

For information on
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LegCo Panel on Manpower

Labour Department's overall performance in labour administration in 2006

Introduction

This paper briefs Members on the Labour Department (LD)'s overall performance in various programme areas of labour administration in 2006.

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 2006 is at *Annex*. Details of the Department's performance in various programme areas of labour administration are given below.

Employment Service

New job centres set up in Yuen Long and North District

3. To strengthen employment service for job-seekers residing in remote areas, LD has set up a new job centre each in Yuen Long and North District. The two new job centres came into operation in September 2006, bringing the total number of LD job centres to 12. The new job centres provide a full range of employment service including disseminating up-to-date vacancy information; providing job-search facilities; as well as arranging job referrals, job matching, employment briefings, and district-based job fairs, etc. Since its opening, both centres have altogether canvassed some 6 400 vacancies in the districts. Reaching out activities to provide free employment service to job-seekers in these remote areas are also organised.

Record high vacancy and placement figures

4. In 2006, the Department received 479 942 vacancies from the private sector, up 12.7% over the figure of 425 952 in 2005. During the year, LD achieved 118 937 placements, up 5% over the figure of 113 090 in 2005. The 2006 figures were all-time high figures.

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

5. The highly popular and user-friendly iES (*www.jobs.gov.hk*) has continued to play a key role in the dissemination of employment information. The iES has been ranked top among all government websites in Hong Kong, accounting for 28% of the page views for all government websites. As the most heavily visited government website, the iES registered a record high of 947 million page views in 2006, an increase of 9% over the figure of 869 million in 2005. It represented an average page view of 2.6 million per day.

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-2006, the programme placed 27 774 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. As at end-2006, 1 127 job-seekers were placed into work trials.

Special Incentive Allowance Scheme for Local Domestic Helpers (LDHs)

8. 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. 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 announced in the 2006-07 Policy Address, the Scheme will be extended to March 2008. As at end-2006, 9 195 applications were approved.

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

Employment service to people with disabilities

9. LD renders a personalised employment service to people with disabilities. In 2006, we registered 3 695 job-seekers with disabilities and achieved 2 493 placements. This represented an all-time high placement rate of 67.5%.

10. 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-2006, the scheme registered 606 disabled participants in its pre-employment training programme and achieved 565 placements.

Employment Assistance to Young People

Youth Pre-employment Training Programme (YPTP)

11. Launched in September 1999, the YPTP aims to enhance the employability and competitiveness of school leavers aged 15 to 19 through a wide range of employment-related training. Starting from the 2005-06 programme year (September-August), a trainee can choose to attend at most five (instead of the previous four) modular courses on leadership, interpersonal, computer and job-specific skills. Since its inception, more than 73 000 young persons were trained under the Programme. Excluding those who pursued further studies on completion of the training, about 70% of the trainees found jobs. In 2005-06, the Programme provided training for 7 182 young people.

12. Upon completion of the modular training, trainees may undergo a one-month workplace attachment training. On completion of the attachment, they would receive an allowance of \$2,000 (increased from \$1,000 since 2005-06). In 2005-06, 1 409 trainees participated in workplace attachments.

Youth Work Experience and Training Scheme (YWETS)

13. The YWETS was launched in July 2002 to enhance the employability of young people aged 15 to 24 with educational attainment below degree level by providing them with real work experience in the form of on-the-job training of six to 12 months. As at end-2006, 31 465 trainees were placed in training vacancies under the Scheme. In addition, 16 041 found employment in the open market with the assistance of their case managers.

14. To enhance the employment opportunities of young people, in particular those living in remote districts, the YWETS Office works in close partnership with non-governmental organisations to stage job fairs. In 2006, LD participated, assisted or provided sponsorship in staging 10 such events.

Coordinated Training and Placement Service

15. The YPTP and YWETS together provide a one-stop training and employment service for young people. Under the joint application for Phase 1 of the 2006-07 Programme, the 13 759 applications received were streamed into YPTP (6 264) and YWETS (7 495) in accordance with their training needs.

16. To provide a “through-train” service and to maximise the benefits of YPTP and YWETS, a “revolving door” mechanism has been introduced since 2005 to allow trainees to move between the two programmes during a programme year on the advice of the same case managers.

