

立法會
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Establishment Subcommittee of the Finance Committee

**Minutes of the 3rd meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 21 November 2018, at 8:30 am**

Members present:

Hon Holden CHOW Ho-ding (Deputy Chairman)
Hon James TO Kun-sun
Hon WONG Ting-kwong, GBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon HO Kai-ming
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying, JP
Hon Jeremy TAM Man-ho
Hon AU Nok-hin

Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)
Hon CHU Hoi-dick
Hon SHIU Ka-fai
Hon SHIU Ka-chun

Public Officers attending:

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Brian LO Sai-hung, JP	Deputy Secretary for the Civil Service 1
Mr TSUI Ying Wai, Caspar, JP	Under Secretary for Labour and Welfare
Mr CHAN Ka Shun, Carlson, JP	Commissioner for Labour
Ms LUK Wai Ling, Melody, JP	Assistant Commissioner for Labour (Labour Relations)

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Ms Mandy LI	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

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The Deputy Chairman drew members' attention to the information paper ECI(2018-19)11, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the six items on the agenda. He then reminded members that, in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the item under discussion at the meeting before they

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spoke on the item. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2018-19)16 Proposed creation of one permanent post of Chief Labour Officer (D1) in the Labour Department with immediate effect upon approval by the Finance Committee to take up various new tasks in relation to the abolition of the "offsetting" of severance payment and long service payment with employers' mandatory contributions under the Mandatory Provident Fund System

2. The Deputy Chairman remarked that the staffing proposal was to create one permanent post of Chief Labour Officer (D1) in the Labour Department with immediate effect upon approval of the Finance Committee ("FC") to take up various new tasks in relation to the abolition of the "offsetting" of severance payment ("SP") and long service payment ("LSP") with employers' mandatory contributions under the Mandatory Provident Fund ("MPF") System.

3. The Deputy Chairman pointed out that the Panel on Manpower had discussed this staffing proposal at its meeting on 21 November 2017. Members of the Panel participating in the discussion had, in principle, no objection to the Administration's submission of the proposal to the Establishment Subcommittee ("ESC") for consideration. Members asked about the possibility of redeployment to absorb the duties of the proposed post, the specific duties of the new post, and the timetable for abolishing the "offsetting" arrangement ("the abolition arrangement"). Some members urged the Administration to abolish the "offsetting" arrangement expeditiously upon creation of the new post.

Justifications for creation of the permanent post

4. Mr CHAN Chun-ying, Mr WONG Ting-kwong, Mr CHUNG Kwok-pan and Mr HO Kai-ming enquired why, instead of having the proposed post created in a relevant bureau to handle high level policy and co-ordination work, the Administration would have it created in the Labour Department. Mr WONG pointed out that while the abolition arrangement involved major policy changes, the Labour Department was an executive department for policy implementation. He asked how would the Labour Department take forward tasks relating to the "offsetting" arrangement prior to the formulation of the relevant policy. He opined that the Labour

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and Welfare Bureau ("LWB") should consider afresh how the proposed post should be created. Mr CHAN and Mr HO agreed that it was necessary for the Administration to create the new post to lead the implementation of new tasks relating to the abolition arrangement. Mr CHAN also enquired whether the Administration would consider creating the proposed post after the passage of the enabling legislation relating to the abolition arrangement.

5. While indicating support for the Administration to increase manpower to implement work relating to the abolition arrangement, Mr Tony TSE had reservation on the proposed creation of a permanent post. He pointed out that the preparatory work in relation to the abolition arrangement was of a short-term nature, and asked why the Administration proposed to create the post on a permanent basis. Mr CHUNG Kwok-pan raised similar questions.

6. Mr Martin LIAO opined that the responsibility for providing retirement protection for employees should not rest entirely on the employers. Considering that abolition arrangement was contentious, and that the Administration was still consulting major stakeholders on the matter, he asked why the Administration had put forth the proposal for creation of the proposed post at this point in time.

7. Mr WU Chi-wai remarked that the Democratic Party agreed with the direction on the abolition arrangement. However, given that a consensus had yet been reached between the commercial sector and the labour sector on a specific plan for abolishing the "offsetting" arrangement, and that the Mandatory Provident Fund Schemes Authority ("MPFA"), the Financial Services and the Treasury Bureau ("FSTB"), LWB and the Labour Department had yet come up with a manpower plan in this regard, he did not find it reasonable to create a permanent post at this point in time. Furthermore, as the legislative exercise on the abolition arrangement was expected to complete in 2022, Mr WU and Mr CHAN Chi-chuen suggested that the proposed post should be created on a supernumerary basis.

