立法會 Legislative Council

LC Paper No. CB(2)1786/09-10 (These minutes have been seen by the Administration)

Ref: CB2/PL/MP

Panel on Manpower

Minutes of meeting held on Monday, 26 April 2010, at 2:30 pm in the Chamber of the Legislative Council Building

Members present

Hon LI Fung-ying, BBS, JP (Chairman) Hon IP Wai-ming, MH (Deputy Chairman)

Hon LEE Cheuk-yan

Hon LEUNG Yiu-chung Hon Andrew CHENG Kar-foo Hon WONG Kwok-hing, MH Dr Hon LAM Tai-fai, BBS, JP

Hon CHAN Kin-por, JP Hon WONG Sing-chi

Hon WONG Kwok-kin, BBS Hon IP Kwok-him, GBS, JP Dr Hon PAN Pey-chyou

Member absent

Hon Frederick FUNG Kin-kee, SBS, JP

Public Officers attending

Item III

Mr Matthew CHEUNG Kin-chung, GBS, JP

Secretary for Labour and Welfare

Mrs Cherry TSE LING Kit-ching, JP

Commissioner for Labour

Mr Charles HUI Pak-kwan

Acting Assistant Commissioner (Employment Services)

Labour Department

Item IV

Mrs Cherry TSE LING Kit-ching, JP Commissioner for Labour

Mr Byron NG Kwok-keung, JP Assistant Commissioner (Labour Relations) Labour Department

Mr Stephen LEUNG Mak-kwan Senior Labour Officer (Wage Security) Labour Department

Clerk in attendance

Mr Raymond LAM

Chief Council Secretary (2) 1

Staff in attendance

Ms Clara TAM

Assistant Legal Adviser 9

Ms Eleanor CHOW

Senior Council Secretary (2) 4

Ms Kiwi NG

Legislative Assistant (2) 1

Action

I. Confirmation of minutes of previous meeting

(LC Paper No. CB(2)1305/09-10)

The minutes of the meeting held on 23 February 2010 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper Nos. CB(2)1348/09-10(01) and (02))

- 2. <u>Members</u> agreed to discuss the following items proposed by the Administration at the next regular meeting to be held on 20 May 2010 at 2:30 pm -
 - (a) Progress of employment support initiatives in response to the financial tsunami; and
 - (b) Hong Kong's occupational safety performance in 2009.
- 3. Noting that the Council meeting on 14 July 2010 might have to be continued on the next day as it was the last meeting in the current legislative

session, <u>members</u> agreed that the Panel meeting scheduled for 15 July 2010 would be advanced to 12 July 2010 at 2:30 pm.

III. Measures of the Labour Department to assist the vulnerable youths, the unemployed and people with disabilities

(LC Paper Nos. CB(2)1348/09-10(03) and (04))

- 4. <u>Secretary for Labour and Welfare ("SLW")</u> briefed members on the Administration's paper which set out the existing and enhancement measures of the Labour Department ("LD") to support the employment of vulnerable youths, the unemployed and people with disabilities. He informed members that the enhancement measures announced by the Financial Secretary in his 2010-2011 Budget Speech included -
 - (a) A two-year Pilot Employment Navigator Programme ("Pilot ENP") which provided job-seekers with intensive employment counselling and cash incentives so as to address the problem of manpower mismatch, fully utilize the labour productivity and encourage employment; and
 - (b) a special employment project to help vulnerable youths with acute employment difficulties ("the special project").

Pilot ENP

- 5. <u>Dr LAM Tai-fai, Mr IP Kwok-him and Mr LEE Cheuk-yan</u> expressed concern whether the launch of the Pilot ENP could really address the problem of manpower mismatch. <u>Dr LAM and Mr LEE</u> pointed out that some work types were very unpopular among job-seekers because of the job nature, undesirable working condition, long working hours and unattractive remuneration. They expressed concern that an ENP participant taking up an unpopular job would quit after three months, upon receipt of the cash incentives of \$5,000 under ENP. <u>Mr IP</u> and <u>Mr LEE</u> considered that the mismatch was a structural problem which could not be resolved by the Pilot ENP.
- 6. <u>SLW</u> responded that the Administration noted that there were some job types with abundant vacancies as they were not popular among job-seekers. In order to make the best productive use of the available workforce, the Administration hoped to motivate job-seekers who had been unemployed for quite some time to try out other job types through intensive counselling and the offer of cash incentives. ENP was a new attempt to channel under-utilized productivity back to the job market, help job-seekers secure jobs so as to rebuild their self-esteem and to prevent them from falling into the net of the Comprehensive Social Security Assistance Scheme. If the Pilot ENP was successful, it would motivate job-seekers to remain in employment, thus encouraging self-reliance on the one hand, and addressing the problem of

manpower mismatch and fully utilizing labour productivity on the other. It would be a win-win situation.

