

**For information on
16 February 2006**

LegCo Panel on Manpower

Labour Department's overall performance in labour administration in 2005

Introduction

This paper briefs Members on the Labour Department (LD)'s overall performance in various programme areas in labour administration in 2005.

Overall Performance

2. LD adopts a proactive and pragmatic approach in facilitating employment on all fronts, safeguarding employees' rights and benefits, and fostering harmonious employer/employee relations. A summary of the more notable results in 2005 is at Annex. Details of the Department's performance in various programme areas in labour administration are given below.

Employment Service

Record high vacancy and placement figures

3. In 2005, the Department received 425 952 vacancies from the private sector, up 43% over the figure of 297 186 in 2004. During the year, LD achieved 113 090 placements, up 31% over the figure of 86 257 in 2004. The 2005 figures were all-time highs.

Increasing popularity of the Interactive Employment Service Website ("iES")

4. The highly popular and user-friendly 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 2005, the iES registered a record high of

869 million page views, an increase of 27 % over the figure of 684 million in 2004. The iES won the Champion of 2005 Civil Service Outstanding Service Award Scheme – e-Service Team Award.

Enhanced efforts to reach out to job-seekers

5. LD has stepped up efforts to promote its free employment service. In 2005, we organized 58 job fairs (46 district-based fairs staged at LD's major Job Centres and 12 large-scale job bazaars) and 15 exhibitions. The number of job fairs staged in 2005 was 38% higher than the figure of 42 in 2004. Altogether, these activities attracted some 133 000 participants.

Assistance to middle-aged job-seekers

6. The Employment Programme for the Middle-aged, launched in 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-2005, the programme placed 18 040 persons into employment.

Work Trial Scheme (WTS)

7. LD launched the WTS in June 2005 to enhance the employability of job-seekers who have special difficulties in finding jobs. During the work-trial, participants will be arranged to work in jobs offered by participating organisations. On satisfactory completion of the one-month work trial, the participant will be paid an allowance of \$5,000, of which \$500 is contributed by the participating organisation.

8. As at end-2005, 321 job-seekers were placed into work trials. Of these, 47% were aged below 30, 43% between 30 and 49 while the remaining 10% aged 50 or above. As regards education level, 25% were of secondary three or below, 53% secondary four to five while the remaining 22% above secondary five. They were mainly placed in retail (17%), import and export trades (13%) and restaurants (10%). As regards occupations, 37% were engaged as clerks, 23% in elementary occupations such as cleaners, messengers or delivery workers, and 15% as shop sales workers.

9. As at end-2005, of the 321 WTS participants, 176 had completed the one-month work trial, 37 were still under trial, 78 resigned and 30 were dismissed. Of the 176 participants who had completed the work trial programme, 132 (or 75%) were offered employment after the work trial.

However, 25 declined offer mainly for personal reasons. Those 107 participants who accepted job offers were paid wages mainly in the range of \$5,000 to \$6,000.

10. We have conducted a review of the WTS and concluded that the Scheme is generally effective in helping job-seekers with special difficulties find jobs. At the same time, it serves to encourage employers to try out these job-seekers, especially those who are unemployed for a prolonged period, or who lack work experience, confidence and interviewing skills. As WTS is open to all job-seekers without any age limit, it can cater for the needs of job-seekers who may not be eligible to join other employment programmes. We will continue to implement the WTS in 2006.

Special Incentive Allowance Scheme for Local Domestic Helpers (LDHs)

11. To address the mismatch in supply and demand in the LDH market and to promote LDH service, the Administration launched the Special Incentive Allowance Scheme in June 2003. The Scheme rules were further relaxed in December 2005 to allow maximum flexibility for eligible LDHs to join the Scheme. Qualified LDHs¹ who work in a district different from the one in which they reside or during unsocial hours (*i.e. outside 9am to 5 pm on Monday to Friday*) may apply for a daily allowance of \$50 per day, with an overall cap of \$7,200. As at end-2005, 6 150 applications were approved.

Employment service to people with disabilities

12. LD renders a personalised employment service to people with disabilities. In 2005, we registered 3 920 job-seekers with disabilities and achieved 2 459 placements. This represented an all-time high placement rate of 62.7%.

13. In April 2005, LD launched the Work Orientation and Placement Scheme (WOPS) to enhance the employability of people with disabilities. The scheme features pre-employment training for disabled job-seekers on job-search/interviewing techniques and communication/interpersonal skills, as well as a monthly allowance to the participating employers equivalent to half-month's wages of each disabled employee engaged (subject to a ceiling of \$3,000) for up to three months. As at end-2005, the scheme

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.

registered 279 disabled participants in its pre-employment training programme and achieved 262 placements.

