

**立法會**  
**Legislative Council**

LC Paper No. CB(2)1583/20-21  
(These minutes have been seen  
by the Administration)

Ref : CB2/PL/MP

**Panel on Manpower**

**Minutes of meeting**  
**held on Tuesday, 24 August 2021, at 4:30 pm**  
**in Conference Room 2 of the Legislative Council Complex**

- Members present** : Hon LUK Chung-hung, JP (Chairman)  
Hon CHAN Chun-ying, JP (Deputy Chairman)  
Hon YIU Si-wing, SBS  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon KWOK Wai-keung, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, SBS, JP  
Hon CHUNG Kwok-pan  
Hon SHIU Ka-fai, JP  
Dr Hon Pierre CHAN  
Hon Vincent CHENG Wing-shun, MH, JP
- Members absent** : Hon WONG Kwok-kin, GBS, JP  
Hon Wilson OR Chong-shing, MH
- Public Officers attending** : Item III  
Miss CHEUNG Hoi-shan  
Assistant Commissioner for Labour (Policy Support)
- Items IV and V  
Mr Jeff LEUNG Wing-yan, JP  
Deputy Commissioner for Labour  
(Occupational Safety and Health)

Dr WAN Yuen-kong  
Occupational Health Consultant (1)  
Labour Department

Dr Eddy NG Kwok-po  
Occupational Health Consultant (2)  
Labour Department

Mr MA Kwok-kuen  
Senior Labour Officer (Compensation) (Operations 1)  
Labour Department

Item VI

Mr HO Kai-ming, JP  
Under Secretary for Labour and Welfare

Mr Simon LI Chi-chung, JP  
Assistant Commissioner for Labour  
(Employees' Rights & Benefits)

Ms Jessie LAM Choi-ping  
Senior Labour Officer (Wage Security)  
Labour Department

**Clerk in attendance** : Miss Betty MA  
Chief Council Secretary (2) 1

**Staff in attendance** : Ms Rita LAI  
Senior Council Secretary (2) 1

Miss Karena LUK  
Council Secretary (2) 1

Miss Lulu YEUNG  
Clerical Assistant (2) 1

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**I. Information paper issued since the last meeting**

Members noted that no information paper had been issued since the last meeting.

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**II. Date of next meeting and items for discussion**  
(LC Paper Nos. CB(2)1384/20-21(01) and (02))

Regular meeting in September 2021

2. Members agreed that the following items proposed by the Administration be discussed at the next regular meeting to be held at 10:45 am on 21 September 2021:

- (a) Hong Kong's occupational safety performance in the first half of 2021;
- (b) Regulation of employment agencies; and
- (c) The requirement of "continuous contract" under the Employment Ordinance.

3. Dr CHIANG Lai-wan suggested that the Panel should discuss measures to unleash labour force, in particular female working potential in this session. Mr KWOK Wai-keung held the view that the Panel should discuss the impact of the COVID-19 epidemic on the manpower projection. The Chairman advised that the two subjects were related and he would liaise with the Administration in respect of the timing for discussion of the subjects.

**III. Update on the proposal to abolish the offsetting arrangement under the Mandatory Provident Fund System**

4. At the invitation of the Chairman, Assistant Commissioner for Labour (Policy Support) provided members with an update on the preparatory work for abolishing the "offsetting" arrangement under the Mandatory Provident Fund ("MPF") System, as detailed in her speaking note tabled at the meeting.

*(Post-meeting note: The speaking note of Assistant Commissioner for Labour (Policy Support) was issued to members vide LC Paper No. CB(2)1407/20-21 on 25 August 2021.)*

**IV. Prevention of health hazards associated with standing at work**  
(LC Paper Nos. CB(2)1384/20-21(03) and (04))

5. At the invitation of the Chairman, the Deputy Commissioner for Labour (Occupational Safety and Health) ("DC for L (OSH)") briefed members on the

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measures and enforcement work undertaken by the Labour Department ("LD") in preventing health hazards associated with standing at work, as detailed in the Administration's paper.

6. Members noted an updated background brief entitled "Prevention of health hazards associated with standing at work" prepared by the Legislative Council ("LegCo") Secretariat.

Potential health hazards associated with standing at work

7. Mr POON Siu-ping expressed disappointment at the Administration's refusal to classify strain and varicose veins of the lower limbs arising from prolonged standing at work as an occupational disease under the Employees' Compensation Ordinance (Cap 282) ("ECO"), despite many employees were often required to stand at work and the fact that frequent stress on legs was associated with various kinds of lower limb musculoskeletal disorders ("MSDs"). The Chairman said that the Hong Kong Federation of Trade Unions and labour unions expressed similar disappointment. Noting from July 2018 to December 2020 that a total of 926 new patients of LD's occupational health clinics ("OHCs") presented with lower limb MSDs and about 28% of them were protective services workers, cleaners and helpers, and personal care workers in health services, Mr POON asked whether the Administration would reconsider prescribing lower limb MSDs as an occupational disease. The Chairman remarked that lower limb MSDs as well as varicose veins were common health issues among these employees.