- SLW further said that based on the experience learned from the Employment Programme for the Middle-aged ("EPM") in which financial incentives were given to employers, the initial three months of employment had been proved to be critical for a job-seeker to stay on the job. The turnover rate was usually the highest in the first month of employment, and would gradually decline and stabilize after some three months of employment. About 70% of the EPM participants who had completed three months' employment tended to stay on the job thereafter. To encourage job-seekers to remain in employment, the cash incentives under ENP would be paid by three stages. An amount of \$500 would be paid to an eligible ENP participant upon successful employment and reporting duty. A further \$1,500 would be paid upon completion of the first month of employment and the remaining \$3,000 would be paid after the participant had stayed in the job for three months. The Administration noted that there would be possibility of some ENP participants quitting the job after three months. It would closely monitor the progress of the Pilot ENP and make adjustments as necessary.
- 8. Mr LEE Cheuk-yan said that he appreciated the employment counselling services provided under the Pilot ENP. Mr LEUNG Yiu-chung said that if counselling could change the mind-set of young people, cash incentives might not be necessary. He expressed concern whether ENP could motivate young people to seek employment. The Deputy Chairman enquired whether LD had analyzed the reasons for job-seekers' reluctance to switch to other job types other than psychological barrier. Noting that there were abundant vacancies for sales representatives, Mr CHAN Kin-por enquired how LD would motivate ENP participants to take on such jobs which, in his view, had a bright future.
- SLW and Commissioner for Labour (C for L) clarified that ENP covered needy able-bodied job-seekers including adults and young people. They said that remuneration and long working hours were not the only factors that deterred a job-seeker from switching to other job types. For instance, despite that waiters/waitresses were offered the monthly salary range of \$7,000 to \$8,000 and required a lower education attainment, it was less popular than the position of general office clerk, which offered a lower pay and required a higher education attainment. The crux of the problem was for job-seekers to overcome their reluctance to take on new job types. The Administration hoped to achieve this by counselling, training and the provision of cash incentives. C for L stressed that counselling was the backbone of ENP. Yet still, cash incentives in addition to counselling would further motivate a job-seeker to take a bold step forward. For instance, a job-seeker would be encouraged during counselling to consider another job type which had abundant vacancies and the cash incentives would help him overcome the fear of entering into an unfamiliar trade. By changing his mind-set, a job-seeker would attempt to rise to a new challenge that might depart from his previous skills, experience and

social network.

- 10. <u>SLW</u> and <u>C for L</u> further said that as counselling was the key to changing the mind-set of job-seekers, an additional placement officer would be assigned to each Job Centre to assist job-seekers under the Pilot ENP. Placement officers would gauge the employment and training needs of job-seekers and advise them on any mismatch between their knowledge and skill sets and the requirements of the jobs that they were looking for and the need to adjust their expectations or to bridge the identified gap through, for example, retraining. Placement officers would also develop job search action plan together with job-seekers. In addition, LD would organize experience sharing sessions by, for example, successful salesmen, and give career briefings to students to inform them of the opportunities available in the job market.
- 11. Referring to paragraph 11(a) of the Administration's paper, Mr WONG Kwok-hing enquired about the purpose of requiring a job-seeker who was unemployed upon joining ENP to receive services under ENP for at least one month before he/she was eligible for the cash incentive. He also expressed concern that ENP participants living in remote areas might not be able to afford the transportation costs to commute to LD's office to receive one-month services under ENP. He suggested that placement officers should reach out to these participants instead. Mr LEE Cheuk-yan enquired whether a job-seeker who had secured a job soon after joining ENP would be eligible for the cash incentives if he did not receive the one-month services.
- 12. <u>SLW</u> said that an ENP participant living in remote area was not required to meet with the placement officer daily. He could receive employment services through the telephone, access job vacancy information through the vacancy search terminals and make appointment to receive counselling from placement officers in person, as necessary. In addition, information on job vacancies and recruitment activities would be disseminated to job-seekers through modern messaging technology to be progressively rolled out by mid-2010.
- 13. Assistant Commissioner (Employment Services) for Labour (Acting) ("AAC") explained that each ENP participant would be looked after by a placement officer who would gauge the participant's employment and training needs and provide the necessary counselling. If the participant could not secure a job in the first month, LD would make use of the career assessment tool developed by the Chinese University of Hong Kong to identify the strengths of the job-seeker with a view to matching his personality with an appropriate job. Review meetings would be conducted to fine tune the action plan and provide additional support such as training on job search skills and attendance of retraining courses, as required. In order to prevent abuse of ENP by job-seekers who had already secured a job before joining ENP, each ENP participant was required to receive one-month services in order to be eligible for the cash incentives.

