

**For information
24 February 2005**

LegCo Panel on Manpower

Labour Department's overall performance in labour administration in 2004

Introduction

This paper briefs Members on the Labour Department's overall performance in the different programme areas in labour administration in 2004.

Overall Performance

2. Despite continued improvement in the employment market (with the unemployment rate coming down from the record high of 8.6% to 6.5% currently), employment continues to be a subject of public concern. The Labour Department (LD) has adopted a proactive and pragmatic approach to facilitate employment on all fronts, safeguard employees' rights and benefits, and foster harmonious employer/employee relations. A summary of the more notable results in 2004 is at *Annex*. Details of the Department's performance in the various programme areas are given below.

Employment Service

Record high vacancy and placement figures

3. In 2004, the Department received altogether 297 186 vacancies from the private sector. This was the highest on record and represented a 38% increase over the figure of 215 430 in 2003. At the same time, a notable increase was also achieved for LD's job placements. For the year 2004, an all-time high of 86 257 placements were made, 31% over the figure of 66 100 in 2003.

Increasing popularity of the Interactive Employment Service Website (“iES”)

4. The highly popular iES (www.jobs.gov.hk) continued to play a key role in the dissemination of employment information. The iES has become the most popular government website in Hong Kong, accounting for about one-third of the page views for all government websites. In 2004, the iES achieved a record number of 684 million page views, an increase of 10 % over the figure of 621 million in 2003.

Enhanced publicity efforts

5. We have stepped up our publicity efforts to promote the free employment service of LD. Since late 2003, we have made use of our larger job centres to organize mini job fairs, which have proven to be popular among employers and job-seekers. In 2004, we organized in total 32 mini job fairs, 17 exhibitions, 10 job bazaars and two recruitment seminars. The number of major and mini job fairs (42) staged in 2004 was three times that of the figure of 14 in 2003. Altogether, these activities attracted some 95 000 participants.

Assistance to middle-aged job-seekers

6. The Re-employment Training Programme for the Middle-aged, launched in early May 2003, aims at assisting those unemployed aged 40 or above to secure employment through the provision of a training allowance to encourage employers to hire them. As at end-2004, the programme placed 8 606 persons into employment.

Special Incentive Allowance Scheme for Local Domestic Helpers

7. To address the mismatch in supply and demand in the local domestic helper (LDH) market and to promote LDH service, the Administration launched the Special Incentive Allowance Scheme in June 2003. Qualified LDHs¹ who work in a district different from the one in

¹ Those who (1) have completed the LDH training offered by the Employees Retraining Board (ERB); (2) are in possession of a competency card; and (3) take up a job through the referral of ERB's Integrated Scheme for LDHs.

which they reside or during unsocial hours (*i.e. 5 pm to 9 am*) may apply for a daily allowance of \$50 per day, with an overall cap of \$7,200. As of end- 2004, some 3 700 applications were approved.

Employment services to people with a disability

8. LD has continued to render a personalized employment service to people with a disability. In 2004, we registered 4 002 job-seekers with a disability and achieved 2 391 placements. The placement rate of registrants in 2004 reached 60%, 3% up over the figure of 57% in 2003.

Employment Assistance to Young People

Youth Pre-employment Training Programme (YPTP)

9. The YPTP was launched in September 1999 to enhance the competitiveness and employability of young school leavers aged between 15 and 19. It provides a wide range of employment-related training to help young people build up their confidence, and upgrade their interpersonal, computer and job-specific skills. Over the past five years, more than 57 000 young persons were trained under the programme. In 2003/04, the Programme provided training to 11 327 young people and about 72% of them secured employment after training.

Youth Work Experience and Training Scheme (YWETS)

10. To help enhance the employability of young people, LD launched the YWETS in July 2002 to provide on-the-job training to young people aged 15 to 24 with education attainment below degree level. As at end-2004, 18 283 trainees were successfully placed in training vacancies. In addition, 10 925 trainees were able to find jobs in the open market with the assistance of their case managers. This far exceeds our original target of 10 000 placements in two years.

11. The Centre for Social Policy Studies of the Hong Kong Polytechnic University, which has been commissioned by LD to evaluate the performance of YPTP and YWETS, has affirmed the effectiveness of both schemes.

