

**Speaking Note for  
the Secretary for Economic Development and Labour  
at the Special Meeting of the Finance Committee  
on 1 April 2004**

Chairman,

The estimate of expenditure for the Labour Department in 2004-05 is \$1,176.3 million. Nearly half of the expenditure (about \$550 million) will be on Employment Services.

2. As unemployment remains high, we will continue to strengthen our employment services to help job-seekers find suitable work. We will also strive to promote labour relations, combat wage offences and illegal employment, protect employees' rights and benefits, and enhance occupational safety and health.

**Improving Employment**

3. Hong Kong is facing structural unemployment arising from economic restructuring. As unemployment rate is a lagging indicator, the employment situation is still full of challenges. The Labour Department continues to receive an average of 1 000 private sector vacancies every working day and this has been the case for nearly two months. According to the latest statistics, the Labour Department received a total of 26 427 private sector vacancies last month (March). This is a historic high. During the month, the Department placed 6 822 job-seekers in employment, also an all-time high. However, as the economy recovers, more people are entering the labour market. With an expanding labour force, there will still be pressure on employment in the short term.

4. The Administration has earlier obtained the Finance Committee's approval to implement three employment measures at a cost of \$1.2 billion to provide over 22 000 short-term employment and

training opportunities. These measures include:

- (i) the provision of \$300 million to extend the “Youth Work Experience and Training Scheme” to benefit 10 000 youngsters;
- (ii) earmarking \$30 million to launch the “Youth Self-employment Support Scheme” to provide assistance to 1 000 youngsters interested in self-employment; and
- (iii) the provision of about \$880 million to extend 11 700 temporary jobs which are mostly suitable for the middle-aged with low education attainments.

5. In addition, we will continue with the “Youth Pre-employment Training Programme” to provide 12 000 pre-employment training places for young people between the ages of 15 and 19.

6. For the middle-aged, the Labour Department provides them with assistance through the “Re-employment Training Programme for the Middle-aged” and comprehensive employment services. The Scheme still has some 9 000 places unfilled. The Labour Department will also continue to collaborate with the Employees Retraining Board in implementing the “Special Incentive Allowance Scheme for Local Domestic Helpers” so as to enhance the job opportunities for local domestic helpers. The Scheme still has about 6 500 openings.

7. In the face of persistently high unemployment, the Labour Department has strengthened its employment service and successfully placed in employment a record high of 66 100 job-seekers in 2003.

### **Promoting Labour Relations**

8. Good labour relations are vital to social stability and economic prosperity. Last year, only 0.05 working day per 1 000 employees was lost due to labour disputes. This shows that the labour relations in Hong Kong are generally harmonious. The settlement rate of labour disputes and claims through the conciliation service of the Labour Department was

65.1% - a record high since 1997. This year, we will focus on promoting the message of “Success through Partnership”, and enhance the coordination and communication between employers and employees through a number of industry-based tripartite committees. We will also continue to organize various activities to promote good labour relations.

### **Protecting Employee's Rights and Benefits**

9. On the protection of employee's rights and benefits, we will continue our efforts to combat wage offences and illegal employment. In 2003, 588 summonses relating to employers' failure to pay wages were concluded. This represents an increase of 197% over the preceding year (198 summonses). We secured convictions of 445 summonses, an increase of 220% over the 139 summonses of 2002. In the first two months of this year, we have also seen an increase of 28% in the number of convicted cases when compared with the same period last year. This bears testimony to the importance that we attach to tackling wage offences. In January this year, the Labour Department revamped its Labour Inspection Division to step up workplace inspections to enforce the wage provisions and investigate cases involving employers' failure to make payment in accordance with awards made by the Labour Tribunal and the Minor Employment Claims Adjudication Board.

10. On combating illegal employment, the Labour Department has widely publicized its complaint telephone hotline (2815 2200) to facilitate the public to report on illegal employment activities. The Department has also strengthened its intelligence gathering for the purpose of launching more joint operations. In 2003, the Labour Department, the Police and the Immigration Department conducted 36 joint operations, representing an increase of 140% over the 15 joint operations in the preceding year. As a result of the relentless efforts of the law enforcement departments, 5 317 illegal workers and 1 078 employers were arrested in 2003. In the first two months of this year, the enforcement departments arrested altogether 816 illegal workers and 185 employers, representing an increase of 20% and 21% respectively over the corresponding period last year.

11. We are also deeply concerned about employees who are owed wages by their insolvent employers. In October 2003, the Labour Department set up a new office through internal redeployment of resources and recruitment of additional staff. Together with the re-engineering of business procedures, the processing of applications for the Protection of Wages on Insolvency Fund has been speeded up. We expect to process about 27 000 applications in 2004, representing an increase of 22% over the number of cases (22 042) in the preceding year.

### **Enhancing Occupational Safety and Health**

12. Turning to occupational safety and health, our safety performance continued to show encouraging improvement last year. In the first three quarters of 2003, the number of industrial accidents in all sectors registered a fall of 24.6% over the corresponding period of the preceding year, while the accident rate per 1 000 workers also dropped 16.6% from 37.5 to 31.2.

13. Despite the reduction in the number of accidents, we will remain vigilant. We will continue to vigorously promote safety and health at work through the three-pronged strategy of enforcement, publicity and education. Looking ahead, we are targeting our enforcement and promotional efforts at the accident-prone sectors, such as working-at-height and scaffolding work, lift installation and maintenance works, and large cargo handling areas with a view to raising occupational safety and health awareness. We will also continue to work closely with all stakeholders, including employers, employees, contractors, trade unions and safety and health professionals to build a safety management culture and enhance occupational safety and health.

14. Chairman, we are happy to take questions from Members.