8. DC for L (OSH) responded that in determining whether a disease would be prescribed as an occupational disease under ECO, it was imperative that the disease had a definite causal relationship with specific occupational exposure and hence the occupational origin of the disease in individual exposed workers could be reasonably presumed or established. It was observed that the 926 new patients with lower limb MSDs were from different occupations and they had non-work related risk factors, such as ageing and overweight or obesity. Such non-work related risk factors could also contribute to their lower limb MSDs. The data did not satisfy the criteria for prescribing lower limb MSDs as an occupational disease. That said, the Administration would continue to monitor the situation and conduct reviews as necessary.

9. The Chairman held the view that long standing at work was by and large the major work-related factor associated with those cases that patients presented with lower limb MSDs.

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10. Noting that most common diagnoses of the 926 new patients concerned were joint pain (37%), plantar fasciitis (33%) and non-specific limb pain (13%), Mr POON Siu-ping expressed concern about how the employees' rights and benefits were safeguarded and whether they could fully recover from the diseases.

11. Occupational Health Consultant (2)/LD responded that employees who suspected that they had contracted lower limb MSDs arising from standing at work could make an appointment in the two OHCs of LD for consultation. Apart from providing diagnostic and treatment services, the medical and nursing staff would also enquire about the details of employees' work and daily activities, explain the health risks involved and advise them on corresponding preventive measures to reduce their chance of getting lower limb MSDs, for example, the suitable shoes to wear at work. Besides, inspections to patients' workplaces would also be arranged as necessary to understand whether there were hazardous factors in their workplaces that were related to the diseases. By eliminating the hazardous factors together with appropriate treatment, some patients could recover fully from the diseases and most of them would have their pain significantly alleviated.

Implementation of guidance notes

12. Mr YIU Si-wing and Mr SHIU Ka-fai expressed support for LD's issuance of the "Guidance Notes on Standing at Work and Service Counter Design" ("GN"). In their view, it would facilitate the enterprises, in particular those in the service industries, in safeguarding employees against the health hazards associated with standing at work as well as enhancing employees' productivity. Mr SHIU sought more information on the content of GN.

13. DC for L (OSH) advised that LD issued GN in December 2018 to further safeguard employees against the health hazards associated with standing at work. GN emphasized that employers had to, so far as reasonably practicable, provide suitable work chairs or chairs for occasional resting at the working locations to the employees who were engaged in standing work with restricted movement. Arrangement should also be made for employees to have a break with sitting for 10 to 15 minutes after continuous standing work for every two to three hours.

14. Noting that LD had conducted field inspections to the workplaces of 100 large corporations including those in the retail, catering, property management and hotel industries, after the promulgation of GN, to follow up on the implementation of good work practices and provide suggestions for

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improvement when necessary, Mr YIU Si-wing enquired whether such field inspections would be expanded to corporations in other industries.

15. DC for L (OSH) responded that following the issuance of GN, LD conducted surprise inspection of workplaces where employees were required to stand at work and had restricted movement during work, such as cashiers and receptionists at hotels. As a matter of fact, LD continuously conducted reviews to see whether there were employees in other trades engaged in similar standing work with restricted movement. Notably, when conducting workplace inspections of various trades and industries, LD staff would look out for any employees engaged in standing work with restricted movement and draw the attention of employers concerned to GN to safeguard employees against the health hazards associated with standing at work. LD would continue its work in this direction.

16. With respect to the findings of the field inspections that a vast majority of the 100 large corporations had taken a number of preventive measures after LD's promotional visits, the Deputy Chairman sought information on the number of corporations which did not comply with GN and the follow-up actions taken by LD accordingly.

17. In response, DC for L (OSH) said that it was found that two fashion chain stores failed to arrange appropriate sitting rest for employees during the field inspections in 2019. When LD conducted follow-up inspections in 2020, it was noted that these two corporations had refined the company policy and complied with GN.

18. In response to the Chairman's concern about the state of compliance with GN in the catering sector, DC for L (OSH) advised that LD conducted surprise workplace inspections of various industries, including the catering sector following issuance of GN. Employers were generally found to have taken appropriate measures in accordance with GN, including arranging employees to take sitting rest. Employees concerned and members of the public could make use of the LD's online occupational safety and health ("OSH") complaint platform to report unsafe working conditions so that LD could take follow-up actions and targeted inspections promptly.

