

**Letterhead of The Hong Kong General Chamber of Commerce**  
**香港總商會的信頭**

19 April 1999  
Our Ref:EW/060

Mrs Contance Li  
Clerk to the Bills Committee on the Factories  
and Industrial Undertakings (Amendment) Bill 1999  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Hong Kong

Dear Mrs Li

**Factories and Industrial Undertakings (Amendment) Bill 1999 and  
Factories and Industrial Undertakings (Safety Management) Regulation**

Thank you for your letter of 1 April 1999 inviting comments from the Chamber on the above legislative proposals.

The Chamber supports the passage of the above Bill but has reservations on some aspects of the implementation of the Factories and Industrial Undertakings (Safety Management) Regulation, as follows.

The Chamber supports the principle of enhancing industrial safety, but the timing of introducing the Regulation would require more consideration. The current proposal is to introduce the Regulation to require contractors or proprietors in relation to construction sites, shipyards, factories and other designated industrial undertakings to adopt the process elements of the safety management system and to carry out safety audits or reviews of their system. If put into effect, two groups of construction sites and industrial undertakings will be affected to different extents. The first group covers those with 100 or more workers and construction projects with contract value of \$100 million or more. The second are those employing 50 to 99 workers. Our comments relate specifically to these two groups.

It has to be recognised that in the present economic climate, many industries are operating under extreme financial pressure. The Chamber is therefore in the view that Regulation requiring the implementation of safety management system and safety audits should be selectively applied. In particular, the urgency of safety management should be taken into account.

The Chamber believes that most industries in Hong Kong are already operating to very high standards of safety. The main effort in promoting and regulating industrial safety should therefore be devoted to some priority sectors which are high-risk or more accident-prone. Specifically, the Chamber has consistently called for efforts to enhance safety in construction sites.

In our view, therefore, industrial undertakings other than construction sites should thus be exempted from the proposed Regulation, along with other industrial undertakings employing less than 50 workers.

Other than construction sites, the accident rate of typical factories is very low. Most large or medium-sized factories are already adopting effective occupational safety measures to ensure industrial safety of their workers. While the safety management system under the Regulation is always a welcome addition, this is not the right timing to introduce it, particularly to small and medium enterprises. To do so at a time when Hong Kong is suffering from the worst economic recession will only add to the severe strain on their resources. It should be borne in mind that orders-on-hand with local manufacturers have continued to weaken in the opening month of 1999, the value of total orders having been down 20 per cent in January compared with the same month last year. The decline in orders has been evident across all industries.

In conclusion, with the exception of construction sites, we do not believe there is an urgent need to introduce the Regulation to industrial undertakings. Factories in particular should be exempted from the requirement for the time being.

Yours sincerely

Eden Woon  
Director