8. Mr Jeremy TAM remarked that the Civic Party supported the abolition arrangement, and called upon the Administration to take forward the relevant work expeditiously. However, he pointed out that new posts were usually created on a supernumerary basis for undertaking work of time-limited nature, and only if the tasks undertaken by the posts were of an ongoing nature would the Government extend them to permanent posts when their duration expired. There were also precedents for proposed creation of permanent posts subsequent to completion of relevant

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legislative exercises. He remarked that he would consider whether to support the proposed creation of the post on a permanent basis.

9. In response to the concerns and views of members, Under Secretary for Labour and Welfare ("USLW") remarked that implementation of the enhanced arrangements for abolishing the "offsetting" arrangement ("the enhanced arrangements") involved a lot of advance preparatory and legislation work, implementation of associated supporting measures at a later stage, as well as overseeing the effective operation of such measures. It was envisaged that implementation of the abolition arrangement would necessitate highly complicated and controversial amendments of various pieces of legislation including but not limited to the Mandatory Provident Fund Schemes Ordinance and the Employment Ordinance ("EO"). It was also necessary to consult different bureaux/departments and relevant organizations, such as MPFA, to formulate meticulous implementation arrangements for various supporting measures, including assisting employers to set up designated saving accounts ("DSAs") and devising a 25-year Government subsidy scheme. The Administration had critically examined the possibility of redeployment as a means to absorb the duties of the proposed permanent post, but as there were only three Chief Labour Officers ("CLO") at the Labour Department, and they had already been fully stretched coping with their own work, it was operationally not possible for them to take up the heavy duties of the proposed post. He stressed that the Government was committed to abolishing the "offsetting" arrangement; nevertheless, if the proposed post could not be created, delay would inevitably be caused to the formulation and implementation of this major long-term policy. Given the heavy responsibilities of the proposed post both before and after the abolition arrangement, and the need for consistency in the formulation and implementation of relevant measures, constant adjustments and enhancement of the implementation arrangements for the supporting measures after abolishing the "offsetting" arrangement, overseeing the operation of employer's DSAs, reviewing the subsidy scheme, and handling the new labour relations situation after the abolition arrangement, the Administration believed the proposed creation of a permanent CLO post was appropriate. USLW called upon members to support this establishment proposal.

10. Commissioner for Labour ("C for L") supplemented that with the merging of the department with the bureaux, the Labour Department was also responsible for formulation of policies, in addition to its own executive duties. Hence, the candidate of the proposed CLO post would be responsible for policy formulation, legislation work and implementation of relevant supporting measures in relation to the abolition arrangement.

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Implementing the various measures relating to the abolition arrangement, in particular the 25-year Government subsidy scheme and the monitoring of the operation of DSAs, posed a great challenge to the Labour Department. Furthermore, it was expected that the number of labour disputes regarding SP and LSP would increase after the abolition of the "offsetting" arrangement. He stressed that, instead of being a short-term measure, the abolition arrangement was a long-term task. Given the political intricacies and technical complexities in mapping out the operation details of the enhanced arrangements and preparing the legislative amendments, it was essential that the proposed post be created and filled by a sufficiently senior office to oversee the exercise.

11. Mr WU Chi-wai, Mr KWOK Ka-ki and Mr Jeremy TAM were concerned that the Administration would bring to a halt the exercise on abolishing the "offsetting" arrangement if the proposal for the creation of the proposed post was voted down or if the enabling legislation relating to the abolition arrangement was not passed. Mr WU asked for details of the manpower deployed for the exercise on abolishing the "offsetting" arrangement and the Administration's support for the Assistant Commissioner for Labour (Labour Relations) on matters relating to the abolition arrangement.

