

**Legislative Council**  
**Panel on Administration of Justice and Legal Services**  
**and Panel on Manpower**

**Update on cases of wage claims and disputes**  
**handled by the Labour Department,**  
**unsettled cases referred to the Labour Tribunal**  
**and enforcement efforts against wage offences**

**Introduction**

This paper updates Members on the cases of wage claims and disputes handled by the Labour Department (LD), unsettled cases referred to the Labour Tribunal (LT) and LD's enforcement efforts against wage offences. It also provides our views on the recommendations made in the Judiciary's Report of the Working Party on the Review of the Labour Tribunal.

**Cases handled by the LD and unsettled cases referred to the LT**

2. The Labour Relations Division (LRD) of the LD provides conciliation service to help employers and employees settle disputes and claims arising under the Employment Ordinance (EO) or their contracts of employment. Between January and October 2004, the LRD handled 24 068 cases, down 16% on the same period of 2003. The average waiting time for conciliation of claims was shortened to 3.4 weeks from 4.1 weeks in 2003. The settlement rate of conciliation also went up to 67.5%, from 65.1% in 2003.

3. The declining trend of cases handled by LRD and the improved settlement rate have led to a further decrease in the number of cases referred to the LT. In the first ten months of 2004, LRD referred 6 388 unsettled cases to the LT, a significant drop of 26% over the same period last year. This has eased considerably the caseload of the LT.

**Enforcement efforts against wage offences**

4. It is important to note that LD's all-out enforcement efforts against wage offences have created a deterrent effect on employers who attempt to evade liabilities to pay wages. This in turn helps reduce the number of wage claims requiring adjudication at the LT. Details are as follows:

- (a) In September 2002, the LD set up the Employment Claims Investigation Division (ECID) as part of its strategy to step up enforcement efforts against wage offences. Since then, the number of summonses taken out has risen sharply. The detailed figures in this regard are set out in paragraph 5 below. Furthermore, it is noteworthy that in about 20% of the cases handled by ECID, the employers paid the employees after it commenced investigation into the suspected wage offences.
- (b) In July 2004, Labour Inspectors conducted a special campaign against the catering trade to detect wage offences. The wage campaign covered 870 eating places and detected wage offences in 20 establishments, mostly involving late payment of wages. Seven summonses against wage offences have been taken out. At the same time, Occupational Safety Officers also look out for non-payment of wages when inspecting construction sites on safety matters. As at end-October 2004, 111 employees in 32 sites reported that employers owed them wages. LD assisted these workers to recover their outstanding wages and also conducted investigation into cases where suspected offences had been detected.
- (c) In the first ten months of 2004, Labour Inspectors handled 156 cases in which the employers defaulted payment of awards involving wage items and made by the LT or the Minor Employment Claims Adjudication Board. LD also secured 115 convicted summonses on wage offences for cases of defaulted payment of awards.

5. These enforcement measures have led to a record-high level of prosecutions and convictions on wage offences. In 2003, the LD secured successful convictions of 445 summonses for wage offences, representing a significant increase of 220% over the 139 convictions in 2002. In the first ten months of 2004, 583 wage summonses were heard, an increase of 17% over the same period last year. The total number of convicted summonses on wage offences, at 448, also rose by 15%. During this period, the magistrates' courts ordered 48 employers convicted of offences under the EO to pay back through the court the sum due to their employees under their contracts of employment. These orders, made pursuant to section 65 of the EO, involved a total amount of \$1,394,612.

## **Report of the Working Party on the Review of the Labour Tribunal**

6. We note that the Judiciary has put in place measures to improve the operation of the LT in the short term. The recommendations of the Working Party should provide a useful basis on which further improvements to the operation of the LT can be considered. The Administration will continue to work closely with the Judiciary to this end. In the process, we will take account of public feedback and the views of LegCo Members on the specific recommendations of the Report.

7. The LRD and LT have already made joint efforts to implement Recommendation 13 (i.e. standardising the information to be provided by the claimant to the LRD and the LT) and have been using the new standardized claim form since 22 November 2004. This has obviated the need for claimants to repeat at the LT the background information already supplied to the LRD.

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