

**Speaking Note for
the Secretary for Economic Development and Labour
at the Special Meeting of the Finance Committee
on 14 March 2006**

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

Chairman,

The estimate of expenditure for the Labour Department (LD) in 2006-07 is \$975.6 million, which is \$36.4 million (or 3.9%) higher than the revised estimate for 2005-06. Of this, 37.8% (\$368.8 million) will be spent on employment service.

2. The unemployment rate has dropped to a 52-month low of 5.2%. Despite this, we will keep up our efforts in enhancing our employment service. We will also strive to promote labour relations, combat illegal employment and wage offences, protect employees' rights and benefits, and improve occupational safety and health.

Improving Employment

3. Unemployment is our long-term challenge as the restructuring of our economy and mismatch of labour will continue to bring employment pressure to bear on low-skilled workers. We will make continued efforts in promoting our economic development so that more jobs will be created. The market created some 240 000 new jobs in the last two years. Total employment has been rising steadily to a high of 3.43 million. Last year, the LD received close to 430 000 private sector vacancies, and successfully placed over 113 000 job-seekers into jobs. Both figures are all-time highs. Last month, the Department received 43 173 private sector vacancies (an all-time high for the month of February) and placed 8 250 job-seekers in employment.

4. Last year, we held 12 large-scale and 46 district-based job fairs. As these job fairs can meet employers' needs flexibly and help job-seekers secure employment, we will organize more such activities this year. To strengthen our employment service in remote areas, the LD will set up a new job centre each in Yuen Long and North District. The two centres are expected to come on stream in the latter half of this year.

5. Apart from these, the Manpower Development Plan for the Textiles and Clothing Industry launched in January this year provides training and

employment services for local workers who are interested in entering or re-entering the textiles and clothing industry.

6. We will also continue to run the “Youth Pre-employment Training Programme” (YPTP) and the “Youth Work Experience and Training Scheme” which, together, provide through-train pre-employment and on-the-job training service for youths. The two programmes will offer no less than 17 000¹ training places in total this financial year. YPTP trainees can enroll in a wider variety of job-specific skills training courses and the workplace attachment allowance has been increased from \$1,000 to \$2,000.

7. For the middle-aged, we are helping them through the “Employment Programme for the Middle-aged” and our comprehensive employment service. We relaxed the scheme rules of the “Special Incentive Allowance Scheme for Local Domestic Helpers” late last year to promote the local domestic helpers market. Besides, we will continue to assist those having special difficulties in securing employment through the “Work Orientation and Placement Scheme” and the “Work Trial Scheme” launched last year. We will continue our efforts in providing job-seekers of different age groups with comprehensive assistance in employment.

Promoting Labour Relations

8. Good labour relations are vital to our social stability and economic prosperity. Last year, the number of labour disputes and claims mediated by the LD dropped 9% from that of 2004, the lowest since 1998. This shows that labour relations has continued to improve. Last year, only 0.03 working day per 1 000 salaried employees was lost due to strikes, which is one of the lowest figures in the world, indicating that labour relations in Hong Kong are generally harmonious. For labour disputes and claims mediated by the LD, the settlement rate reached nearly 70% (69.8%), the highest since 1994.

9. Last year, we adopted proactive strategies in clamping down at source on employers evading their wage liabilities. This had the effect of preventing wage defaults from developing into claims on the Protection of Wages on Insolvency Fund (PWIF). The number of applications received by the PWIF registered a decrease of 27% when compared to 2004. The financial position of the PWIF has been improving too. Currently, the accumulated surplus of the PWIF stands at a healthy \$358.4 million.

10. For the coming year, we will continue with our promotional work in

¹ YPTP : 12 000 placements, YWETS : 5 000 placements.

enhancing harmonious labour relations and workplace co-operation. We will organise a large-scale award scheme to encourage good human resources practices, and a large-scale seminar on tripartite co-operation. We will also produce a bulletin on selected court cases to raise public awareness of the Employment Ordinance. We will continue to closely co-operate with the nine industry-based tripartite committees to further promote good labour relations.

Protecting Employee's Rights and Benefits

11. 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 LD, together with the Police and Immigration Department, launched 176 joint operations. This year, the Government will enhance intelligence exchanges with the Mainland, strengthen co-operation among law enforcement departments, and launch more publicity campaigns. Our aim is to clamp down on illegal employment activities at all levels, targeting in particular employers of illegal workers.

12. On the protection of employee's rights and benefits, we will keep up our efforts in tackling wage offences. Last year, the LD secured convictions of a record high of 587 summonses relating to employers' failure to pay wages - an increase of 16.5% over 2004. We will continue to adopt proactive strategies to tackle wage offences.

13. To protect the interests of elementary workers, the Administration promulgated in April 2005 a new standard employment contract for use by all contractors of government services that employed mostly non-skilled workers in order to prevent these workers from being paid less than the amount committed by the contractors in their tender offers, and to provide further protection of the workers' rights. To tie in with the adoption of the new contract, the LD has, through internal redeployment, enhanced its 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 Administration is committed to improving occupational safety and health. The number and rate of occupational injuries have been falling steadily since 1998. Compared with 1998, the number of occupational injuries went down by 30% to approximately 44 000 in 2004. The injury rate per 1 000 employees over the same period also decreased more than 30%

from 26.7 to 18.1. Among various industries, the safety performance of the high-risk construction industry continued to make notable improvement. The number of industrial accidents for the construction industry in 2004 stood at 3 800, representing a hefty drop of 80% from approximately 19 600 in 1998. The accident rate per 1 000 workers over the same period also dropped from 247.9 to 60.3, down by over 70%. As indicated by the overall trend for the same period, the number of confirmed occupational diseases had also been decreasing steadily. With a view to enhancing the Department's occupational health service in the New Territories, we will set up a new occupational health clinic in North District.

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. For this financial year, we are targeting our efforts at scaffolding work (particularly truss-out scaffolds) and the catering industry.

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