- 14. Mr LEUNG Yiu-chung and Dr LAM Tai-fai expressed concern that an ENP participant's income would be reduced by 25% when he exhausted his entitlement of \$5,000 cash allowances after three months. If the ENP participant chose to quit the job thereafter, it would defeat the purpose of the Pilot ENP to sustain employment. Mr LEUNG suggested that the Administration should consider other measures to sustain employment. Dr LAM said that as far as an unemployed person was concerned, cash incentives were a direct benefit. He suggested that the Administration should consider revising the target of ENP from benefiting 22 000 job-seekers to 15 000 job-seekers, and the money saved would be used to extend the period for cash incentives from three to six months. He said that the revised programme would help ENP participants stay longer in employment.
- 15. <u>SLW</u> responded that the Administration had to be pragmatic to launch ENP for the time being. It would monitor the progress of the Pilot ENP and was open-minded to introducing improvement measures as appropriate.
- 16. Mr WONG Kwok-hing enquired whether an ENP participant who quitted the job after receiving the \$5,000 incentives could join the Pilot ENP the second time. Dr PAN Pey-chyou enquired whether an ENP participant would be entitled to the cash incentives if the job concerned was a temporary one and he was laid off after one month of employment.
- 17. <u>SLW</u> explained that an ENP participant would be eligible for each stage of payment once during the two-year pilot. One of the eligibility criteria for the cash incentives was that the job concerned should be a full-time permanent post offering a salary of \$6,500 per month. If an ENP participant was laid off after one month of employment, he would be eligible to receive \$500 for successful employment and reporting duty and \$1,500 after completion of the first month of employment. He would still be eligible to receive the remaining cash incentives if he completed three-month employment in another job. An ENP participant who had exhausted his entitlement of \$5,000 cash incentives would no longer be eligible for receiving the incentives for the second time. Records of ENP participants would be kept to prevent abuse.
- 18. Mr LEE Cheuk-yan and Mr CHAN Kin-por enquired whether LD would proactively reflect to employers whose vacancies could not be filled for a long time that there was a need to review the remuneration package and working hours of the vacancies offered. Mr LEE queried whether some of the vacancies posted in LD's Job Centres were faked for the purpose of testing the minimum wages acceptable to job-seekers. He enquired how the Administration would tackle the problem of long working hours.
- 19. <u>SLW</u> envisaged that the implementation of the statutory minimum wage regime would change the culture of the employment market, and address the problem of long working hours. <u>C for L</u> supplemented that employers were unlikely to post fake vacancies in LD's Job Centres. It would be costly and time consuming to train and lay off an employee after recruitment. <u>AAC</u> added

- that LD would go through the vacancies offered by employers. If the job requirement or remuneration deviated significantly from the prevailing job market conditions, LD would request the employer to review and revise its job requirement and remuneration as appropriate.
- 20. Mr WONG Kwok-hing enquired why the monthly income ceiling of an ENP participant was set at \$6,500, which was one of the eligibility criteria for the cash incentives under ENP.
- 21. <u>SLW</u> explained that in arriving at the \$6,500 threshold, the Administration had made reference to the eligibility criteria under the Transport Support Scheme and the salary of vacancies posted by LD. The median monthly salary offered for posts like sales representatives, waiters/waitresses and shop sales/assistants with no previous working experience was around \$6,500.

