


Figure 14: Occupation of current non-continuous work (Total works: 404)

