

For information on  
24 October 2006

## **LegCo Panel on Manpower**

### **Policy Initiatives of the Economic Development and Labour Bureau**

#### **Introduction**

This paper elaborates on the new and on-going initiatives relating to the labour portfolio of the Economic Development and Labour Bureau in the 2006-07 Policy Agenda.

#### **2006-07 Policy Agenda**

##### New Initiatives

2. We will implement the following new initiatives:

**(a) Launch a Wage Protection Movement (WPM) for employees in the cleansing and guarding services sectors through a multi-pronged strategy involving employer groups**

- Together with employer and labour groups, the Labour Department (LD) will launch the WPM as a good employment practice through a multi-pronged approach of promotion, public education, conciliation and enforcement.
- Under the WPM, business enterprises will be encouraged to follow the lead taken by the Government in paying cleansing workers and security guards both under their direct employ and outsourced service contracts wages not lower than the average market rate for the relevant industry/occupation published in the latest Census and Statistics Department's Quarterly Report of Wages and Payroll Statistics, prevailing at the time employment is offered for direct employees. For outsourced workers, it would be the rate prevailing when tenders are invited or when service contracts are signed if no tendering is involved.

- Employers who have pledged to join the WPM are required to provide written employment contracts setting out the employment terms (including wages, hours of work and overtime pay rate) for these workers. This would offer protection for the employees and facilitate enforcement of the terms of the contract.
  - As part of the WPM, LD will, from a specified date, only accept cleansing worker and security guard vacancies that offer wages not lower than the average market rates. All LD's employment programmes will give priority to employers participating in the WPM.
  - We will closely monitor the progress of the WPM through the Labour Advisory Board (LAB) and review its overall effectiveness two years after implementation. Should the WPM fail to deliver satisfactory results, the Administration will put in hand the necessary preparatory work for legislation to introduce a minimum wage for the cleansing and guarding services sectors.
- (b) Set up two Youth Employment Resource Centres to provide one-stop advisory and support services on employment and self-employment to youths aged between 15 to 29**
- The two centres will provide a wide range of employment-related advisory and support services including self-assessment, career counselling, training on skills enhancement/self-employment and up-to-date employment market information.
  - Target clients of the centres will include past trainees of the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme, as well as all young people aged 15 to 29.
  - Non-government organisations will be engaged to provide professional services to users of the two centres.
  - The establishment of two centres will involve an annual recurrent expenditure of about \$14 million.

**(c) Familiarise stakeholders with the new medical functions of registered Chinese medicine practitioners (CMPs) in relation to employee benefits under labour laws**

- We will organise talks for registered CMPs to familiarise them with their new medical functions under the Certification for Employee Benefits (Chinese Medicine) (Miscellaneous Amendments) Ordinance 2006 (the Amendment Ordinance). The talks will be accredited towards the continuing education mechanism of the Chinese Medicine Practitioners Board of the Chinese Medicine Council.
- We will maintain close contact with local Chinese medicine associations to communicate and promote good practices in the profession in the context of the Amendment Ordinance.
- Briefings and talks targeted at human resources personnel and insurers will be held to ensure the smooth implementation of the Amendment Ordinance.
- We will also prepare publicity materials for employers, employees and registered CMPs to familiarise them with their respective rights and obligations under relevant labour laws.

On-going Initiatives

3. Apart from the above new initiatives, we will continue to implement the following initiatives:

**(a) Strengthening tripartite co-operation among the Government, employers and employees to maintain harmonious labour relations and help resolve employment issues**

- This year, we have implemented a number of measures to strengthen tripartite co-operation. These include:
  - working together with industry-based tripartite committees to produce leaflets on good people management practices and labour laws of special interest to the respective industries;
  - arranging sharing sessions for various tripartite committees on commendable human resource management practices by enlightened employers;

- conducting a *Workshop on Labour-Management Co-operation* with experts from the International Labour Organization for tripartite committee members to share up-to-date information on the various modes of workplace co-operation and practical examples in different countries; and
  - producing promotional materials to remind both employers and employees in different industries of the importance of labour-management co-operation.
- In November 2006, we will organise a large-scale seminar to promote harmonious labour relations through enhancing tripartite co-operation among the Government, employers and employees.
  - In 2007, we will, in collaboration with tripartite committees, continue to foster effective communication between employers and employees so as to enhance labour-management co-operation at the industry level.