The special employment project for vulnerable youths

- 22. Referring to paragraph 13 of the Administration's paper which set out a special project which sought to provide more customized employment services for youths with acute employment difficulties, <u>Dr LAM Tai-fai and Mr WONG Sing-chi</u> enquired about the definition of "acute employment difficulties".
- 23. <u>SLW</u> explained that while the Youth Pre-employment Training Programme ("YPTP") and Youth Work Experience and Training Scheme ("YWETS") had been revamped to provide a through-train service of pre-employment and on-the-job training to young people aged 15 to 24 with educational attainment at sub-degree level or below, other young people of the same age range with low educational attainment, emotional/behavioural problems, social handicaps, learning difficulties or other employment barriers faced immense difficulties in securing employment. Through intensive and customized training and employment support, the special project would help nurture the knowledge and skill sets of the participating young people for the benefit of their personal and career developments. The special project was expected to provide on-the-job training opportunities to 500 disadvantaged young people.
- 24. <u>Dr LAM Tai-fai</u> enquired about the estimated number of youths with acute employment difficulties. <u>Mr IP Kwok-him</u> enquired how the 500 disadvantaged youths were identified.
- 25. <u>SLW</u> and <u>AAC</u> responded that the number of youths with acute employment difficulties was not available. Under the special project, non-governmental organisations ("NGOs") would identify and nominate vulnerable youths for appointment to on-the-job training positions. Upon approval, trainees would work at the host NGOs for a period of 12 months and would be paid monthly wages of \$4,500. The special project sought to improve the employability of vulnerable youths by providing them with employment, on-

the-job training and counselling. LD would provide NGOs with funding to cover the remuneration, statutory benefits and employer's contributions to the Mandatory Provident Fund.

- 26. <u>Dr PAN Pey-chyou</u> expressed concern about the quality of the services provided by NGOs participating in the special project, how their work would be monitored and the criteria adopted by NGOs for nominating youths under the special project. <u>The Deputy Chairman and Mr WONG Sing-chi</u> expressed concern about the adequacy of the vacancies offered under the special project.
- 27. <u>SLW</u> responded that the special project was developed from the concept of a previous project Action S4 which helped disadvantaged youths develop self-respect, self-confidence, self-reflection and self-enhancement. NGOs participating in the special project had been engaged in the provision of youth services for a long time and had been partnering with the Government in providing counselling and case management services under YPTP and YWETS. The services provided by these NGOs were reliable as they had the experience of following up on the career and personal developments of youths joining YPTP and YWETs by case managers. Given their experience in youth work, it would not be difficult for NGOs to identify youths who needed special assistance because of emotional or behavioural problems or learning difficulties. Apart from funding the monthly wages, trainees attending off-the-job training courses to further enhance their skills might apply for reimbursement of course and examination fees of up to \$4,000 from LD.
- 28. <u>C for L</u> supplemented that in determining the proposed scale of the project, LD had taken into account the demand for training vacancies of Action S4 and the result of a survey on the estimated supply of training and internship vacancies by NGOs that would likely participate in the project. Mentors under the special project would be required to provide intensive and customized training and employment support to trainees. According to the result of the survey, it was estimated that NGOs could in total handle training of a maximum of around 500 vulnerable youths for a two-year period. On monitoring the progress of the special project, LD would liaise closely with NGOs and trainees to ensure that youths at risks and youths with behavioural problems were making steady progress in career and personal developments. NGOs concerned would also review the performance of the trainees from time to time with their case managers.
- 29. The Deputy Chairman queried the need for the special project when YPTP and YWETS were in place to help youths seek employment. He also expressed concern that vulnerable youths might resist the special project because they would be labelled as persons with "acute employment difficulties" once joining the special project. Mr WONG Sing-chi enquired about the arrangement of on-the-job training for vulnerable youths.
- 30. <u>C for L</u> explained that youths participating in YPTP and YWETS were provided with on-the-job training in the private sector. For the vulnerable

youths with acute employment difficulties, they might not be able to adapt to and stay in private sector jobs. The special project offered an opportunity for the vulnerable youths to work in a protected environment under which day-to-day supervision and training were undertaken by mentors. With proper guidance to help vulnerable youths change their mind-set and working attitude, it was hoped that they would eventually be ready to take up employment in the open market.