12. In response, USLW remarked that the task for implementing the abolition arrangement was currently led by SLW under the support of the Labour Department. The Labour Department had set up a preparatory team comprising one Senior Labour Officer and two Labour Officers in April 2018 to support work relating to the abolition arrangement. At the present stage, it was necessary for the Labour Department to have a sufficiently senior officer to lead the preparatory team to support the Assistant Commissioner for Labour (Labour Relations). Failure to create the proposed post would affect the implementation of the abolition arrangement. C for L supplemented that, in addition to implementation of the abolition arrangement, the Assistant Commissioner for Labour (Labour Relations) was also responsible for handling other policy matters in the area of labour relations, including formulation and implementation of policy on extension of statutory Maternity and Paternity Leave. The Assistant Commissioner was already fully stretched and had no capacity to take up the tasks of the proposed post over the long run.

13. Mr Tony TSE was concerned that as the Labour Department was not currently involved in regulating and supervising the operation of the MPF scheme, it would be difficult for the department to follow up on relevant problems employees were facing. C for L replied that

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supervising the operation of the MPF scheme did not fall within the scope of responsibilities of LWB and the Labour Department. Regulating the daily operation of the MPF scheme was the responsibility of MPFA, and FSTB was responsible for formulating policies relating to the MPF System. Mr TSE requested the Administration to provide supplementary information to explain the division of work in detail among different organisations including MPFA, FSTB and LWB before and after the passage of the enabling legislation relating to the abolition arrangement insofar as regulation and supervision of the operation of MPF schemes including the formulation and implementation of the relevant arrangements for abolishing the "offsetting" arrangement is concerned.

(Post-meeting note: The Chinese and the English versions of the supplementary information provided by the Administration were circulated to members vide LC Paper No. ESC31/18-19(01) on 3 and 4 December 2018 respectively.)

Arrangements on appointment and supervision of the proposed post

14. Mr CHAN Chun-ying noted that holder of the proposed post should have rich experience in labour issues and political acumen. He asked why a post at the rank of Assistant Commissioner was not created to take up the relevant tasks, whether a suitable candidate had been identified for appointment to the post, whether the proposed post would be filled by internal promotion or open recruitment, and whether the appointee would be tasked to lead the preparatory team for abolishing the "offsetting" arrangement. Furthermore, he expressed concerns that the five Assistant Commissioners under the Labour Administration Branch of the Labour Department each supervised a different number of CLOs. As the work in relation to the abolition arrangement was by nature similar to that relating to employees' rights and benefits, he asked why consideration was not given to tasking the Assistant Commissioner (Employees' Rights and Benefits) to supervise the proposed post. Mr HO Kai-ming and Dr LO Wai-kwok also requested the Administration to elaborate on the job duties of the proposed post. Given that policy formulation for and actual implementation of the abolition arrangement involved different tasks, Mr CHAN Chi-chuen and Mr CHUNG Kwok-pan queried whether it was appropriate to have one officer taking up all those duties.

15. USLW and the C for L explained that in the preparatory stage, the holder of the proposed post would undertake extensive preparatory work in respect of policy formulation and legislative amendments as well as devising the framework for implementation of the abolition arrangement.

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Upon passage of the enabling legislation, the holder of the proposed post needed to ensure the thorough and smooth implementation of relevant measures, including the Government subsidy scheme and DSAs, and review the operation of the Government subsidy scheme five years after abolition of the "offsetting" arrangement, with a view to enhancing the scheme and ensuring its efficiency. Such duties entailed heavy workload on planning and policy formulation, which had to be undertaken by a sufficiently senior officer. Furthermore, work relating to the abolition arrangement had all along been handled by the Assistant Commissioner for Labour (Labour Relations), and it was hence appropriate for the Assistant Commissioner for Labour (Labour Relations) to supervise the proposed post, as the proposed post would be closely monitoring and handling the labour relations situation after the abolition of the "offsetting" arrangement.

16. Mr POON Siu-ping, Mr CHUNG Kwok-pan, Mr HO Kai-ming, Mr WONG Ting-kwong and Mr KWOK Ka-ki noted that the Panel on Manpower had held a meeting on 20 November 2018 to receive public views on the abolition arrangement. Mr WONG expressed dissatisfaction at the Administration's remark that representatives from the commercial sector had misunderstandings regarding the enhanced proposal. Mr POON pointed out that while some representatives of employers' organizations criticized the abolition of the "offsetting" arrangement as being unfair to the employers, the labour sector had been advocating the abolition of the "offsetting" arrangements for many years. Therefore, he did not object to the proposed creation of the post. Furthermore, he urged the Administration to implement the abolition arrangement expeditiously. Mr POON added that the Government of the previous term had created a supernumerary post of CLO to handle policy studies on Standard Working Hours ("SWH"), and he was disappointed at the final decision against legislating on SWH. Mr POON opined that consideration should be given to assigning Chief Labour Officer (Working Hours Policy) ("CLO (WHP)") to take up the tasks of the proposed post. Mr CHAN Chun-ying agreed with Mr POON Siu-ping. Mr POON further requested the Administration to elaborate on the additional manpower required by the preparatory team.

