

**Speaking Note for
Secretary for Economic Development and Labour
at the Special Meeting of the Finance Committee
on 21 March 2007**

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

Madam Chairman,

The estimate of expenditure for the Labour Department (LD) in 2007-08 is \$972.4 million, which is \$54.5 million (or 5.9%) higher than the revised estimate for 2006-07. Of this, 36.5% (\$355.2 million) will be spent on employment service.

2. The unemployment rate has dropped from its peak of 8.5% in mid-2003 to 4.3%, the lowest level in over eight and a half years. We will keep up our efforts in providing a wide range of employment services. 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. We will make continued efforts in facilitating economic development, thereby creating more employment opportunities in the market. In the last three and a half years, the market created some 300 000 new jobs. Total employment has also reached 3.47 million. Last year, the LD received close to 480 000 private sector vacancies and successfully placed nearly 119 000 job-seekers into jobs. Both figures are all-time highs. In the first two months of this year, the Department received over 66 000 private sector vacancies. On average, the LD processed more than 1 600 such vacancies per working day.

4. To meet employers' needs flexibly and help job-seekers secure employment, we held a series of large-scale and district-based job fairs last year. To strengthen our employment services in remote areas, the LD has set up a new job centre each in Yuen Long and North District in September last year. Job-seekers living in the districts can now enjoy comprehensive employment support. This year, we will continue staging large-scale job fairs in remote areas such as Tin Shui Wai, Tseung Kwan O and Tung Chung to assist job-seekers living in these areas in securing employment.

5. We will also continue to run the “Youth Pre-employment Training Programme” (YPTP) and the “Youth Work Experience and Training Scheme” (YWETS) which, together, provide through-train pre-employment and on-the-job training service for the youths. The two programmes will offer a total of no less than 20 000¹ training places in this financial year. The joint recruitment exercise has already commenced last month. We have sufficient training places and will not turn away any eligible applicant. To encourage more young people to attend training so as to enhance their employability, we will, starting from the next programme year, provide transport allowance to trainees of YPTP and YWETS for pre-employment training.

6. To strengthen the support for youth employment, the LD plans to set up two new Youth Employment Resource Centres, one in Kowloon and the other in the New Territories, to provide one-stop advisory and support services on employment and self-employment to past and existing trainees of YPTP and YWETS as well as all youths aged between 15-29.

7. For the middle-aged, we are helping them through the “Employment Programme for the Middle-aged” and our comprehensive employment services. We will also extend the “Special Incentive Allowance Scheme for Local Domestic Helpers” until March 2008 to further 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”. We will continue to enhance our employment services to help place job-seekers of different age groups and with different needs into 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 handled by the LD dropped 4% from that of 2005 and is the lowest since 1998. This shows that labour relations has continued to improve. Last year, only 0.02 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 handled by the LD, the settlement rate reached over 70% (70.7%), the highest since 1994.

9. Last year, we continued with our all-out efforts in clamping down at source on employers evading their wage liabilities, thus preventing wage defaults from becoming claims on the Protection of Wages on Insolvency

¹ YPTP : 12 000 placements, YWETS : 8 000 placements.

Fund. The number of applications received by the Fund decreased by 24% when compared to 2005 and is a record low since 1996.

10. For the coming year, we will continue with our promotional work in enhancing harmonious labour relations. We will organise a large-scale seminar to promote among employers the adoption of “employee-oriented” people management practices. Employers will be encouraged to take into account the family needs of their employees, to devise and implement appropriate family-friendly employment practices. This can help employees balance their work commitments and family responsibilities. We will also launch roving exhibitions in different districts to raise public understanding 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 its rigorous enforcement action against illegal workers and their employers. Last year, the LD, together with the Police and the Immigration Department, launched 189 joint operations. This year, the LD will continue to mount more joint operations in conjunction with relevant enforcement authorities to clamp down on illegal employment activities, 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 785 summonses relating to employers' failure to pay wages — an increase of 33.7% over 2005. The LD will continue to strengthen collection of intelligence and evidence and to conduct thorough investigations into wage offences, so that prompt and effective prosecutions could be taken against suspected offenders. We will step up enforcement against wage offences, with particular emphasis on the catering and construction sectors. If the offender is a limited company, apart from prosecuting the company, where there is sufficient evidence we will consider prosecuting the company directors and other responsible persons to enhance the deterrent effect.

13. We review Hong Kong's labour legislation from time to time in line with the territory's socio-economic developments. The new provisions of the Employment Ordinance which recognise the treatment, examination and certification given by registered Chinese medicine practitioners came into effect on 1 December 2006. This milestone improvement in employees' protection allows employees, who have to seek medical advice and treatment,

an additional choice in a medical profession widely accepted by the community. This year, we will organise a series of activities to familiarise stakeholders with the new medical functions of registered Chinese medicine practitioners in relation to employee benefits under labour laws.

14. The Administration launched the Wage Protection Movement for cleaning workers and security guards in late October last year. Under the Movement, participating entities undertake to pay these workers wages not lower than the relevant market averages published by the Census and Statistics Department in each quarter. We will promote wage protection through a package of measures including promotion, publicity, public education, contractual regulation and enforcement. The Administration is stepping up its efforts to promote and publicise the Movement. We will also continue to work closely with the business sector, employer groups, owners' corporations and related stakeholders to solicit their support. To ensure that no time would be lost in putting in place a statutory minimum wage for the cleansing and guarding services sectors should the voluntary compliance approach fail to work, the Government will start the preparatory work before the final review is completed.

Enhancing Occupational Safety and Health

15. 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 30.3% to 44 267 in 2005. The injury rate per 1 000 employees over the same period also decreased 33.4% from 26.7 to 17.8. 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 2005 stood at 3 548, representing a hefty drop of 81.9% from 19 588 in 1998. The accident rate per 1 000 workers over the same period also dropped from 247.9 to 59.9, down by over 75.9%.

16. For the first three quarters of 2006, the number and the rate of occupational injuries showed a small rise as compared with the same period of 2005. The number of occupational injuries in all workplaces stood at 35 631, an increase of 7.6% over the corresponding period in 2005, while the injury rate per thousand employees rose from 17.8 to 18.7, up by 5%. During the same period, the construction industry recorded 2 596 industrial accidents with an accident rate of 64.7, a rise of 0.3% in the figure and 14.2% in the accident rate. We are very concerned about the rising trend of accidents, and will take effective steps to reduce the accident tolls. In respect of occupational health, the number of confirmed occupational diseases had also

decreased significantly over the same period. With a view to enhancing the Department's occupational health service in the New Territories, we have set up a new occupational health clinic in North District.

17. 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 scaffolding work (particularly truss-out scaffolds) and the catering industry with a view to raising the occupational safety and health awareness of the stakeholders. For this financial year, in addition to the accident-prone sectors and high-risk work activities, we are also targeting our efforts at plant and equipment safety in the container-handling and construction industries.
