

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2010-11 Draft Estimates
to be held on 25 March 2010**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2010-11 is estimated to be \$1,139.3 million, representing an increase of \$5.97 million over the Revised Estimate last year. It accounts for 0.5% of the Government's recurrent expenditure. In 2010-11, we are committed to providing employment support and training to enhance employment and labour productivity. We will also continue to strive to promote harmonious labour relations, combat illegal employment and wage offences, and protect employees' rights and benefits. As regards the Minimum Wage Bill and the Employment (Amendment) Bill 2009 that we introduced into the Legislative Council (LegCo) last year, we will continue to work closely with the Bills Committees to facilitate early passage of the Bills. In parallel, we will continue to improve occupational safety and health to ensure adequate protection of workers. We will also continue with our efforts in manpower development. I am going to highlight some key areas of our work.

Promoting Employment

2. Employment is the key to people's livelihood and is always our key concern. As the economy gradually recovers, employment conditions have improved since mid-2009, with the latest unemployment rate for the period of December 2009 to February 2010 edging down to 4.6 per cent. In the first two months of this year, the Labour Department (LD) posted 87 924 private sector vacancies, up 8.3% over the corresponding period in 2009 (81 176).

3. We are committed to providing a wide range of employment services. In the Budget this year, the Financial Secretary announced that additional funding of \$173 million has been earmarked to implement two special measures to help job-seekers.

4. First, to address the problem of manpower mismatch and to enhance our labour productivity and employment, LD will launch a two-year "Pilot Employment Navigator Programme". Under this programme, a cash incentive of \$5,000 will be offered to each job-seeker who has worked for a continuous period of three months in a job with monthly salary of not more than \$6,500 after receiving LD's intensive employment counselling and job matching services. The programme will provide 11 000 places a year, involving an estimated expenditure of \$140 million over the two-year pilot period.

5. Second, we will strengthen our support for young people with special employment difficulties. LD will launch a targeted employment programme under which non-governmental organisations will provide training and internship for 12 months to young people, aged between 15 and 24 with low educational qualifications and who need special assistance because of emotional and behavioural problems or learning difficulties. The programme will provide 500 places, involving an estimated expenditure of \$33 million.

6. Upon approval by the Finance Committee for these new employment initiatives, we shall kick-start the programmes later this year.

Promoting Labour Relations

7. Apart from providing employment service, we are also committed to maintaining good labour relations, which underpin Hong Kong's social harmony and economic prosperity. As a free-market economy, Hong Kong was as hard hit by the global financial tsunami as other economies in the world as witnessed by a spate of business closures, insolvencies and redundancies in late-2008 through the first half of 2009. LD left no stone unturned in containing the impact on labour relations. We proactively monitored, defused potential disputes and provided timely conciliation and assistance to affected employees. We worked closely with enterprises and employees' groups to foster harmonious labour relations. We also adopted a pragmatic approach to helping enterprises and employees resolve labour-management differences through dialogues as well as mutual understanding and adjustment.

8. In 2009, LD handled 24 448 labour disputes and claims, registering an increase of 18% over that in 2008. Despite the rise in the number of

cases handled, LD still managed to keep a high level of settlement rate at above 70% (71.5%).

9. We will continue to promote the Employment Ordinance (EO) and its related amendments through organising a series of activities including meetings of the 18 Human Resources Managers Clubs in various trades and industries and nine industry-based Tripartite Committees, as well as roving exhibitions in various districts, so as to enhance public awareness on employment rights and benefits. We will continue to encourage employers to adopt good people management practices, and enhance public understanding of family-friendly employment practices through wide publicity of a new video in multiple channels.

Protecting Employee's Rights and Benefits

10. To safeguard the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2009, together with the Police and the Immigration Department, LD mounted 217 joint operations to raid establishments suspected of employing illegal workers. We will keep up with our enforcement and publicity efforts to bring home the message that the Government does not tolerate illegal employment.

11. We have also spared no effort in combating wage offences. Last year, we secured a total of 1 314 convictions against wage offences, a rise of 37.2% over that of 958 convictions in 2008. As a result of more targeted enforcement action, there were 347 summonses where company directors or responsible persons were convicted of wage offences, representing a significant increase of 74.4% compared with 199 summonses of such nature in 2008. LD will continue to strengthen intelligence gathering and evidence collection and proactively conduct inspections to detect wage offences. If there is sufficient evidence, we will prosecute the employer and responsible persons involved for the wage defaults.

12. We have been conducting reviews of labour legislation from time to time so that it keeps pace with the socio-economic development of Hong Kong. With the passage of the Occupational Deafness (Compensation) (Amendment) Ordinance 2010 ("Amendment Ordinance") in February 2010, the statutory benefits for persons with occupational deafness will be improved. The Amendment Ordinance also adjusts the proportion of

Employees' Compensation Insurance Levy ("Levy") distributed to the Employees Compensation Assistance Fund Board and the Occupational Deafness Compensation Board to cater for their respective financial positions, and adjusts downward the overall Levy rate by 0.5 percentage point.

13. A regular review of the levels of statutory compensation under the employees' compensation-related legislation has also been completed. We will introduce a resolution into LegCo to propose raising the amounts of the relevant compensation items according to the review findings in order to catch up with wage increase in the review period.