17. In response, USLW remarked that CLO (WHP) was fully engaged in the formulation of sector-specific working hours guidelines for 11 industries to provide guidance on suggested working hours arrangements, overtime compensation methods and good working hours management measures, etc., for reference and adoption by employers and employees. CLO (WHP) was already fully stretched and was unable to take up the tasks relating to the abolition arrangement.

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18. C for L explained that implementation of the abolition arrangement was a stupendous work. When preparing the relevant enabling legislation, the proposed CLO post was required to devise detailed implementation frameworks for supporting measures, including setting up DSAs for employers, and working out a 25-year Government subsidy scheme in order to come up with an accurate estimate on the manpower needed for implementing those measures. The Labour Department, nevertheless, envisaged that implementation of relevant work would require a huge amount of manpower.

Proposal on abolishing the "offsetting" arrangement

19. Mr YIU Si-wing remarked that the commercial sector supported the Government's direction in abolishing the "offsetting" arrangement, but given the financial pressure on the employers arising from such an arrangement, they had grave concerns on the technical details for its implementation, such as the proposal under which employers were to set up a DSA and contribute 1% of the employees' monthly income to the DSA until reaching 15% of the employees' annual income. He queried whether the DSAs of micro-enterprises with just a handful of employees would be able to cope with SP and LSP. He further pointed out that small-and medium-enterprises ("SMEs") generally supported the proposal of setting up a central fund pool by the Government to help share employers' SP/LSP costs prior to the effective date of the abolition of the "offsetting" arrangement. He and Mr CHAN Chun-ying enquired whether the Administration would study the feasibility of the proposed central fund pool.

20. Mr CHUNG Kwok-pan pointed out that the commercial sector and employers' organizations had great reservations on the Government's proposal on abolishing the "offsetting" arrangement. While the commercial sector understood that the Government was committed to abolishing the "offsetting" arrangement, they were deeply concerned whether measures were in place to reduce the impact of the abolition arrangement on enterprises. He criticized the Government for rejecting the proposal for setting up a central fund pool by the Government, which had the support of both the commercial sector and the labour sector.

21. Dr LO Wai-kwok remarked that the commercial sector understood that the Government was committed to abolishing the "offsetting" arrangement and they acknowledged the inevitability of the abolition. However, he criticized that abolishing the "offsetting" arrangement was a breach to the Administration's promise made to the commercial sector

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during the enactment of the MPF legislation.

22. USLW said that the Government's financial commitment for the abolition of the "offsetting" arrangement had increased from \$7.9 billion for ten years offered by the previous-term Government to preliminary \$17.2 billion for 12 years, but the commercial sector was still worried about the potential SP/LSP costs subsequent to the abolition of the "offsetting" arrangement, and they hoped that the Government could provide a greater financial commitment for enterprises. In light of this, the Government had, under the enhanced arrangements, significantly extended the second-tier subsidy of the subsidy scheme to 25 years and increased its financial commitment to \$29.3 billion to provide greater assistance to employers of micro, small and medium-sized enterprises ("MSMEs"). It was noteworthy that the commercial sector had mixed opinions on the proposal of setting up a central fund pool. He informed members that the Administration would continue to communicate with major stakeholders (including the commercial sector and the labour sector) to help them understand the Government's enhanced arrangements.