14. The WOPS has achieved its objective of enhancing the employability of people with disabilities and we will continue to run the scheme in 2006.

Employment Assistance to Young People

Youth Pre-employment Training Programme (YPTP)

15. 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 six years, more than 66 000 young persons were trained under the programme. In 2004/05, the Programme provided training for 9 287 young people and over 70% of them secured employment after training.

16. To meet the different training needs of trainees, starting from the programme year 2005/06, trainees can attend more, and choose a wider variety of, skills training courses. The workplace attachment allowance has also been increased from \$1,000 to \$2,000 to encourage more trainees to gain actual work experience.

Youth Work Experience and Training Scheme (YWETS)

17. LD launched the YWETS in July 2002 to provide on-the-job training for young people aged 15 to 24 with educational attainment below degree level. The original target of the scheme to provide 20 000 training places by July 2006 was achieved in early April 2005, sixteen months ahead of schedule. As at end-2005, 26 084 trainees were placed in training vacancies under the scheme, while another 14 257 found jobs in the open market with the assistance of their case managers.

18. To provide a “through-train” service and to maximize the benefits for trainees of the YPTP and YWETS, a “revolving door” mechanism has been introduced by allowing them to move between the two programmes at different stages during the programme year. Together, the programmes provide one-stop training and employment service to young people aged 15 to 24.

19. To meet the employment needs of youths living in remote areas, the YWETS Office staged a series of four job fairs in March and April 2005 in Kwai Fong, Yuen Long and Tin Shui Wai in cooperation with nine non-government organisations (NGOs). To sustain the momentum, NGO partners of YWETS continued to organize more job fairs for youths in various districts. The LD participated in, assisted or sponsored nine such job fairs.

20. 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 in enhancing the employability of young people.

Labour Relations

Sustained harmonious labour relations

21. Hong Kong has continued to enjoy generally peaceful labour relations in 2005. This has been possible as employers, employees and the Government have worked in concert to ensure that the territory enjoys harmonious labour relations which underpin Hong Kong's social stability and economic prosperity. In 2005, the Labour Relations Division (LRD) handled 26 189 labour disputes and claims, a drop of 9% over 28 666 cases in 2004. It was the lowest level since 1998. There was only one strike in 2005. The average number of working days lost due to strike was 0.03 per 1 000 salaried employees and wage earners, which is among the lowest in the world.

Improvement measures

22. LD is committed to adopting efficient and user-friendly procedures in handling labour disputes and claims. Our successful rate of conciliation in 2005, at 69.8%, was 2.5 percentage points higher than the figure of 67.3% for 2004. This is an all-time high since 1994. The average waiting time for conciliation of claims was shortened from 3.3 weeks in 2004 to 2.4 weeks in 2005.

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

23. 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, the

PWIF has played a pivotal role in maintaining good labour relations and social stability. In 2005, we launched a proactive and pre-emptive strategy to clamp down at source on employers evading their wage liabilities, thus preventing wage defaults from developing into claims on the PWIF. Coupled with the continual improvement in the local economy, the number of applications received by the PWIF decreased by 27% from 13 631 in 2004 to 9 967 in 2005, a record low since 1997. The average time for processing PWIF applications and making payment was also shortened from 4.1 weeks in 2004 to 3.8 weeks in 2005.

24. The PWIF registered a surplus of \$114.7 million for the 2004-05 financial year ending in March 2005, the first surplus after seven years of deficits recorded since the Asian financial crisis in 1997. As at end-2005, the accumulated surplus of the PWIF stood at a healthy \$304.8 million.

Promoting good people management practices

25. On the promotional front, LD organised various activities such as briefings and seminars for employers, employees and human resources professionals with a view to promoting better understanding of the Employment Ordinance (EO) and good people management practices. A wide range of publications was produced for free distribution, including a new question-and-answer booklet on the major provisions of the EO designed in a lively and light-hearted approach to attract readership.

26. To sustain the momentum of *Good People Management Award 2004* and to continue promulgating good people management practices, LD and the Labour Advisory Board jointly organised a large-scale seminar in June 2005 to enable award-winning establishments to share their enlightened practices with other employers, human resources professionals and trade unions.

Strengthening tripartite cooperation

27. LD continued to work closely with its nine industry-based tripartite committees to promote tripartite cooperation among employers, employees and the Government. In 2005, in collaboration with these committees, we focused our efforts on promoting good people management practices. To this end, guidebooks to meet the specific needs of respective industries were prepared. Large-scale seminars were organised to promote good people management in the catering and construction industries.