19. The Chairman and Mr KWOK Wai-keung called on the Administration to strengthen its publicity and educational efforts to raise the awareness of employers and employees, in particular the latter, on the implementation of GN.

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Inspection and enforcement work

20. Mr YIU Si-wing asked why only 69 inspections targeting at standing work were conducted in 2020, as compared with 281 similar inspections conducted in 2019. He further asked about the criteria for conducting such inspections and the target number of inspections in each year.

21. DC for L (OSH) responded that the relatively fewer inspections conducted in 2020 were mainly attributable to the COVID-19 epidemic and the inspection work had thus focused on serious cases and follow-up on complaints against non-compliance with GN. Nonetheless, with the resumption of normal work arrangement in 2021, it was expected that LD would increase the number of workplace inspections targeting at standing work accordingly. DC for L (OSH) further advised that LD had not set a target number for inspections targeting at standing work. That said, LD would conduct relevant risk assessment of various trades and industries and deploy manpower flexibly to conduct inspections as necessary. So far, some 400 inspections had been conducted since the issuance of GN in December 2018. On the whole, improvement had been made in respect of implementation of good work practices to reduce the health risks of standing work. The Administration would closely monitor the situation to ensure compliance of employers with GN.

22. Noting that LD conducted 76 inspections and issued one warning in the first half of 2021, the Deputy Chairman sought clarification as to whether improvement notices ("INs") had been issued to any employers and whether prosecution had been initiated against employers. Mr POON Siu-ping sought details in respect of the 27 warnings issued following the workplace inspections in 2019, 2020 and the first half on 2021.

23. DC for L (OSH) affirmed that the workplace inspections targeting at standing work in the first half of 2021 had not found any irregularities that required the issuance of INs or suspension notices. As regards the 27 warnings issued in the past two and a half years following the workplace inspections, DC for L (OSH) advised that they mainly involved employers' failure to provide chairs to employees and suitably arrange employees to take sitting rest. As a matter of fact, LD had widely publicized GN to relevant employers and employees since its issuance. Employers could meet the requirements of GN by simply providing chairs to employees and suitably arranging employees to take sitting rest.

24. The Chairman enquired how a workplace inspection was conducted to ensure compliance with GN. DC for L (OSH) advised that all inspections

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conducted were surprise inspections intended to check employers' compliance with GN. LD's inspection officers might interview some of the employees individually during workplace inspections so as to better understand the state of compliance with GN.

Review timetable and related issues

25. Mr YIU Si-wing enquired about the timeline for review of GN and whether the Administration would consider legislating for GN in due course. Mr KWOK Wai-keung echoed a similar concern. In Mr KWOK's view, the Administration should consider providing illustrative examples when reviewing GN, such as suitable shoes to be worn by employees to reduce the health risks posed by standing work.

26. In response to members' concerns and views, DC for L (OSH) said that there was no specific timetable for reviewing GN. That said, the Administration would, based on the findings of workplace inspections, assess the risk of standing work in different industries and refine GN as appropriate. DC for L (OSH) added that the OSH legislation imposed general duties on employers to ensure the safety and health at work of their employees so far as reasonably practicable, whilst GN provided concrete advice on OSH measures to prevent health hazards of standing work. If an employer did not implement OSH measures in accordance with GN, the Administration would consider if there was sufficient evidence indicating non-compliance with the general duties provisions, and take follow-up and enforcement actions as appropriate. DC for L (OSH) further advised that GN reminded employees to wear suitable and supportive shoes. Moreover, in order to minimize the health risks posed by standing work, GN also mentioned that employers should consider implementing auxiliary measures appropriate for the working conditions, such as providing footrest to employees.

27. In concluding the discussion, the Chairman called on the Administration to strengthen its publicity efforts on the implementation of GN as well as its inspection work to ensure employers' compliance with GN.

**V. Occupational disease and occupational health situation in the first half of 2021**

(LC Paper Nos. CB(2)1384/20-21(05) and (06))

28. At the invitation of the Chairman, DC for L (OSH) briefed members on the occupational diseases and occupational health situation in Hong Kong in



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the first half of 2021 and the related promotion and enforcement work of LD, as detailed in the Administration's paper.

29. Members noted an updated background brief entitled "Occupational diseases and occupational health situation in Hong Kong" prepared by the LegCo Secretariat.

Confirmed cases of occupational diseases in the first half of 2021

30. The Deputy Chairman sought explanation for an increase in the number of confirmed cases of occupational diseases in the first half of 2021, especially the rise of occupational deafness cases from 78 in 2020 to 178 in the first half of 2021. Mr YIU Si-wing further enquired about the trend of the number of confirmed cases of occupational deafness. The Chairman asked about the Administration's efforts in preventing employees from contracting occupational deafness and called on the Administration to step up its enforcement and publicity efforts.

