

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2011-12 Draft Estimates
to be held on 24 March 2011**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2011-12 is estimated to be \$1,370 million, representing an increase of \$250 million (or 22%) over the revised estimate of \$1,120 million last year. It accounts for 0.6% of the Government's recurrent expenditure. In 2011-12, 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. We will continue to publicise the Minimum Wage Ordinance and will enforce the Ordinance when it becomes effective on 1 of May. We will also launch the Work Incentive Travel Subsidy Scheme in the third quarter this year. 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. As employment is the key to people's livelihood and the bedrock of social harmony, the HKSAR Government spares no effort in promoting employment. Fuelled by sustained economic growth and job creation, the latest unemployment rate dropped to 3.6% in December 2010 – February 2011. In the first two months of 2011, the Labour Department (LD) posted 119 645 private sector vacancies, up 35.6% over the corresponding period in 2010 (88 242).

3. Notwithstanding the improvement in the employment market, promoting the employment opportunities of the vulnerable groups remains as

our primary concern. Throughout these years, LD has endeavoured to administer various specialised programmes to cater for job seekers in need of employment support. Financial incentives are offered to employers for providing the young people, the middle-aged and persons with disabilities with on-the-job training and employment opportunities. These programmes have effectively helped enhance the employability and employment prospects of the vulnerable groups.

4. LD will continue to work hard to provide employment services targeting at job seekers' needs. The Pilot Employment Navigator Programme (ENP) was launched in December last year. To further enhance support to job seekers, a pioneer One-stop Centre that will streamline, integrate and enhance the existing employment and training/retraining services provided by LD, the Social Welfare Department and the Employees Retraining Board will be set up in Tin Shui Wai. In addition to a full range of employment services and programmes normally available in a job centre, the One-stop Centre will offer new and enhanced features. Individual job seekers' employment needs will be assessed and provided with tailor-made case management and employment support services with a view to helping the job seekers settle in employment most effectively.

Promoting Labour Relations

5. We are committed to maintaining and fostering harmonious labour relations, which underpin Hong Kong's social harmony and economic prosperity. Along with the recovery of the local economy, the labour relations scene further stabilized in 2010. In 2010, the Labour Department handled a total of 20 502 labour disputes and claims, down 16% on 2009. In the year, we attained a high settlement rate at 72.9%.

6. To tie in with the implementation of the Minimum Wage Ordinance (MWO), the Labour Department will continue to maintain close liaison with enterprises and employees' groups, and actively help employers and employees resolve their labour-management differences through communication, mutual understanding and flexible adjustments.

7. We will continue to promote the Employment Ordinance through production of publicity materials, convening meetings of the 18 Human Resources Managers Clubs in various trades and industries and nine industry-based Tripartite Committees, as well as staging roving exhibitions etc, so as

to enhance public awareness on employment rights and benefits. We will continue to promote good people management practices, foster frank communication and employer-employee collaboration, as well as encourage employers to help employees balance responsibilities at work and in family through publicising family-friendly employment practices in various channels.

Protecting Employee's Rights and Benefits

8. In tandem with the implementation of MWO, LD will launch targeted enforcement action at district and territory levels to ensure compliance. All complaints about breaches of MWO will be promptly and thoroughly investigated.

9. The Employment (Amendment) Ordinance 2010 has come into operation on 29 October 2010. It introduces a new criminal offence under the Employment Ordinance, whereby an employer commits an offence if he wilfully and without reasonable excuse fails to pay a sum awarded by the Labour Tribunal or the Minor Employment Claims Adjudication Board that comprises wages and entitlements underpinned by criminal sanctions under the Employment Ordinance. The new criminal offence is an important milestone in the protection of employees' rights. The LD has launched a series of promotional activities to enhance public awareness of the new offence and will take out stringent enforcement actions to deter breaches.

10. We have spared no effort in combating wage offences and defaults of the Labour Tribunal or Minor Employment Claims Adjudication Board awards. Last year, we secured a total of 1 481 convictions against wage offences, a rise of 12.7% over that of 1 314 convictions in 2009. As a result of more targeted enforcement action, there were 476 summonses where company directors or responsible persons were convicted of wage offences, representing a significant increase of 37.2% compared with 347 summonses of such nature in 2009. 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.

11. To safeguard the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2010, 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 efforts to crack down on illegal employment.

12. In 2010, alongside the economic revival from the financial tsunami, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 39% as compared to 2009. LD will continue to assist employees affected by closure of business by providing them with ex gratia payments through PWIF as the final safety net. This year, we have embarked on the legislative work on amending the Protection of Wages on Insolvency Ordinance to extend the coverage to include pay for untaken annual leave and statutory holidays under the Employment Ordinance.