17. Tailor-made employment projects are also organised to reap the combined benefits of YPTP and YWETS and to cater for trainees’ interests and employers’ recruitment needs. Whereas tailor-made training is provided free of charge by YPTP, employers have to undertake to employ trainees for a period of six to 12 months’ on-the-job training under YWETS. In 2005-06, 19 such tailor-made projects were run for employers in the retail, catering, tourism, telemarketing and beauty industries.

Labour Relations

Sustained harmonious labour relations

18. Hong Kong has continued to enjoy generally peaceful labour relations in 2006. 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 2006, the Labour Relations Division (LRD) handled 25 157 labour disputes and claims, a drop of 4% over 26 189 cases in 2005. It was the lowest level since 1998.

Improvement measures

19. LD is committed to adopting efficient and user-friendly procedures in handling labour disputes and claims. Our successful rate of conciliation in 2006, at 70.7%, was 0.9 percentage point higher than the figure of 69.8% for 2005. This is an all-time high since 1994. The average waiting time for conciliation of claims was shortened from 2.4 weeks in 2005 to 2.3 weeks in 2006.

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

20. 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 2006, LD continued with its all-out efforts in clamping down at source on employers evading their wage liabilities, thus preventing wage defaults from developing into claims on the PWIF. The number of applications received by the PWIF decreased by 24% from 9 967 in 2005 to 7 532 in 2006, a record low since 1996. The average time for processing PWIF applications and making payment was also shortened from 3.8 weeks in 2005 to 3.2 weeks in 2006.

21. The PWIF registered a surplus of \$286.4 million for the 2005-06 financial year ending in March 2006, the second financial year with surplus after seven years of deficits recorded since the Asian financial crisis in 1997. As at end-2006, the accumulated surplus of the PWIF grew to \$676.9 million.

Promoting good people management practices

22. On the promotional front, LD organised various activities such as talks, briefings and roving exhibitions 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 covering different themes was also produced for free distribution to members of the public.

23. In 2006, LD organised a number of large-scale seminars for employers and human resources practitioners to facilitate sharing and discussion on topics including labour relations, good people management practices and recognition of registered Chinese medicine practitioners (CMPs) under the EO.

Strengthening tripartite cooperation

24. LD continued to work closely with its nine industry-based tripartite committees to promote tripartite cooperation among employers, employees and the Government. In collaboration with these committees, we arranged experience-sharing sessions and produced publications and souvenirs to meet the specific needs of respective industries. We further organised two large-scale seminars named “Workshop on Labour Management Cooperation” and “Seminar on Tripartite Cooperation” in March and November 2006 respectively to strengthen the promotion of tripartite cooperation.

Rights and Benefits

Strengthening employees' protection

25. LD reviews labour legislation from time to time in the light of Hong Kong's socio-economic developments. To enhance the protection of employees' rights to wage payment, the maximum penalty for wage offences under the EO was raised from a fine of \$200,000 and imprisonment for one year to a fine of \$350,000 and imprisonment for three years with effect from 30 March 2006.

26. In addition, relevant labour legislation has also been amended to recognise the medical treatment, examination and certification given by registered CMPs for the purpose of employees' entitlement to benefits under the law. The new provisions of the EO, which came into effect on 1 December 2006, enable an employee who produces a medical certificate issued by a registered CMP to claim sickness allowance, maternity protection and long service payment if he/she meets the relevant eligibility criteria stipulated under the EO. They allow employees who have to seek medical advice and treatment an additional choice in a medical profession widely accepted by the community.

Combating illegal employment

27. In 2006, LD continued to step 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 189 joint operations with the Police and Immigration Department, representing an increase of 7.4% as compared to 176 in 2005. Altogether, 502 suspected illegal workers and 231 employers suspected of employing illegal workers were arrested.

28. LD intensified its educational efforts to warn against illegal employment through newspaper advertisements, press releases, posters, leaflets, and franchised bus. Free souvenirs carrying publicity messages were widely distributed to members of the public. We also stepped up publicity of the complaint hotline (2815 2200) to encourage reporting of illegal employment activities.

Prosecution of wage offences

29. LD takes a very serious view on wage offences and has continued its vigorous enforcement action against wage offences, particularly by launching more targeted operations. We prosecute employers who have contravened wage provisions under the EO wherever there is sufficient evidence.