**(b) Operating the new job centres in Yuen Long and North District to provide a full range of employment service to job-seekers living in these two districts**

- To strengthen our employment service for job-seekers, LD has set up a new job centre each in Yuen Long and North District. The two new job centres came into operation on 28 September 2006, bringing the total number of LD's 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.
- With the setting up of the two new job centres, job-seekers living in these districts will find it more convenient to search for jobs.

**(c) Continuing with the Youth Work Experience and Training Scheme (YWETS) and the improvement measures introduced in 2005 under the Youth Pre-employment Training Programme (YPTP) to enhance its vocational training value**

- The YPTP provides youths aged 15 to 19 with a comprehensive range of employment-related training and workplace attachment

whereas the YWETS provides youths aged 15 to 24 with work experience through on-the-job training.

- The two programmes complement each other and provide a one-stop service to youths entering the labour market. Joint application has been introduced since July 2003 and a mechanism is in place to stream applicants to appropriate schemes according to their age and previous training under YPTP.
- Through the “revolving door” mechanism, trainees may move between the two schemes at different stages during the programme year. If there is a need, case managers of YWETS trainees may refer them to take up appropriate YPTP training. As for YPTP, trainees will undergo on-the-job training under YWETS when they are ready for employment.
- With the two improvement measures introduced under the YPTP in 2005, trainees have been allowed to take a maximum of five courses from different modules (whilst previous arrangement only allowed trainees to take at most one course from each of the four modules) and the allowance for workplace attachment has been increased from \$1,000 to \$2,000. These two measures are popular among trainees and will be continued in 2007.
- Both the YPTP and the YWETS have been well received by young people and the community at large. We will continue to offer the schemes in 2007.

**(d) Continuing with the Employment Programme for the Middle-aged (EPM) and the Work Trial Scheme (WTS) for unemployed persons having special difficulty in finding jobs**

- The EPM
  - The EPM, launched in May 2003, aims to encourage employers to take on job-seekers aged 40 or above and offer them on-the-job training. For each participant engaged, the employer will receive a monthly training allowance of \$1,500 for up to three months.
  - As at end-September 2006, the EPM has achieved 25 688 placements.

- The WTS
  - The WTS, launched in June 2005, aims to enhance the employability of job-seekers who have special difficulties in finding jobs. During the one-month trial period, scheme participants will work in real jobs offered by participating organisations.
  - On satisfactory completion of the work trial, each scheme participant will receive an allowance of \$5,000, of which \$500 is to be contributed by the participating organisation and the remainder by LD.
  - As at end-September 2006, 924 job-seekers have been placed into work trials.
- LD will continue these programmes in 2007.

**(e) Continuing with the Work Orientation and Placement Scheme (WOPS) to help place people with disabilities into employment**

- The WOPS was launched in April 2005 to provide disabled job-seekers with pre-employment training and encourage employers to take on people with disabilities.
- For each disabled person engaged, the employer will receive a monthly allowance from LD equivalent to half-month's wage of the employee (subject to a ceiling of \$3,000) for up to three months.
- Mentors appointed by employers to help the disabled employees settle smoothly into their new jobs will be given a one-off cash award of \$500.
- As at end-September 2006, the Scheme recorded 510 disabled participants in its pre-employment training programme and helped place 483 disabled job-seekers into employment.
- We will continue the WOPS in 2007.

