

**Response to the Questions Raised by Hon LEE Cheuk-yan
regarding the paper on “Impact of an Increase in Applications
for the Protection of Wages on Insolvency Fund”
of the Legislative Council Panel on Manpower**

- Q: Please specify the number of applications and claims payment with a breakdown by month from January 2000 to November 2001.
- A: Details are shown in **Annex 1**.
- Q: Please specify the number of applications with a breakdown by trade in 2000-01 and 2001-02 (up to November 2001).
- A: Details are shown in **Annex 2**. Labour Department has compiled figures for the period up to September 2001.
- Q: Please specify the number of applications with a breakdown by payment time in 2000-01 and 2001-02 (up to November 2001).
- A: Details are shown in **Annex 3**. Only figures by calendar year are available from the Labour Department.
- Q: Does the increase in the number of applications have any impact on payment time? If so, will additional manpower be provided?
- A: As can be seen from the figures in **Annex 3**, the time required for making ex-gratia payments in the first eleven months of 2001 was similar to that in 2000. The Labour Department has already deployed more staff to the Wage Security Unit, which is responsible for vetting applications, in order to cope with the workload arising from the upsurge of applications. We will continue to monitor the workload of the Wage Security Unit.

Q: What are the details of various options to maintain the financial viability of the PWIF? Can the Administration guarantee that the plan endorsed will not reduce the employees' existing benefits?

A: The Administration is actively studying the trends of applications and other factors affecting the financial position of the PWIF, with a view to assessing the fund's current and future demands as well as the feasibility of different options for maintaining the financial viability of the PWIF. The Administration will disclose the details of the improvement plan as soon as it is in place. The Protection of Wages on Insolvency Fund Board will be consulted in due course. The Administration will bear in mind the need to maintain existing employees' benefits in devising any improvement plan.

Annex 1**Number of applications and claims payment
with a breakdown by month from January 2000 to November 2001**

Month	2000		2001	
	Applications	Claims payment (HK\$)	Applications	Claims payment (HK\$)
1	1654	88,388,884.26	1689	89,058,013.05
2	1101	58,200,046.06	1148	57,511,988.05
3	1377	62,800,929.19	1784	80,470,474.96
4	1051	45,454,006.63	1119	41,788,594.16
5	1206	54,553,070.96	1163	56,645,773.22
6	1132	49,025,285.07	1158	55,092,957.84
7	1028	54,106,514.23	2010	100,983,733.11
8	1026	64,773,874.76	1463	71,461,933.24
9	1103	53,140,791.07	1425	74,700,107.70
10	774	43,616,193.46	1540	69,165,659.50
11	992	53,682,623.65	1806	89,524,195.32
12	1228	49,755,694.99	-	-
Total	13672	677,497,914.33	16305	786,403,430.15

**Number of applications with a breakdown by trade
in 2000-01 and 2001-02 (up to September 2001)**

Trade	Applications in 2000-01	Applications in 2001-02 (Apr. 2001 – Sept. 2001)[#]
Restaurants	5564	2589
Construction	2403	1428
Import/Export	1279	674
Business Services (excluding Rental of Machinery and Equipment)	581	424
Clothing	543	240
Retail	511	1079
Others	3280	1904
Total	14161	8338

[#]: As the statistics are compiled on the basis of quarterly surveys, the figures for Oct-Dec 2001 are not yet available.

Annex 3

**Number of approved applications
with a breakdown by ex-gratia payment time
in 2000 and from January to November 2001**

Ex-gratia payment time	2000	Jan-Nov 2001
4 weeks or less	4318 (38.33%)	4618 (42.84%)
4 to 6 weeks	2015 (17.89%)	1566 (14.53%)
6 to 8 weeks	1921 (17.05%)	1227 (11.38%)
8 to 10 weeks	3012 (26.73%)	3368 (31.25%)
	11266 (100%)	10779 (100%)
Average time required	5.3 weeks	5.2 weeks