- 31. Regarding the issue of labelling effect, <u>C for L</u> said that it was important to get vulnerable youths started working. A person's bargaining power would increase only if he was employed and his remuneration would also hinge on, his academic qualifications aside, his working experience. The Administration hoped that the special project would, apart from providing vulnerable youths with jobs, enable them to acquire better understanding of the NGOs' operation which would bear some resemblance to the work environment in the private sector. Through on-the-job training, they could recognize their own strengths and apply them to work. Once they had gained recognition in their work, their self-respect, self-confidence, self-reflection and self-enhancement would follow. <u>AAC</u> added that apart from providing face-to-face counselling to the vulnerable youths, mentors would also formulate a training plan for the trainees after assessing their career interest and personality.
- 32. Mr CHAN Kin-por expressed support for the special project. He enquired whether the Administration would consider extending the coverage of the special project to people below the age of 30. SLW said that LD's imminent task was to help young people aged between 15 and 24 secure employment. If the special project was successful, the Administration would not rule out the possibility of extending its coverage and deploying more resources to help young people seek employment.
- 33. <u>Members</u> present at the meeting unanimously expressed support for the Administration to seek funding approval for the Pilot ENP and the special project from the Finance Committee.
- IV. Proposal to expand the scope of the Protection of Wages on Insolvency Fund to cover pay for untaken annual leave and statutory holidays under the Employment Ordinance (LC Paper Nos. CB(2)1348/09-10(05) and (06))
- 34. <u>C for L</u> briefed members on the proposal to expand the scope of the Protection of Wages on Insolvency Fund ("PWIF") to cover pay for untaken annual leave and statutory holidays under the Employment Ordinance (Cap. 57) ("EO") as set out in paragraph 13 of the Administration's paper ("the proposal"). She said that after carefully considering the Panel's proposal to further expand the scope of the PWIF to cover pay for all untaken annual leave and statutory holidays while maintaining the payment ceiling of \$10,500, the PWIF Board agreed to continue to adopt a prudent approach and reached the consensus that

the scope of PWIF should be expanded to cover the following two types of leave/holiday pay subject to the payment ceiling of \$10,500 -

- (a) annual leave pay under EO for annual leave accumulated and not yet taken by an employee, subject to the limit of his last year of employment with a maximum of seven to 14 days' pay as per an employee's length of employment; and
- (b) holiday pay under EO for statutory holidays not yet taken by an employee within four months prior to his last day of service.
- 35. Mr LEE Cheuk-yan and Mr WONG Kwok-hing considered the PWIF Board's proposal to expand the scope of PWIF inadequate. They maintained the view that an employee should be entitled to claim all untaken annual leave and statutory holiday pay in full, given that the claim would be capped at \$10,500 and PWIF had a large accumulated surplus of \$1.749 billion. Mr LEE Cheuk-yan said that the expenditure of such claims would only amount to about \$18.5 million a year, assuming that 1 760 applicants (based on 441 applicants in the third quarter of 2009) were awarded with the full amount of \$10,500 each. In addition, the amount of severance payment had been greatly reduced following the introduction of the Mandatory Provident Scheme in 2000, which had further improved the financial position of PWIF.
- 36. <u>C for L</u> responded that members' proposal might result in all claims awarded with the maximum amount of \$10,500, which was not the intended purpose of the PWIF Board's proposal. She added that there was an increasing number of applications for PWIF from the white collar employees in recent years, resulting in higher ex gratia payments made. For instance, the average amount of ex gratia payment in 2008 was \$19,600 per case, and the amount was increased by around 30% to \$25,900 per case in 2009. In addition, there was an example in 1997 that the closure of one corporation alone could cost PWIF tens of millions of dollars. The PWIF Board therefore considered that a prudent approach should be adopted.
- 37. <u>C for L</u> further explained that employers were required at all times to keep a record setting out wages and employment history of each employee covering the period of his employment during the preceding 12 months only. When an employer became insolvent, it would be difficult to verify claims of annual leave accumulated by an employee before his last year of service. As regards statutory holidays, it was required by law that if an employer required an employee to work on a statutory holiday, the employer should arrange an alternative holiday within 60 days before or after the statutory holiday. If both parties agreed, any day within 30 days before or after the statutory or alternative holiday might be taken by the employee as a substituted holiday. An employer who did not arrange an alternative or a substituted holiday for an employee within three months after the statutory holiday would have had breached the law.