23. Mr WONG Ting-kwong was concerned that abolishing the "offsetting" arrangement would create an unbearable burden to MSMEs. He stressed that the commercial sector was not against abolishing the "offsetting" arrangement but they were just against the proposal put forth by the Administration. He opined that the Administration should formulate a policy for abolishing the "offsetting" arrangement in a prudent manner to create harmonious long-term employer-labour relations. Mr WONG urged the Government to come up with a revised proposal to address the concerns of MSMEs. He also requested the Administration to clarify whether the proposed post was created for the exclusive purpose of implementing the Government's enhanced arrangements. If that was the case, he would be opposed to the creation of the proposed post. Mr Martin LIAO expressed concerns on how the Administration would further enhance the proposal to address the concerns of some SMEs. He enquired whether the proposal on abolition of the "offsetting" arrangement was final and whether the proposed post would study the feasibility of other proposals.

24. Mr KWOK Ka-ki supported the abolition of the "offsetting" arrangement, and urged the Administration to take forward the relevant work expeditiously. He was concerned that the commercial and the labour sectors had diverse views on relevant issues, and asked how the Government would convince the commercial sector to support the Administration's enhanced proposal with a view to reaching a consensus.

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25. Mr AU Nok-hin enquired whether the Administration would consult major stakeholders with a view to further revising the enhanced proposal. He was concerned that the proposal on abolishing the "offsetting" arrangement might lead to the dismissal of more employees employed under a "continuous contract", resulting in more cases in which SP/LSP were used for offsetting purposes. With the creation of the proposed post, he looked forward to reaching a consensus on the proposal between employers and employees and resolution of the disputes between the two on matters relating to entitlement of SP/LSP. He requested the Administration to elaborate on how the proposed post would maintain close communication with stakeholders on all related matters and handle the new labour relations trend emerging after the abolition of the "offsetting" arrangement, with a view to promoting a healthy development of labour relations in the long run.

26. USLW reiterated that the Government had considered carefully the views of the commercial and labour sectors, the Labour Advisory Board ("LAB") and others stakeholders; and in response to the concerns of all sectors had come up with the decision to adopt the enhanced arrangements and to increase its financial commitment significantly for provision of greater assistance to enterprises, especially MSMEs. The Chief Executive announced the relevant enhanced arrangements in the 2018 Policy Address, and the Administration suggested taking forward relevant work on the basis of these arrangements. The Administration would proactively communicate with all stakeholders to explain the enhanced arrangements, the Government's subsidy and DSAs in particular. He pointed out that while the Government was committed to abolishing the "offsetting" arrangement, it would not underestimate the challenges in gaining support from all parties for the implementation of the proposal. Nevertheless, the Administration would endeavor to gather support from the commercial sector for the enhanced proposal. In response to the enquires from Mr WONG Ting-kwong and Mr Martin LIAO, USLW remarked that regardless of the proposals to be adopted in taking forward the abolition arrangement, they all involved complex and stupendous advance preparatory work and later-stage implementation work. Hence, it was imperative to create the proposed post to handle relevant tasks.

27. Mr YIU Si-wing and Mr CHUNG Kwok-pan requested the Administration to provide a detailed comparison of various proposals for abolishing the "offsetting" arrangement, including the enhanced arrangements announced by the Chief Executive in the 2018 Policy Address and the proposal for the Government to set up a central fund.

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(*Post-meeting note:* The Chinese and the English versions of the supplementary information provided by the Administration were circulated to members vide LC Paper No. ESC31/18-19(01) on 3 and 4 December 2018 respectively.)

Calculation of SP and LSP entitlement

28. Mr HO Kai-ming remarked that The Hong Kong Federation of Trade Unions was concerned that some employees might receive a smaller amount of aggregate benefits (SP/LSP entitlement together with the accrued benefits attributable to the employer's mandatory contributions to his/her MPF account) than what he/she would otherwise entitled under the current "offsetting" regime. He was pleased to learn that the Administration was willing to make up for the relevant shortfall to ensure that employees' benefits would not be undermined. He pointed out that with the abolition of the "offsetting" arrangement, while the Government would provide subsidy to help share employer's expenses on SP/LSP, it would nevertheless be necessary for employers to contribute for extra expenses, and an increase in disputes between employers and employees could be expected. He asked the Administration if concrete measures were in place for handling such disputes. Mr WU Chi-wai enquired how the Administration would assess the labour relations situation after the abolition of the "offsetting" arrangement.