Youth Self-employment Support Scheme (YSSS)

12. In May 2004, LD launched a new pilot scheme – the YSSS – to train and assist young people who have the motivation, entrepreneurship and innovation to become self-employed. About 1 500 trainees were enrolled to receive training under 36 projects in different areas of business. On completion of initial training, the trainees have started to undergo hands-on practices in self-employment since mid-September 2004. As at end-2004, the trainees had conducted 1 420 business transactions with gross profits of about \$940,000.

Labour Relations

Sustained harmonious labour relations scene

13. With the concerted efforts of employers, employees and the Government, Hong Kong has long enjoyed harmonious labour relations which is vital to the territory's social stability and economic prosperity. The generally peaceful labour relations scene has continued. In 2004, the Labour Relations Division (LRD) handled 28 666 labour disputes and claims, a drop of 16% over 34 116 cases in 2003. It was the lowest level since 1998. In 2004, the average number of working days lost due to strike was only 0.11 per 1 000 salaried employees and wage earners, which remains among the lowest in the world.

Improvement measures

14. We are committed to adopting efficient and user-friendly procedures in handling labour disputes and claims. Our successful rate of conciliation in 2004, at 67.3%, was 2.2 percentage points higher than the figure of 65.1% for 2003. This is also an all-time high since 1994. The average waiting time for conciliation of claims was shortened from 4.1 weeks in 2003 to 3.3 weeks in 2004. With effect from 22 November 2004, we have also implemented a new standardised claim form in collaboration with the Labour Tribunal. This improvement measure obviates the need for the claimant to repeat at the Tribunal the information already supplied to the LRD.

Fall in applications for ex-gratia payment from the Protection of Wages on Insolvency Fund (PWIF)

15. The PWIF provides ex-gratia payment to employees who are owed wages and other termination benefits by their insolvent employers. By providing a safety net for employees affected by closure of business, it has played a vital role in maintaining good labour relations and social stability. As the economy continued to improve in 2004, the number of applications received by the PWIF dropped substantially. In 2004, the PWIF received 13 631 applications, a drop of 39% over the figure of 22 350 in 2003. Through streamlining procedures and efficient deployment of resources, the average time for processing PWIF applications and making payment was also substantially shortened from 5 weeks in 2003 to 4.1 weeks in 2004.

16. The current financial position of the PWIF is stable and healthy, with an average monthly surplus of \$7.13 million recorded in the first nine months of the financial year 2004-05. As at end-2004, the Fund had a surplus of \$45.8 million. The PWIF Board estimates that the fund will register a surplus of \$81 million at the end of 2004-05 (i.e. 31 March 2005). This will be the first financial year that the PWIF records a surplus since the Asian financial crisis in 1997.

Promoting good people management practices

17. On the promotional front, LD organised the Good People Management Award 2004 to encourage and commend employers for adopting good people management practices. It was an important event for promoting harmonious labour relations. A record number of 374 companies joined the event, representing an 86% increase over the last award held in 2001. The significant increase in the number of participating companies reflects the increasing importance employers attach to good people management. We also launched a new TV Announcement of Public Interest “Success through Partnership” to promote partnership between employers and employees.

Rights and Benefits

Combating illegal employment

18. LD adopted a tactical and targeted approach in combating illegal employment in 2004. We strengthened the collection and analysis of intelligence on illegal employment activities and mounted more intelligence-led operations with the Police and the Immigration Department to raid targeted establishments. A total of 104 joint operations were mounted in the year, as compared to 36 in 2003. We detected a record high of suspected illegal workers (760) and employers of these illegal workers (196), representing an increase of 55% and 128% respectively over the corresponding figures in 2003. Towards the end of 2004, as LD focused its efforts on targeting employers who engaged illegal workers, the ratio of illegal workers detected by the Labour Department (LD) as against employers rose to 2:1 from 6:1 in 2003.