- 38. Mr WONG Kwok-hing said that at the request of employers and for the purpose of keeping their jobs, many workers had agreed to defer taking their entitled annual leave and statutory holidays. It would be unfair if they could not claim their entitlements in full when their companies became insolvent.
- 39. <u>Assistant Commissioner (Labour Relations) of LD ("AC")</u> responded that the PWIF Board maintained its policy of discouraging employees from tolerating prolonged non-payment of statutory benefits of their employers. It encouraged employees to report malpractices promptly. Should an employer preclude employees from taking their annual leave or statutory holidays entitled, employees should report the case to LD. The obligation of granting annual leave and statutory holiday pay should not be shifted to PWIF upon business closures.
- 40. <u>C for L</u> said that while members might consider the PWIF Board's proposal inadequate, the Board had undertaken to review again the coverage of PWIF in the light of operational experience and PWIF's financial position after the relevant bill had taken effect for one year. Given that any further delay in legislation would not be in the interest of enhancing the protection for workers, <u>C for L</u> urged members to endorse the proposal, so that workers could benefit from the proposal as soon as possible.
- 41. Mr IP Kwok-him enquired whether the PWIF Board was optimistic about its financial position in the coming two years and whether the rate of Business Registration Certificate levy, which was the major source of income for PWIF, would be reviewed.
- AC said that under the proposal, the scope of PWIF would be expanded 42. to allow claims for untaken annual leave and statutory holiday pay subject to the payment ceiling of \$10,500. In 2002, PWIF received over 20 000 applications and if all the applicants were granted the maximum payment of \$10,500, it would involve a cost of over \$70 million a year, which was a huge sum when considering that payout of PWIF was about \$170 million in 2009. AC further said that PWIF had already enabled those who were owed wages, wages in lieu of notice and severance payment to apply for ex gratia payment. As the proposal would further allow those who were owed annual leave and statutory holiday pay to apply for PWIF, the PWIF Board considered it prudent to adopt a progressive approach in further improving its coverage. AC added that some members of the PWIF Board had raised the question of whether there would be room for the rate of Business Registration Certificate levy to be adjusted, given the current surplus of PWIF. The PWIF Board might discuss the issue at its next meeting.
- 43. <u>Mr IP Kwok-him</u> said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the proposal in general.
- 44. <u>The Deputy Chairman</u> maintained the view that an employee should be entitled to claim all untaken annual leave upon business closure. He enquired

about the justification for imposing the limit of 12 months for untaken annual leave as it was legal for the employer to withhold the granting of annual leave to his employees for more than 12 months. <u>AC</u> responded that LD had studied the employees' claims on annual leave pay with reference to cases received by PWIF and the majority of the claims involved annual leave pay of not more than one leave year.

- 45. The Deputy Chairman said that as the PWIF Board and the Labour Advisory Board both recommended the proposal, he would accept it on the condition that a review would be conducted one year after the proposal was implemented. He enquired about the financial implications of the proposal on PWIF and the indicators to be considered by the PWIF Board in determining whether the scope of PWIF should be further expanded.
- 46. <u>C for L</u> responded that the Administration was open to conducting a review one year after the proposal was implemented. The review would aim to collect relevant information such as applicants' claims of annual leave and statutory holiday pay, the actual amount of expenditure incurred and impact of financial tsunami on local economy. In the absence of the said information, it would be difficult to project the long-term implication of the proposal on PWIF's financial viability. In response to the Deputy Chairman's request for the provision of relevant data to the Panel after the proposal was implemented, <u>AC</u> said that LD would need to collect data for two quarters or more in order to come up with any meaningful analysis.
- 47. Mr LEE Cheuk-yan, Mr WONG Kwok-hing and Mr CHAN kin-por considered that the PWIF Board had been too prudent and conservative, given that PWIF had a reserve of \$1.749 billion at the end of 2009. They requested the Administration to relay their views to the PWIF Board. Mr LEE said that he had no objection to the suggestion to reduce the rate of Business Registration Certificate levy, if employers considered that this would be conducive to building up a harmonious employer-employee relationship.
- 48. <u>C for L</u> responded that the Administration and the PWIF Board had worked towards improving the coverage of PWIF over the years. For instance, the maximum amount of ex gratia payment to an employee had increased from \$8,000 to \$278,500, representing an increase of 34 folds in the last 25 years. Given that the PWIF Board had gone through the experience in the past decade that the balance of PWIF could fluctuate and a single insolvent case could cost as much as over \$60 million, it had a case to be prudent. The PWIF Board was aware of employees' concern and had undertaken to review the coverage of PWIF one year after the proposal had been implemented.
- 49. Mr LEE Cheuk-yan, Mr WONG Kwok-hing and Mr CHAN kin-por expressed support for the PWIF Board's proposal so that workers could benefit from the proposal as soon as possible. In response to Mr LEE's question, AC said that LD together with the Department of Justice would work towards introducing the legislative proposal into LegCo in the next legislative session.

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<u>Action</u>

- 50. The Chairman said that while she shared the views of members that the proposal to expand the scope of PWIF was inadequate, any further delay in the enactment of legislation would not be in the interest of enhancing the protection for workers. She urged the Administration to introduce the legislative proposal into the Legislative Council at the earliest opportunity, preferably in October 2010 when next legislative session commenced.
- 51. The meeting ended at 4:16 pm.

Council Business Division 2
Legislative Council Secretariat
15 June 2010