29. In reply, C for L remarked that under the current "offsetting" regime, employers were permitted to use the accrued benefits of their MPF contributions to offset SP/LSP payable to the employees under the EO, and therefore there were relatively fewer disputes relating to SP/LSP benefits in the past. However, with the abolition of the "offsetting" arrangement, as the MPF contributions of the employers could no longer be used to offset SP/LSP payable to the employees, there would be an increase in the expenses on the part of the employers at the time of dismissal. On the other hand, after the abolition, SP/LSP would represent an additional benefit to the employees in addition to the MPF contributions made by the employers, and employees would claim for SP/LSP upon dismissal for their best interests. As such, the Labour Department expected to see an increase in disputes between employers and employees in this regard.

30. Mr AU Nok-hin expressed concerns that under the proposal for abolishing the "offsetting" arrangement, employers' MPF contributions made both before and after the effective date could be used to offset employees' SP/LSP before the effective date. He was concerned that in

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light of the proposal, employers would employ fewer permanent staff to avoid SP/LSP, thus aggravating the problem of an increasingly fragmented labour force. He asked how the Administration would plug this loophole, including whether consideration would be given to amending relevant legislation.

31. C for L explained that in general, legislative amendments introduced by the Government did not have retrospective effect. Therefore, when legislative amendments in relation to the abolition arrangement were introduced, the Government would specify that relevant arrangements would have no retrospective effect, i.e., employers could continue to offset with their MPF contributions made both before and after the effective date the SP/LSP entitlement of the employees for their employment period before the effective date. Regarding employers dodging their obligation on SP/LSP on purpose, C for L remarked that at present, EO specified a minimum years of service requirement for entitlement to SP/LSP, which were two and five years of employment respectively. Employers with the intent of dodging their obligation on SP/LSP might dismiss employees before the latter attained the aforesaid years of service, which could happen under the current regime as well. However, given the current tight labour supply condition in Hong Kong, employers might not be able to fill the vacancies immediately after layoffs, and it was relatively uncommon for employers to dodge their obligation on SP/LSP in such a way. There was also no sign of massive layoffs arising from the abolition.

32. Mr HO Kai-ming and Dr LO Wai-kwok expressed concern that employers considered that the implementation details of the abolition arrangement and the calculation formula of the subsidy scheme were far too complex for MSMEs or even large enterprises to understand. Mr HO urged the Administration to step up publicity work to explain in detail the abolition arrangements to employers' organizations, such as provision of template sheet or online calculator for easy calculation to help employers better understand the subsidy scheme and their financial commitment. Mr AU Nok-hin suggested providing calculation formula on government departments websites for employers and employees to calculate employees' SP/LSP entitlement.

33. USLW responded by pointing out that the Administration fully recognized the concerns of the commercial sector and employers' organizations on the operation details of the abolition arrangement. In this connection, extensive and continuous publicity activities would be carried out to explain the enhanced arrangements to major chambers of commerce

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and employers' organizations, so that employers' and employees' organizations as well as the public would have better understanding of the new regime.

34. Mr Jeremy TAM agreed that the Administration should make sure that the calculation method of the subsidy scheme was simple and easy to understand, so that employers could quickly calculate the amount of SP/LSP payable subsequent to the abolition of the "offsetting" arrangement. He required the Administration to illustrate the calculation of the SP/LSP entitlement subsequent to the abolition of the "offsetting" arrangement in a case where an employee had eight years of service with a monthly salary of \$37,000.

35. In response, Assistant Commissioner for Labour (Labour Relations) remarked that SP/LSP entitlement was calculated by according two-thirds of the monthly wages of an employee who had completed one year of service. The monthly wages for calculating SP or LSP was capped at \$22,500. In the example given by Mr Jeremy TAM, the amount of SP/LSP payable to the employee would be about \$120,000.

Legislative timetable

36. Mr CHAN Chi-chuen enquired about the legislative timetable, including whether it was the target of the Administration to complete the relevant legislative exercise before the end of the current legislative session. In response, USLW remarked that the Administration would strive to complete all tasks including the legislative exercise as soon as practicable. Taking into account the complexities of the legislative amendments involved, the Government would strive to introduce the enabling bill into the Legislative Council upon commencement of the new term in 2020, with a view to securing its passage by 2022.

37. The Deputy Chairman remarked that as some members were still waiting for their turn to ask questions, the Subcommittee would continue the discussion on this item at the meeting to be held on 5 December 2018.

38. There being no other business, the meeting ended at 10:29 am.