19. To complement its enforcement efforts, LD stepped up its publicity in 2004 against illegal employment. We widely publicised our Complaint Telephone Hotline (2815 2200) through publicity leaflets, calendar cards and letters to labour unions and District Council members to encourage reporting of illegal employment activities. The number of intelligence reports received was 371, which was double that of 180 in 2003. We further secured the assistance of the Buildings Department to include a note in their removal orders and warning notices advising property owners/occupants to check the identity of workers employed by contractors in renovation or demolition works. A new leaflet was also produced and distributed to residents in large housing estates to warn employers of the custodial penalty of employing illegal domestic helpers.

Prosecution of Wage Offences

20. LD takes a very serious view on wage offences and makes every effort to prosecute employers who have contravened wage provisions under the Employment Ordinance, where there is sufficient evidence.

21. In keeping with its rigorous enforcement efforts, LD took out 697 summonses on wage offences in 2004, up 18.5% on the figure of 588 in

2003. The number of convicted summonses in 2004 stood at 504, an increase of 13.3% over the very high level of 445 convicted summonses secured for 2003. A record high penalty of \$140,000 was imposed on one employer in one prosecution case. The previous highest record was \$50,000 in 2003.

22. We strengthened educational and promotional efforts to remind employers of their statutory obligations to pay wages on time and to educate employees on the need to lodge claims promptly if their wages are in arrears. We will continue with our rigorous enforcement of the law.

Conclusion

23. Looking ahead, LD will keep up its efforts on all fronts to provide quality service to the community. The Department is fully committed to fulfilling its mission of facilitating employment, fostering labour relations, protecting employees' rights and benefits, and combating illegal employment

Labour Department
February 2005

Achievements of the Labour Department in 2004

Historic high job placement and vacancy figures

- In 2004, the Labour Department achieved 86,257 placements, a historic high figure and a hefty increase of 31% when compared with 66,100 in 2003.
- In the year, the Department received an all-time high of 297,186 vacancies from the private sector, up 38% over the level of 215,430 in 2003.

Enhanced publicity efforts

- In 2004, the Department held 17 exhibitions, 10 job bazaars and two recruitment seminars. The Department also organised 32 mini job fairs at its major Job Centres in the year. (The number of major and mini job fairs staged in 2004, at 42, was three times the figure of 14 in 2003). All these activities attracted some 95,000 participants.

Page views of employment website reached 684 million

- The Department's Interactive Employment Services website provides employment information round-the-clock. It is the Government's most popular website. In 2004, a total of 684 million page views were recorded, a historic high figure and an increase of 10% over 2003.

Stringent enforcement against illegal employment

- In 2004, the Department netted 760 illegal workers and 196 employers suspected of employing illegal workers, up 55% and 128% respectively as compared with 490 and 86 in 2003. Towards the end of 2004, the ratio of illegal workers detected by the Labour Department as against employers was 2:1, higher than the yearly average of 6:1 in 2003.

Stepping up enforcement against wage offences

- The Department takes a serious view on non-payment of wages by employers. In 2004, the Department continued to step up enforcement to clamp down on offending employers.

Prosecution against wage offences

	2003	2004	% Change
Summonses heard	588	697	+18.5%
Summonses convicted	445	504	+13.3%
Highest fine recorded in a case	\$50,000	\$140,000	-

Sustained improvement in labour relations

- In 2004, the Department's Labour Relations Division handled 28,666 labour disputes and claims, a substantial drop of 16% over 34,116 cases in 2003. It was the lowest level since 1998.
- In the year, the Division recorded only two strikes. The average number of working days lost per 1,000 salaried workers and wage earners was 0.11, one of the lowest in the world.

Record high conciliation rate

- In 2004, the Labour Relations Division resolved 67.3% labour disputes and claims handled, an increase of more than 2 percentage points over 65.1% in 2003. It was the highest successful conciliation rate since 1994.

Applications for Protection of Wages on Insolvency Fund dropped substantially

- As Hong Kong's economy further improves, the number of applications for the Fund continues to drop. The number of applications decreased from 22,350 in 2003 to 13,631 in 2004, a substantial drop of 39%. The Fund recorded an average monthly surplus of \$7.13 million in the first three quarters of the financial

year 2004-05 (i.e. April to December 2004). It is estimated that the Fund will register a surplus of \$81 million at the end of 2004-05, the first financial year that the Fund records a surplus since the Asian financial crisis in 1997.

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