

**立法會**  
***Legislative Council***

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Date : 31 May 2012

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

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**Council meeting of 20 June 2012**

**Proposed resolution under  
the Pneumoconiosis and Mesothelioma (Compensation) Ordinance**

I forward for Members' consideration a proposed resolution which the Secretary for Labour and Welfare will move at the Council meeting of 20 June 2012 under section 36 of the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360). The President has directed that "it be printed in the terms in which it was handed in" on the Agenda of the Council.

2. The speech, in both Chinese and English, which the Secretary will deliver when moving the proposed resolution is also attached.

(Mrs Justina LAM)  
for Clerk to the Legislative Council

Encl.

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**Pneumoconiosis and Mesothelioma (Compensation)  
Ordinance**

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**Resolution**

(Under section 36 of the Pneumoconiosis and Mesothelioma  
(Compensation) Ordinance (Cap. 360))

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**Resolved** that the Pneumoconiosis and Mesothelioma (Compensation)  
Ordinance (Cap. 360) be amended as set out in the Schedule.

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**Schedule**

**Amendments to Pneumoconiosis and Mesothelioma  
(Compensation) Ordinance**

1. **Schedule 5 amended (levy)**
  - (1) Schedule 5, Part 2, Division 1—  
**Repeal**  
“0.25%”  
**Substitute**  
“0.15%”.
  - (2) Schedule 5, Part 2, Division 2—  
**Repeal**  
“0.25%”  
**Substitute**  
“0.15%”.

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**Explanatory Note**

Currently construction operations the total value of which exceeds \$1 million are subject to the payment of a levy under section 35 of the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) (*Ordinance*) at the rate specified in Division 1 of Part 2 of Schedule 5 to the Ordinance. Under that section, a levy at the rate specified in Division 2 of Part 2 of Schedule 5 to the Ordinance is also to be imposed in respect of quarry products.

2. This Resolution—
  - (a) decreases the specified rate in Division 1 of Part 2 of Schedule 5 to the Ordinance from 0.25% of the value of the construction operations concerned to 0.15%; and
  - (b) decreases the specified rate in Division 2 of Part 2 of Schedule 5 to the Ordinance from 0.25% of the value of the quarry products concerned to 0.15%.
3. The decreases come into effect on the expiry of the period of 30 days after the publication in the Gazette of this Resolution (see section 36(2) and (5) of the Ordinance).

Speech by the Secretary for Labour and Welfare in  
Moving the Resolution under Section 36 of the  
Pneumoconiosis and Mesothelioma (Compensation) Ordinance  
in the Legislative Council on 20 June 2012

(This is a draft; please check against actual delivery.)

President,

The Labour and Welfare Bureau and the Development Bureau are going to move motions to respectively effect technical amendments to the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (PMCO) and the Construction Industry Council Ordinance (CICO). The amendments seek to lower the levy rate of the former by 0.1 percentage point and at the same time adjust upwards the levy rate of the latter by 0.1 percentage point, so that while the overall levy rate remains unchanged and the financial viability of the Pneumoconiosis Compensation Fund (the Fund) is ensured, the CICO could have more resources to launch various new initiatives to support the development of the construction industry. Later, the Secretary for Development will move the motion for increasing the levy rate under the CICO.

2. I now move that the resolution, as printed on the Agenda, to lower the levy rate imposed on construction operations and quarry products under the PMCO from 0.25% by 0.1 percentage point to 0.15%, be passed.

3. The Fund is set up under the PMCO to provide payment of compensation to persons and their family members in respect of incapacity or death resulting from pneumoconiosis and/or mesothelioma. It is managed by the Pneumoconiosis Compensation Fund Board (PCFB).

Apart from compensation work, the PCFB also conducts and finances educational, publicity, research and rehabilitation programmes in relation to pneumoconiosis and mesothelioma.

4. To finance the functions of the PCFB, section 35 of the PMCO provides for the imposition of a levy in respect of construction operations carried out in Hong Kong as well as quarry products extracted or produced. Construction operations with total value lower than \$1 million are exempted from the payment of levy. The levy is currently set at the rate of 0.25% of the value of construction operations and quarry products. This levy rate has been adopted since 18 June 2000.

5. As at the end of 2011, the accumulated balance of the Fund stood at \$1,356.1 million. Given the expenditure amounting to \$190.6 million in 2011, the accumulated balance was approximately equal to the expenses of the PCFB for seven years. In view of the Fund's reserve and taking into consideration the income and expenditure forecast up to 2019, including the additional expenditures for compensation payment and implementing various new programmes in the coming few years, the PCFB proposed to the Government to reduce the current levy rate of 0.25% by 0.1 percentage point to 0.15%. According to the financial estimates of the PCFB, even if the levy rate is reduced to 0.15%, the Fund will still have a surplus of around \$700 million by 2019 after deducting the relevant expenditures. Therefore, the proposed reduction of levy rate would not affect the financial viability of the PCFB in discharging its statutory functions. In fact, since the establishment of the Fund in 1981, the levy rate has been raised once and lowered four times. The last adjustment took place in 2000 when the levy rate was reduced from 0.3% to the current 0.25%.

6. Having studied the financial position and proposal of the PCFB, and ensured the financial viability of the PCFB in meeting its commitments for compensation payment and launching of new

programmes over the next few years, the Government proposes to lower the levy rate under the PMCO by 0.1 percentage point to 0.15%.

7. We have consulted the Labour Advisory Board (LAB) on the proposal to revise the levy rate. LAB unanimously endorsed the proposal. We have also submitted the proposal to the Legislative Council Panel on Development for discussion. Members of the Panel on Manpower and other Legislative Council Members were also invited to join the discussion. The meeting was in support of the proposal.

8. I hope that Members will support and pass the motion to lower the levy rate under the PMCO to 0.15%.

9. Thank you, President.

- End -