

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2008-09 Draft Estimates
to be held on 2 April 2008**

Labour

Chairman and Honorable Members,

Recurrent spending on labour and manpower development in 2008-09 is \$1.1 billion, representing a decrease of \$326 million (-22.4%)¹ over the Revised Estimate last year. It accounts for 0.5% of government's recurrent expenditure. In 2008-09, we will continue to provide 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, improve occupational safety and health, and strengthen training and retraining services. Let me highlight how our Bureau is going to make use of our resources.

Promoting Employment

2. The unemployment rate dropped from its peak of 8.5% in mid-2003 to the latest figure of 3.3%, the lowest level in almost ten years. Total

¹ This is mainly due to the cessation of recurrent subvention of \$384 million for the Employees Retraining Board from the Government.

employment also surged to over 3.54 million. Last year, the Labour Department (LD) received a record high of almost 560 000 private sector vacancies. In the first two months of this year, it received more than 100 000 private sector vacancies. These figures indicate that the labour market remains active. We will continue to facilitate economic development, thereby creating more employment opportunities in the market.

3. We are always concerned about the employment difficulties faced by residents of remote districts. The pilot Transport Support Scheme introduced last June aims at providing time-limited job search and cross-district transport allowances to encourage needy unemployed and low-income employees living in the four designated remote districts to seek jobs and work across districts. The Financial Secretary has announced the proposed relaxation measures in this year's Budget. Upon approval by the Finance Committee, we will implement the proposed relaxations as soon as practicable so that residents in the four remote districts can benefit. I appreciate Members' wish for further relaxations of the Scheme to cover all districts and to raise the asset limit. But that deviates from the fundamental principles of the Scheme. I appeal for Members' understanding that we need to assess the effect of the proposed relaxations in the first instance.

4. To promote youth employment, apart from continuing with the "Youth Pre-employment Training Programme" and the "Youth Work Experience and Training Scheme", LD has also set up two new Youth Employment Resource

Centres in Langham Place, Mongkok and Metroplaza, Kwai Fong to provide one-stop advisory and support services on employment and self-employment for youths aged 15 to 29.

5. LD will continue to provide a wide range of employment services and step up publicity on various employment programmes. In particular, we will strengthen our efforts in organising job fairs in remote districts.

Promoting Labour Relations

6. Good labour relations underpin Hong Kong's social harmony and economic prosperity. Last year, the number of labour disputes and claims handled by LD dropped by 13% as compared to that in 2006. This is the lowest level since 1998. This testifies to our improving labour relations. For labour disputes and claims handled by LD, the settlement rate reached over 70% (71.7%) - the highest since 1994.

7. We will continue with our promotional work in enhancing harmonious labour relations. We will also encourage employers to adopt "employee-oriented" employment measures and put in place family-friendly employment practices. In addition, we will stage roving exhibitions to enhance public understanding of the Employment Ordinance. We will also continue to closely co-operate with the nine industry-based tripartite committees to foster good labour relations.

Protecting Employee's Rights and Benefits

8. To protect the employment opportunities of local workers, the Administration will continue with rigorous enforcement against illegal employment. In conjunction with the Police and Immigration Department, LD mounted 170 joint operations to combat illegal employment last year. The enforcement and publicity efforts against illegal employment will be further stepped up this year, with particular emphasis on targeting employers of illegal workers.

9. We will also continue with our all-out efforts to combat wage offences at source in order to prevent them from turning into applications for ex gratia payment under the Protection of Wages on Insolvency Fund. In 2007, the number of applications received by the Fund dropped by 36% as compared to 2006. This is an all-time low since 1990. Last year, LD secured a record high of 960 convictions against wage offences, up 22.3% over 2006. We will continue to strengthen intelligence gathering and evidence collection, and conduct targeted inspections with a view to bringing employers committing wage offences, including company directors and other responsible persons, to justice.