30. In keeping with its rigorous enforcement efforts, LD took out 1 043 summonses on wage offences and secured 785 convictions in 2006, up 14.9% and 33.7% respectively on the figures of 908 and 587 in 2005. Both figures are all-time highs. In 2006, two company directors and an employer were given custody sentences for defaulting wage payments. An employer was fined \$114,000.

31. 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.

Wage Protection Movement

32. The Chief Executive announced in his Policy Address on 11 October 2006 that the Government would join hands with the business community and labour sector to launch a Wage Protection Movement (WPM) for cleaning workers and security guards. Under the WPM, participating enterprises/organisations undertake to pay cleaning workers and security guards wages not lower than the relevant average market rates as stipulated in the Census and Statistics Department's Quarterly Report of Wage and Payroll Statistics. Furthermore, these workers should be suitably compensated if they have to work beyond contractual working hours. Enterprises/organisations should also enter into written employment contracts with these employees. The above requirements are applicable to cleansing and guarding services contractors of the participating entities as well.

33. To tie in with the WPM, LD's free employment service for vacancies for cleaning workers and security guards will only be extended to those vacancies offering wages not lower than the average market rates as published in the Quarterly Report on Wage and Payroll Statistics with effect from 27 October 2006. LD will continue to promote vigorously wage protection through a package of publicity measures including screening radio and TV Announcements in the Public Interest, distributing publicity materials on the WPM, as well as reaching out to the stakeholders such as employer groups, security service contractors and cleansing contractors groups, and owners' corporations, which together employ a sizable number of cleaning workers and security guards, to seek their support. So far, some 700 enterprises/organisations have pledged their support for the movement. With the concerted efforts of all relevant parties and increased public awareness of the WPM, more enterprises/organisations are expected to follow suit, thereby extending wage protection to more cleaners and security guards.

34. The Government will conduct a mid-term review of the WPM one year after implementation (i.e. in October 2007) to gauge the progress of the movement, and an overall review will be conducted two years after implementation (i.e. in October 2008) to evaluate the effectiveness of the WPM. If the overall review finds that the WPM fails to yield satisfactory results, the Government will prepare for the introduction of legislation for a minimum wage in the cleansing and guarding services sectors.

Conclusion

35. 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
January 2007

Notable Performance of the Labour Department in 2006

Historic high job placement and vacancy figures

- In 2006, the Labour Department (LD) achieved 118 937 placements - a historic high figure and an increase of 5% when compared with 113 090 in 2005.
- In the year, LD received an all-time high of 479 942 vacancies from the private sector, up 12.7% over the level of 425 952 in 2005.
- In addition, LD registered 3 695 job-seekers with disabilities and achieved 2 493 placements, representing an all-time high placement rate of 67.5%.

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 2006, a historic high figure of 947 million page views was recorded, up 9% over 2005. It represented an average page view of 2.6 million per day.

Stringent enforcement against illegal employment

- In 2006, LD mounted 189 joint operations with the Police and Immigration Department against illegal employment, up 7.4% over 2005. A total of 502 illegal workers and 231 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 2006, 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.

Prosecution against wage offences

	2005	2006	% Change
Summonses heard	908	1 043	+14.9%
Summonses convicted	587	785	+33.7%
– on directors and responsible persons of limited companies	8	69	+762.5%
Highest penalty recorded in a case			
(i) Fine	\$120,000	\$114,000	-
(ii) Imprisonment	2 months	3 months	-

Sustained improvement in labour relations

- LD’s Labour Relations Division handled 25 157 labour disputes and claims, a decrease of 4% over 26 189 cases in 2005 and the lowest level since 1998.
- In 2006, the Labour Relations Division resolved 70.7% of the labour disputes and claims handled, an increase of 0.9 percentage point over 69.8% in 2005 and the highest successful conciliation rate since 1994.

Sustained fall in applications for Protection of Wages on Insolvency Fund

- The number of applications received by the Fund decreased by 24% from 9 967 in 2005 to 7 532 in 2006, a record low since 1996. The average time for processing applications and making payment was also shortened from 3.8 weeks in 2005 to 3.2 weeks in 2006. The accumulated surplus of the Fund stood at \$676.9 million as at end-2006.

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