

**Speaking Notes for the Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on 12 April 2019**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2019-20 is estimated to be \$2,250 million, representing an increase of \$244 million (12.2%) over the revised estimate of \$2,006 million last year. It accounts for 0.5% of the total recurrent government expenditure. I will briefly highlight the key areas of work in respect of labour and manpower development in the coming year.

Abolishing the “Offsetting” of Severance Payment and Long Service Payment with Employers’ Mandatory Contributions under the Mandatory Provident Fund System

2. Abolishing the arrangement of “offsetting” severance payment and long service payment against the accrued benefits attributable to employers’ mandatory contributions under the Mandatory Provident Fund System (i.e. abolishing “offsetting”) is one of the priority tasks of the current-term Government. Having carefully considered the views of various stakeholders, the Chief Executive announced in last year’s Policy Address the enhanced arrangements for abolishing “offsetting”, and undertook to provide a two-tier subsidy to employers so as to help enterprises, in particular the micro, small and medium-sized enterprises, adapt to the policy change. The first-tier subsidy will last for 12 years while the period of the second-tier subsidy will be extended to 25 years. The Government’s total financial commitment is estimated to be \$29.3 billion in the 25-year subsidy period.

3. The Government has embarked on the preparatory work for abolishing “offsetting” and is working with the Mandatory Provident Fund Schemes Authority and other stakeholders to sort out operational details for the abolition. It will then prepare the relevant enabling legislation and strive to introduce the bill into the Legislative Council (LegCo) by 2020, with a view to securing its passage by 2022 and implementing the arrangements for abolishing “offsetting” two years after the enactment of the enabling legislation.

Extending Statutory Maternity Leave

4. We have commenced the drafting of the enabling legislation to extend the statutory maternity leave (ML) from the current 10 weeks to 14 weeks. The extra expenditure for this additional four weeks' ML pay, subject to a cap of \$36,822 per employee, will be funded by Government. The employer shall first pay the employee the ML pay for the additional four weeks' ML together with the current 10-week ML pay, and may apply to the Government for reimbursement afterwards. The Government aims at introducing the enabling legislation into LegCo by the end of this year and implementing the proposal, including the reimbursement mechanism, in 2021.

Strengthening Employment Support for Ethnic Minority Job Seekers

5. On employment services, the Labour Department (LD) will strengthen its manpower for launching a pilot programme in conjunction with non-governmental organisations to provide employment services for ethnic minority job seekers through a case management approach.

Protecting Employees Injured at Work

6. LD is actively looking into a feasible way forward to strengthen the rehabilitation services for injured employees in need. Preliminary ideas include pairing an independent case manager with each participating injured employee to follow up on the case, coordinate the communication amongst relevant stakeholders and assist the injured worker to return to work. LD is also considering to engage the private sector to provide timely and highly-coordinated treatment and rehabilitation services for injured employees. LD will complete the study and come up with recommendations as soon as possible, and will consult different stakeholders in the process.

7. In parallel, LD will strengthen the processing of employees' compensation claims with the enhanced Claims Support Services to help resolve disputes between employers and employees through dedicated follow-up, early intervention, proactive contact and arrangement of meetings. LD will also implement a new screening process to improve follow-up procedures for sick leave relating to work injury to speed up case processing so that employees who do not require assessment by the Employees' Compensation Assessment Board will not have to attend the follow-up procedures at LD in person.

Enhancing Occupational Safety and Health

8. LD attaches great importance to safeguarding the occupational safety and health (OSH) of employees. To further enhance the OSH performance of the construction industry, LD will continue to adopt targeted measures to further improve the OSH performance of major infrastructure projects. These measures include conducting in-depth surprise inspections of construction sites involving high-risk processes or with poor safety performance, and stepping up participation in site safety management committee meetings of public work projects so that LD will be apprised of their latest risk situation and give advice, and adjust the inspection strategy accordingly in a more focused manner. In addition, in view of the increasing number of old buildings due for large-scale maintenance works, LD will deploy new resources to improve the OSH of repair, maintenance, addition and alteration works through enhanced inspection and enforcement.

9. The numbers of occupational fatalities have remained at a high level in recent years. The public generally considers that the sentences for OSH offences failed to pose sufficient deterrent effect on duty holders violating the law. We agree that it is necessary to enhance the deterrent effect of OSH penalties. We have consulted relevant stakeholders on the preliminary amendment proposals of raising penalties of OSH legislation, including consultation with the LegCo Panel on Manpower on 19 March 2019. We are consolidating the views of stakeholders with a view to completing the legislative amendment exercise within the current-term Government.

10. Moreover, LD will continue to encourage workers to lodge complaints against unsafe operations and promote the newly-launched online complaint platform. LD will also make effort to ensure the compliance of the Guidance Notes on Standing at Work and Service Counter Design issued at the end of last year through promotional visits and inspection work, so as to reduce employees' health risks associated with standing at work.

Continuing Education Fund

11. The Government has injected an additional funding of \$10 billion to Continuing Education Fund (CEF) to implement a series of enhancement measures, which have just been effective from 1 April this year, to further encourage the public to better equip themselves through continuing education. The enhancement measures include doubling the subsidy ceiling to \$20,000 per applicant, relaxing the upper age limit for applicants from 65 to 70, expanding the scope of CEF courses to all eligible courses registered in the

Qualifications Register, and enhancing the quality assurance monitoring of CEF courses, etc. All those who once opened a CEF account are eligible for the enhancement measures. We have launched promotion on CEF and the enhancement measures since early 2019, and will closely monitor the implementation progress.

Talent List

12. Upon the promulgation of the first Talent List of Hong Kong containing 11 professions in August 2018, the bureaux and departments concerned have been actively publicising the List locally, on the Mainland and overseas to attract targeted quality talents from all over the world in a more effective and focused manner, so as to support Hong Kong's development as a high value-added and diversified economy.

13. Chairman, this concludes my opening remarks. Members are welcome to raise questions.

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