Statutory Minimum Wage (SMW)

13. The launching of SMW on 1 May 2011 (i.e. the Labour Day) will mark a significant milestone in labour protection in Hong Kong. We are working at full steam to prepare for the implementation of SMW. LD is launching extensive publicity and promotional activities to familiarise the community with the MWO and facilitate employers and employees in understanding their respective obligations and entitlements under the SMW regime. We have drawn up a set of draft general reference guidelines on SMW for employers and employees to illustrate the provisions and application of the MWO. LD is working expeditiously to finalise the general reference guidelines so that these can be ready for wide distribution within this month. In addition, given the particular circumstances of individual sectors, LD is working with industry-based Tripartite Committees, related employers' associations, trade unions and stakeholder groups to formulate industry-specific guidelines on SMW.

14. Under the MWO, persons with disabilities whose productivity may be impaired by their disabilities have the right to choose to have their productivity assessed to determine whether they should be remunerated at not lower than the SMW level or at a rate commensurate with their productivity. LD is launching targeted publicity and promotional activities to apprise persons with disabilities and their employers of their rights and obligations under the relevant provisions of the MWO as well as details of the productivity assessment mechanism. We have also embarked on the recruitment of approved assessors for conducting the assessments.

Work Incentive Transport Subsidy (WITS) Scheme

15. Following the approval by the Finance Committee of LegCo of the funding proposal on 25 February 2011, we are pressing ahead with the preparatory work for the implementation of the WITS Scheme. LD will set up a new WITS Division to perform all operational functions, including processing applications, handling appeals, effecting subsidy payments, identifying and investigating fraudulent cases, etc. We are devising the application procedures and implementation details of the Scheme, developing the information technology system, drawing up publicity and promotional plans, and pressing ahead preparatory arrangements on other fronts. Our plan is to start receiving WITS applications from October 2011 onwards.

Enhancing Occupational Safety and Health

16. Safety and health at work in Hong Kong has improved significantly over the past decade. However, there has been a slight increase in both the number and the rate of occupational injuries in 2010 as compared with 2009. This was largely because of the sustained recovery of the local economy which resulted in greater economic activities. For the first three quarters of 2010, the number of occupational injures in all workplaces stood at 31 580, up by 6.7% on the corresponding period in 2009. The injury rate per thousand employees slightly rose from 15.0 to 15.6, up by 3.9%. During the same period, the construction industry recorded 2 147 industrial accidents, up by 3.1% but the accident rate per thousand workers dropped to 51.8, down by 7.5%. We will keep up our efforts in actively promoting occupational safety and health and reducing accident tolls through enforcement, publicity and education.

17. The successive commencement of major infrastructure projects (MIPs) and the expected growth in building repair, maintenance, alteration and addition (RMAA) works arising from the introduction of new regulatory requirements will bring new challenges to work safety in the construction sector. LD will take proactive steps to intensify systematic preventive and enforcement measures as well as promote specific measures to enhance the safety performance in these two areas. In monitoring the safety performance of MIPs, we will draw on the successful experience in the Airport Core Projects in the past by stepping up enforcement and enhancing co-operation with various interested parties such as relevant government departments, project clients and management teams. LD officers will,

among others, participate in regular site safety management meetings and safety walks of MIPs. As to RMAA works, LD will step up workplace inspections to follow up referrals from our strategic partners such as the Housing Department, Hong Kong Housing Society and property management companies. We will also cooperate with the Occupational Safety and Health Council and interested parties, including building owners' corporations, District Councils and safe communities, to step up promotion and publicity work to raise safety awareness in RMAA works at the community level. On occupational health, we will step up publicity programmes to raise employers' and employees' awareness of the prevention of lower limb disorders. We will also continue with our publicity programmes to raise awareness of the prevention of heat stroke at work, occupational diseases, and work-related diseases.

Manpower Development

18. The Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to provide comprehensive and quality training services to help the local labour force adapt to the changing market needs and manpower requirements of the Hong Kong society, and acquire recognised qualifications.

19. In response to the economic situation and market needs, including the possible changes in the labour market following the implementation of the SMW, the ERB plans to increase the number of training places to 130 000 in 2011-12, and has reserved resources for providing an additional 30 000 training places. The ERB will closely monitor the industry conditions and adjust the allocation of training places flexibly to meet the needs. In addition, the training places to be offered by the VTC in the 2011/12 academic year will include 159 000 places for those seeking to pursue vocational training. In 2011-12, the LWB's related recurrent subvention to the VTC will reach \$160.7 million.

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

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