14. In face of unstable external economic environment, the Protection of Wages on Insolvency Fund (PWIF) received a total of 7 260 applications in 2009, up 13% over the figure of 6 448 in 2008. LD will strive to assist employees affected by closure of business by expediting the processing of PWIF applications in order to reduce their financial hardship. In 2009, the number of PWIF applications processed by LD reached 7 404, representing a significant increase of 29% over the figure of 5 728 in 2008.

15. Moreover, we are deeply concerned about the failure of some employers to effect payment to their employees as awarded by Labour Tribunal (LT). The Administration introduced the Employment (Amendment) Bill 2009 into LegCo in July 2009 to create a new offence against employers who wilfully and without reasonable excuse default on payment of LT awards comprising wages and statutory entitlements which are underpinned by criminal sanction under the Employment Ordinance. This Bill is now being scrutinised by a Bills Committee. We look forward to Members' support for the prompt passage of the Bill, which will represent a significant step forward in strengthening the protection of employees' benefits.

Statutory Minimum Wage

16. We introduced the Minimum Wage Bill into LegCo in July 2009. This represents a significant milestone and breakthrough in protecting the well-being of our grassroot workforce. Our aim is to devise an optimal statutory minimum wage (SMW) regime which provides an hourly wage floor to forestall excessively low wages without, at the same time, unduly affecting our labour market flexibility, economic growth and competitiveness as well as causing significant adverse impact on the job opportunities of our

elementary workers. The Bills Committee is examining the Bill, and we will continue to work closely with Members to facilitate the early passage of the Bill.

17. In parallel, we are undertaking preparatory work for the implementation of the SMW. The Census and Statistics Department released on 18 March 2010 the *2009 Report on Annual Earnings and Hours Survey*, which is used to support the setting of the initial SMW rate. The Provisional Minimum Wage Commission is calling for submissions of views with reference to the Report, as well as other relevant statistical data, to facilitate the conduct of prudent, objective and comprehensive analyses and deliberations on the initial SMW rate. We look forward to the active participation of the community in providing the Commission with their views or submissions.

Enhancing Occupational Safety and Health

18. Safety and health at work in Hong Kong has improved significantly over the past decade, and there has been a steady decline in both the number and the rate of occupational injuries in 2009 as compared with 2008. For the first three quarters of 2009, the number of occupational injuries in all workplaces stood at 29 601, down 7.7% on the corresponding period in 2008. The injury rate per thousand employees also dropped from 16.1 to 15.0, down by 6.7%. During the same period, the construction industry recorded 2 083 industrial accidents with an accident rate of 56.0 per thousand workers, representing a decrease of 7.5% and 7.9% respectively. We will keep up our efforts in further promoting occupational safety and health and reducing accident tolls.

19. We will continue to actively promote safety and health at work through enforcement, publicity and education. In view of the successive commencement of major infrastructure projects, the planned introduction of the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme towards the end of 2011 as well as the launching of various measures to assist property owners to carry out building repair and maintenance works, LD will strengthen its enforcement and promotional efforts on construction hazards such as work-at-height, scaffolding works, repair and maintenance works, use of electricity, tower crane operations, construction vehicles and mobile plants to deter unsafe practices. On occupational health, we will launch a focused publicity and enforcement

campaign targeting outdoor workplaces with a higher risk of heat stroke, such as construction sites, outdoor cleansing workplaces and container yards, to ensure adequate protection of workers. We will also continue with our publicity programmes to raise employers' and employees' awareness of the prevention of occupational diseases and work-related diseases.

Manpower Development

20. The Employees Retraining Board (ERB) will continue to provide comprehensive and quality training and retraining services to help the local labour force adapt to the changing market needs and manpower requirements of the Hong Kong society.

21. In response to the economic situation and market needs, the ERB plans to continue to provide at least 123 000 training places in 2010-11, and has reserved resources for providing an additional 20 000 training places. The ERB will closely monitor the changes in the labour market and adjust the allocation of training places flexibly to meet the needs.

22. We will conduct a fresh round of the Manpower Projection (MP) in the first half of this year to assess Hong Kong's future manpower supply and demand at the macro level. The projection will cover all the economic sectors and occupational groups in our economy, including the six priority industries. The relevant policy bureaux responsible for the development of the six priority industries will implement appropriate measures and ensure the provision of suitable training in light of the MP findings so that there will be sufficient manpower and professionals to meet the development needs of the industries. The MP is expected to be completed within 2011.

Transport Support Scheme

23. The Government is fully aware that there is a substantial body of opinion that transport expenses have brought pressure to low-income employees. We will conduct a focused study on how to ease the burden of transport expenses on low-income employees. We expect to complete the study and draw up specific measures by the end of the year. We will then consult the relevant panels of the Legislative Council. In his Budget speech,

the Financial Secretary has made it clear that the Government would make suitable financial provisions, depending on the findings of the study.

24. Before the completion of the study, the existing Transport Support Scheme (TSS) will remain in force to assist job seekers and low-income employees in four designated remote districts - North district, Yuen Long, Tuen Mun, and Islands.

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

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