**(f) Stepping up enforcement action and publicity to combat illegal employment**

- The Government attaches great importance to protecting the employment opportunities for local workers. In the first nine months of 2006, LD mounted 149 joint operations with other law enforcement departments to raid targeted establishments to combat illegal employment. This represents an increase of 3.5% when compared with 144 joint operations conducted in the same period of 2005. Altogether, 184 employers were arrested for employing illegal workers. The number of suspected illegal workers arrested was 411.
- Apart from enforcement action, LD has launched a new series of publicity programmes to educate the public through various channels not to employ illegal workers. They include broadcasting an Announcement for Public Interest (API) to warn employers of the custodial consequence of employing illegal workers on RoadShow, putting up an advertisement against illegal employment on bus bodies, and enclosing leaflets in water bills to over two million households during the billing cycle from July to October 2006.
- LD has also widely publicised its complaint hotline (2815 2200) through newspaper advertisement, press release, leaflets and posters to encourage reporting of illegal employment activities. Ball pens marked with the complaint hotline have also been produced and widely distributed to encourage reporting.
- LD will continue to strengthen intelligence collection and co-operation with other law enforcement departments in combating illegal employment.

**(g) Extending and regularising some of the temporary jobs in the public sector to meet operational needs**

- In response to the impact of the Severe Acute Respiratory Syndrome in 2003, the Government created a number of temporary jobs in the public sector.
- The Government will extend and regularise some of these jobs to meet operational needs. The details are being worked out by departments/agency concerned.

**(h) Stepping up enforcement action against wage offences, with particular emphasis on the catering and construction sectors**

- We have continued with our rigorous enforcement against wage offences by launching more targeted operations and strengthening our capacity in intelligence gathering and evidence collection. This resulted in 542 convicted summonses on wage offences in the first nine months of 2006, an increase of 23% over the same period of 2005.
- To enhance the deterrent effect, the maximum penalty for wage offences under the Employment Ordinance (EO) has been increased, with effect from 30 March 2006, from a fine of \$200,000 and imprisonment for one year to a fine of \$350,000 and imprisonment for three years.
- We will make every effort to take out prosecution if there is sufficient evidence. If the employer is a limited company, we will, apart from prosecuting the company, consider prosecuting the directors and other responsible persons of the company as well for wage offences.
- We will step up enforcement against wage offences, especially in the catering and construction sectors.
- The courts have been attaching greater importance to wage offences and imposing heavier penalty on employers defaulting wage payments. So far this year, a company director and an employer were given jail sentences for defaulting wage payments. One employer was also fined \$114,000 for wage offences. These sentences should have sent a strong message to the community on the serious consequence of defaulting wage payments.
- LD will continue to adopt a proactive and pre-emptive approach to forestall problematic establishments from evading their wage liabilities. We will conduct consultation sessions and visit the establishments to forewarn the management of their liabilities under the EO and the serious consequences of non-compliance. Such proactive action will help deter employers from committing wage offences.

- On the publicity front, we have produced APIs on television and radio to publicise the increase in penalty for wage offences under the EO. We will continue to step up our promotional efforts to remind employers of their statutory wage payment obligations and to urge employees to protect their rights by pursuing wage claims promptly.
- (i) Extending the Special Incentive Allowance Scheme for Local Domestic Helpers (LDH)**
- The Special Incentive Allowance Scheme, launched in June 2003 and administered by the Employees Retraining Board, aims at addressing the mismatch in supply and demand of the LDH market arising from geographical locations and working hours. Qualified LDHs<sup>1</sup> who are willing to work across districts or during “unsocial hours (i.e. from 5 pm to 9 am on weekdays and during the weekend)” are eligible for a daily allowance of \$50 for 144 days within two years. The maximum amount an LDH may claim is \$7,200. A total of \$60 million has been set aside to benefit 8 000 LDHs.
  - As at end-August September, a total of 8 391 applications were approved. Most of the recipients of the allowance are women with lesser skills. Over the years, both the number of registered vacancies and the number of vacancies filled have increased. The Scheme is thus conducive to promoting the LDH market.
  - We will extend the Scheme for one year to further promote the LDH market.

## **Members' Views**

4. We welcome Members' views on the above initiatives.

Economic Development and Labour Bureau  
Labour Department  
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<sup>1</sup> Those who (1) have completed the LDH training offered by 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.