10. We conduct review of labour legislation from time to time in the light of the socio-economic development of Hong Kong. The new provisions of the Employment Ordinance that recognise the treatment, examination and

certification given by registered Chinese medicine practitioners have come into effect in December 2006. LD organised a variety of activities last year to assist registered Chinese medicine practitioners, undergraduates majoring in Chinese medicine and employers to get acquainted with the medical functions of registered Chinese medicine practitioners in relation to employees' benefits under labour law. LD will continue to organise promotional activities this year to ensure the smooth implementation of the law.

11. A review of the scope of protection of the Pneumoconiosis (Compensation) Ordinance was completed last year. In January 2008, we introduced an amendment Bill into the Legislative Council to make mesothelioma a compensable disease under the Ordinance. The relevant Bills Committee has completed its scrutiny of the Bill, and the Second Reading debate of the Bill will be resumed next Wednesday (i.e. 9 April 2008). We hope that the proposed amendments will be approved by the Legislative Council and implemented as soon as possible in order that persons suffering from mesothelioma could be accorded the same compensation and benefits as those for pneumoconiotics.

Wage Protection Movement

12. As for the Wage Protection Movement for cleaning workers and security guards ("WPM"), the Administration will continue to solicit the support from different sectors of the community so that more workers will benefit from

wage protection before the overall review of the effectiveness of the WPM scheduled for October this year. On the other hand, the Administration has commenced the study on matters relevant to the possible introduction of a statutory minimum wage for cleaning workers and security guards in case the overall review of the WPM in October this year indicates that the voluntary WPM has failed to yield satisfactory results. This is to ensure that a bill on a statutory minimum wage for cleaning workers and security guards could be introduced as early as possible in the 2008-09 legislative session.

Enhancing Occupational Safety and Health

13. The Administration is committed to improving occupational safety and health. The number and rate of occupational injuries have been steadily falling since 1998. For the first three quarters of 2007², the number and rate of occupational injuries had continuously improved as compared with the same period of 2006. The number of occupational injuries in all workplaces stood at 33 349, a decrease of 6.4% over the corresponding period in 2006. At the same time, the injury rate per thousand employees also dropped from 18.7 to 17.1, down by 8.4%. During the same period, the construction industry recorded

² Compared with 1998, the number of occupational injuries went down by 26.1% to 46 937 in 2006. The injury rate per 1 000 employees also decreased by 31.2% to 18.4 over the same period. 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 2006 stood at 3 400, representing a hefty drop of 82.6% from 19 588 in 1998. The accident rate per 1 000 workers over the same period also dropped from 247.9 to 64.3, down by 74.1%.

2 313 industrial accidents with an accident rate of 61.4, representing a decrease of 10.9% and 5.1% respectively. In respect of occupational health, there were 177 confirmed cases of occupational diseases in 2007, down by 33% as compared to that in 2006.

14. We will continue to actively promote safety and health at work through enforcement, publicity and education. Last year, LD focused its enforcement and promotional efforts on the safety of machinery and plants of the construction industry (particularly tower crane), by conducting special inspections and organising training courses and seminars to raise the occupational safety and health awareness of the stakeholders. In this financial year, LD will continue to target promotion, publicity and enforcement work at the construction (particularly safety of building repair, maintenance, alteration and addition works and working-at-height) and catering industries.

15. Moreover, LD will further enhance occupational safety and health through setting up a Central Inspection Team to deal with investigation of complaints from workers independently and encourage them to report malpractices in workplace, as well as stepping up the monitoring of mandatory safety training courses.

Training and Retraining Services

16. We will continue to invest in enhancing our training and retraining services to help the local workforce adapt to the changing market needs and manpower requirements of the Hong Kong society.

17. The ERB has earlier completed a strategic review and released a consultation document on its future directions. The consultation period has just ended in end-March. The ERB is currently reviewing the views collected and will later submit its final report and recommendations to the Government.

18. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

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