Rights and Benefits

Combating illegal employment

28. In 2005, LD further stepped up its intelligence-based enforcement and publicity efforts to combat illegal employment to protect the employment opportunities for local workers. We strengthened the collection of intelligence and mounted more operations with the Police and targeted our efforts at errant employers. In the year, LD launched 176 joint operations with the Police and Immigration Department as compared to 104 in 2004. Altogether, 237 employers suspected of employing illegal workers were arrested, up 20.9% over the figure of 196 in 2004. The number of suspected illegal workers arrested stood at 538, compared with 760 in 2004.

29. LD intensified its educational efforts to warn against illegal employment through newspaper advertisements, press releases, posters and leaflets as well as franchised bus. We also widely publicized the complaint hotline (2815 2200) to encourage reporting of illegal employment activities.

Prosecution of Wage Offences

30. LD takes a very serious view on wage offences and prosecutes employers who have contravened wage provisions under the EO, where there is sufficient evidence.

31. In keeping with its rigorous enforcement efforts, LD took out 908 summonses on wage offences and secured 587 convictions in 2005, up 30.3% and 16.5% respectively on the figures of 697 and 504 in 2004. Both figures are all-time highs. In 2005, a company director and two other employers were either imprisoned or given suspended jail sentences for defaulting wage payments. In addition, two employers who committed wage offences were also imprisoned after they failed to pay the court as ordered. An employer was fined \$120,000.

32. LD strengthened its educational and promotional efforts to remind employers of their statutory obligations to pay wages on time. As for employees, we made every effort in underlining the importance of lodging wage claims promptly and serving as prosecution witnesses in wage default cases. We will continue to tackle wage offences rigorously to protect the rights of employees.

Conclusion

33. 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 2006

Notable Performance of the Labour Department in 2005

Historic high job placement and vacancy figures

- In 2005, the Labour Department (LD) achieved 113 090 placements, a historic high figure and a hefty increase of 31% when compared with 86 257 in 2004.
- In the year, LD received an all-time high of 425 952 vacancies from the private sector, up 43% over the level of 297 186 in 2004.
- In addition, LD registered 3 920 job-seekers with disabilities and achieved 2 459 placements, representing an all-time high placement rate of 62.7%.

Proactive efforts to reach out to job-seekers

- In 2005, LD held 15 exhibitions, 12 major job fairs and 46 district-based fairs at its major Job Centres. (The number of major and district-based job fairs staged in 2005, at 58, was 38% higher than the figure of 42 in 2004). All these activities attracted some 133 000 participants.

Employment website attracted record high page views

- LD's Interactive Employment Service website (www.jobs.gov.hk) provides employment information around-the-clock. It is the Government's most popular website. In 2005, an historic high figure of 869 million page views was recorded, up 27% over 2004.

Stringent enforcement against illegal employment

- In 2005, LD mounted 176 joint operations with the Police and Immigration Department against illegal employment, up 69% over 2004. A total of 538 illegal workers and 237 employers suspected of employing illegal workers were arrested.

Stepping up enforcement against wage offences

- LD takes a serious view on non-payment of wages by employers. In 2005, the Department continued to step up enforcement against offending employers and achieved all-time high figures in both the number of summonses heard and convicted.

	<u>Prosecution against wage offences</u>		
	2004	2005	% Change
Summonses heard	697	908	+30.3%
Summonses convicted	504	587	+16.5%
Highest penalty recorded in a case			
(i) Fine	\$140,000	\$120,000	-
(ii) Imprisonment	-	2 months	-

Sustained improvement in labour relations

- LD's Labour Relations Division handled 26 189 labour disputes and claims, a decrease of 9% over 28 666 cases in 2004 and the lowest level since 1998.
- Only one strike was recorded in 2005. The average number of working days lost per 1 000 salaried employees and wage earners was 0.03, one of the lowest in the world.
- In 2005, LD's Labour Relations Division resolved 69.8% of the labour disputes and claims handled, an increase of 2.5 percentage points over 67.3% in 2004 and the highest successful conciliation rate since 1994.

Notable fall in applications for Protection of Wages on Insolvency Fund

- The number of applications received by the Fund decreased by 27% from 13 631 in 2004 to 9 967 in 2005, a record low since 1997. The average time for processing applications and making payment was also shortened from 4.1 weeks in 2004 to 3.8 weeks in 2005. The accumulated surplus of the Fund stood at a healthy \$304.8 million as at end-2005.