

**Speaking Note for  
the Secretary for Economic Development and Labour  
at the Special Meeting of the Finance Committee  
on 12 April 2005**

(This is a draft, please check against oral delivery)

Chairman,

The estimate of expenditure for the Labour Department in 2005-06 is \$1,061.1 million, 43.1% (\$457.7 million) of which will be spent on Employment Services.

2. Alongside the recent notable rebound in the local economy, the unemployment rate dropped to 6.1%, the lowest in 39 months. However, the problem of unemployment is a long-term challenge. We will keep up our efforts in strengthening employment services and improving the employment situation. We will also strive to promote labour relations, combat illegal employment and wage offences, protect employees' rights and benefits, and enhance occupational safety and health.

### **Improving Employment**

3. We are all very concerned about the problem of employment. The Administration will continue to promote economic development so that more jobs can be created by the market. Currently, the Labour Department continues to receive, on average, 1 500 private sector vacancies every working day. Last year, we held 10 large-scale and 32 small-scale job fairs. As these job fairs can meet employers' needs flexibly, and help job-seekers secure employment, we will organise more similar events this year.

4. We will also continue with the "Youth Pre-employment Training Programme" (YPTP) and the "Youth Work Experience and Training Scheme" (YWETS) to provide one-stop pre-employment and on-the-job training services for young participants. The two programmes will provide no less than 17 000<sup>1</sup> training places in total in this financial year, which should be sufficient to accommodate all young job-seekers.

---

<sup>1</sup> YPTP : 12 000 placements, YWETS : 5 000 placements.

5. For the middle-aged, we are helping them through the “Re-employment Training Programme for the Middle-aged” and comprehensive employment services. We will also continue to enhance the job opportunities for local domestic helpers through the “Special Incentive Allowance Scheme for Local Domestic Helpers”. Besides, the Labour Department has just launched a new “Work Orientation and Placement Scheme” (WOPS) with effect from 1 April to help 1 000 people with disabilities find jobs. The Department also plans to launch the “Work Trial Scheme” to assist those having special difficulties in securing employment.

6. Last year, the Labour Department successfully placed more than 86 000 job-seekers into jobs, and received close to 300 000 private sector vacancies. Both figures are all-time highs. The total number of private sector vacancies received by the Department reached 36 000 last month (March), and the Department also placed 8 250 job-seekers in employment, both are record highs for a single month. Looking ahead to the rest of the year, with continuous economic recovery and the development and implementation of various tourism and infrastructural projects, labour market sentiments should be positive.

### **Promoting Labour Relations**

7. Good labour relations are vital to social stability and economic prosperity. Last year, the number of labour disputes<sup>2</sup> mediated by the Labour Department dropped 37% from that of 2003, showing that labour relations continued to improve. Last year, only 0.11 working day per 1 000 employees was lost due to labour disputes, indicating that labour relations in Hong Kong are generally harmonious. The settlement rate of labour disputes and claims through the conciliation service of the Labour Department hit a high of 67.3%.

8. As the economy improved, the number of applications for the Protection of Wages on Insolvency Fund (PWIF) registered a substantial decrease of 39% when compared to 2003. The deficit of the PWIF has also turned into a surplus for the first time since the Asian financial crisis in 1997. Currently, the PWIF has a cumulative surplus of over \$96 million.

---

<sup>2</sup> Cases involved more than 20 employees.

9. We will continue to promote good labour relations through various activities and the industry-based tripartite committees.

### **Protecting Employee's Rights and Benefits**

10. To protect the employment opportunities of local workers, the Administration will continue to step up enforcement against illegal workers and their employers. Last year, the Labour Department, together with the Police and Immigration Department, launched 104 joint operations. The Department also publicised extensively its complaint telephone hotline to encourage the public to report illegal employment. In 2005, we will enhance intelligence exchanges with the Mainland, strengthen co-operation among law enforcement departments, and step up publicity efforts. Our aim is to clamp down on illegal employment activities at all levels, targeting in particular employers of illegal workers.

11. On the protection of employee's rights and benefits, we will keep up our efforts in tackling wage offences. In 2004, the Labour Department secured convictions of a record high of 504 summonses relating to employers' failure to pay wages - an increase of 13.3% over the 445 summonses in 2003. We will continue to step up enforcement against any exploitation to safeguard the statutory labour rights and benefits of workers.

12. To protect the interests of elementary workers, the Administration promulgated in May 2004 a mandatory requirement for contractors of government service contracts to pay their non-skilled workers a monthly wage that is not less than the average market level of the same industry and occupation as set out in the latest Quarterly Report of Wage and Payroll Statistics published by the Census and Statistics Department.

13. The Administration is drawing up a new standard employment contract for use by all contractors of government services in order to prevent non-skilled workers from being paid less than the amount committed by the contractors in the tender offers. The new standard employment contract will come into effect soon. To tie in with the adoption of the new contract, the Labour Department will enhance, through internal redeployment, inspections to the workplaces of government service contractors. All procuring departments will also closely monitor the performance of their service contractors.

## **Enhancing Occupational Safety and Health**

14. The number and rate of occupational accidents have been falling steadily since 1998. It is noteworthy that the safety performance of the high-risk construction industry has made relatively more notable improvement in 2004. The number of confirmed occupational diseases has been on the decrease as well.

15. We will continue to actively promote safety and health at work through enforcement, publicity and education. Last year, we focused our enforcement and promotional efforts on the accident-prone sectors with a view to raising the occupational safety and health awareness of the stakeholders. To reduce the accident toll, we will work closely with employers, employees and other institutions engaged in occupational health and safety in creating a working culture that emphasizes safety and health. For this financial year, we are targeting our publicity, promotional and enforcement efforts at the building maintenance industry, container handling and warehouse industry, as well as catering industry. Besides, we will promote, as a matter of priority, the preventive measures against musculoskeletal disorders.

16. Madam Chairman, we are happy to take questions from Members.