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Legislative Council
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Proposed Priority in the Scrutiny of Bills by Members

The Employees Compensation Assistance (Amendment) Bill 2002 (“the Bill”) was introduced into the Legislative Council on 27 February 2002. I am writing to suggest that priority be accorded by Members to the scrutiny of the Bill, should Members decide to set up a Bills Committee to examine it.

The Employees Compensation Assistance Scheme (ECAS) was set up under the Employees Compensation Assistance Ordinance in 1991 to provide financial assistance to injured employees who cannot recover compensation from their employers. It also protects employers against default of their insurers who have become insolvent. The ECAS is funded by a 1% levy on employees’ compensation insurance premium.

Since 1996-97, the ECAS has incurred annual deficits. The situation has been further aggravated by the insolvency of the HIH Group of insurance companies in April 2001, which has created liabilities estimated to reach \$350 million for the ECAS. There is an urgent need for reform measures to be implemented to sustain the financial viability of the ECAS in the longer term.

The Bill, in seeking to adjust the overall levy rate and levy distribution between the ECAS and the Occupational Deafness Compensation Scheme, seeks to address this very important issue. The Bill also proposes a package of measures aiming to improve the financial stability of the scheme, to bring about better management of applications and in turn earlier settlement in suitable cases. Enactment of the Bill as early as possible would enable the ECAS to continue to provide a reasonable safety net for both employers and employees. I am therefore writing to suggest priority be accorded by Members to the scrutiny of the Bill.

I should be most grateful if you would put forward our above suggestion for Members' consideration at the coming House Committee meeting on 1 March 2002.

(Andrew H Y Wong)
Director of Administration