

Letterhead of THE HONG KONG SMALL AND MEDIUM BUSINESS ASSOCIATION

We Considered that all the proposed amendments to the existing Factories and Industrial Undertakings Ordinance, for the sake of improving industrial safety, should be adhered to a number of principles:

- 1, The amendments should delegate enough regulatory power to the Commissioner of Labour to carry out the policy initiative to improve industrial safety but not that as much as to enable him to introduce measures and procedures which may only affect the efficiency of normal daily production operation without bringing in genuine remedies to the roots of industrial safety issues;
- 2, The amendments should not involve expansion in terms of hierachial complexity and head count of the Labour Department that will only result in additional administrative expenditure and procedures without bringing in reasonable improvement in industrial safety;
- 3, Additional pressure in costs and management resources that the amendments will bring about has always been on the top priority of concerns for industrial enterprises proprietors. Cost pressure concern is becoming increasingly important in a period when Asian economies are recovering from last year's financial crisis because price has evolved to be one of the most important areas where Asian economies compete with one another in exports.

It is crucial that the amendments will not bring in additional cost pressure for industrial enterprises in terms of government charges and in terms of extra staff to be hired to meet the regulatory and reporting obligations.

- 4, The amendments should have a simple but effective check and balance mechanism in place with which industrial enterprise proprietors can file their complains without hassels whenever they have disagreements with the verdicts and comments from the safety inspectors appointed by the Labour Department.

Overall, we support the Government's policy objectives that more emphasis should be placed in education and promotion of industrial safety among the proprietors and the employees rather than refinements to procedures of monetary compensation.

We believe a better understanding of industrial safety among proprietors and workers will not only help prevent accidents but also reduce incidences of compensation claims and hence lower the level of premium to be paid for industrial safety insurance, which is one of the major costs of production.