



**COMMISSIONER FOR LABOUR**

勞工處處長 箋札

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2 June 2009

The Hon. LI Fung-ying, BBS, JP  
Chairman  
Panel on Manpower  
Legislative Council  
(c/o Secretary, Panel on Manpower  
Legislative Council)  
8 Jackson Road  
Hong Kong

*Dear Madam Chair,*

**Decision taken by the Labour Advisory Board**

I attach for information a summary of decision taken by the Labour Advisory Board at its meeting on 25 May 2009.

*Yours faithfully,*

(Mrs Cherry TSE)  
Commissioner for Labour /  
Chairman, Labour Advisory Board

**Decision taken by the Labour Advisory Board  
at its meeting on 25 May 2009**

**Proposal to expand the scope of the Protection of Wages on Insolvency Fund  
to cover untaken annual leave pay under the Employment Ordinance**

The Protection of Wages on Insolvency Fund (the Fund) was established under the Protection of Wages on Insolvency Ordinance in 1985. It provides timely relief in the form of ex gratia payment to employees of insolvent employers. Since its establishment, the Fund has been adopting a progressive approach in improving its coverage. The maximum payment that an employee can now receive from the Fund is \$278,500, comprising four months' wages up to \$36,000, one month's wages in lieu of notice up to \$22,500, and severance payment up to \$50,000 plus 50% of the remainder of the entitlement.

At present, arrears of wages of the last four months payable by the Fund already include annual leave pay owed to an employee for his annual leave taken in the period. Having taken into account employees' claims on annual leave pay in past applications and assessed the impact on the ex gratia payment expenditure of the Fund, the Administration suggested the scope of the Fund be extended to cover annual leave pay under the Employment Ordinance for annual leave accumulated and not yet taken by employees of insolvent cases, subject to the limit of one leave year with a maximum of seven to 14 days' annual leave pay as per an employee's length of employment. The payment ceiling for ex gratia payment on annual leave pay would be \$10,500.

The Labour Advisory Board unanimously endorsed the proposal at the meeting.