31. DC for L (OSH) advised that in making applications to the Occupational Deafness Compensation Board ("ODCB") for compensation, the applicants would be arranged to receive hearing tests at designated hearing test centres. Given the suspension of hearing test service at designated hearing test centres in 2020 due to the COVID-19 epidemic, the number of confirmed cases of occupational deafness was thus reduced in the same year. Since the testing services had resumed to normal from early 2021 and the backlog cases were cleared accordingly, this was reflected in the rise of occupational deafness cases in the first half of 2021. Occupational Health Consultant (1)/LD ("OHC(1)/LD") explained that as the latent period of occupational deafness could be as long as 10 years, the number of applications for compensation received by ODCB could vary greatly every year as it depended on when employees concerned noticed their hearing problem and made applications for compensation. It was noteworthy that ODCB had strengthened its publicity and educational efforts in respect of preventing occupational deafness and promoting rights and benefits of persons suffering from the disease in recent years. This could also be the cause of increase in the number of applications for compensation.

32. DC for L (OSH) further advised that LD had been working closely with the Occupational Safety and Health Council ("OSHC") and ODCB to carry out promotional activities through various channels, including production of television and radio advertisements, organization of talks and seminars as well as provision of mobile hearing tests to raise the awareness of employers and employees on occupational deafness. In the first half of 2021, LD conducted

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110 inspections at workplaces with a higher risk of occupational deafness. Although 10 warning letters and two INs were issued, it was noteworthy that the majority of employers afforded sufficient protection to their employees to lower the risk of contracting occupational deafness. OHC(1)/LD added that LD's Central Promotion Team would also step up its publicity on prevention of occupational deafness in the following year.

33. Noting that the latent period of silicosis could be as long as 20 years and pointing out that the promotion of occupational safety in the past should have reduced the number of confirmed cases of silicosis and asbestosis, Mr POON Siu-ping expressed concern about the increase in the number of confirmed cases of silicosis and asbestosis from 52 and seven in 2019 to 88 and 12 in 2020 respectively.

34. DC for L (OSH) advised that as the latent period of silicosis could be as long as 20 years, the number of confirmed cases of silicosis in one year could not reflect the actual situation in the same year. With reference to the past 30 years, there was a gradual reduction in the number of confirmed cases of silicosis in each decade, from 152 cases per year between 1991 and 2000, 83 cases per year between 2001 and 2010, to 58 cases per year between 2011 and 2020. There was also a gradual reduction in the number of confirmed cases of asbestosis in each decade over the past 30 years.

35. Noting that there was a declining trend of employees contracted with silicosis, Mr YIU Si-wing enquired whether the Administration had observed any growth in other types of occupational diseases and if LD had any corresponding plan put in place to safeguard the occupational health of employees. DC for L (OSH) advised that all medical practitioners in Hong Kong were required to notify LD of occupational diseases. Based on the information gathered, there was no growing trend in other types of occupational diseases.

36. The Chairman was of the view that the Administration should make reference to the Organization for Economic Cooperation and Development economies and conduct a review of the list of 52 compensable occupational diseases in the Second Schedule to ECO to examine whether its scope and coverage should be expanded to be commensurate with the pace of Hong Kong's socio-economic development so as to further enhance the protection for employees. Consideration should be given to including lower limb MSDs, low back pain, shoulder-neck pain, tennis elbow and osteoarthritis of knees as well as overexertion at work in the list of compensable occupational diseases.

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37. Despite of the fact that the total number of compensable occupational diseases in Hong Kong was smaller than that of the International Labour Organization ("ILO"), DC for L (OSH) advised that Hong Kong followed ILO's recommendation to devise a list of compensable occupational diseases based on its economic and epidemiological situation. Prescription of a disease as an occupational disease would be determined as to whether a causal relationship between the disease and the occupation could be reasonably presumed or established in individual cases. If a disease was related to various factors other than work, say lower limb MSDs which were often related to personal activities and ageing, it would be unfair to hold the employer liable to employee who contracted such disease. Moreover, an employee who sustained a disease that was not a prescribed occupational disease could pursue employees' compensation claim under ECO if the disease was an injury by accident arising out of and in the course of employment.

Prevention of heat stroke at work

38. Pointing out that Hong Kong was getting increasingly hot due to climate change, Mr POON Siu-ping called on the Administration to consider making reference to overseas experience to establish a heat index under which workers could be spared from work when the temperature reached a certain degree. He also sought information on the follow-up action taken by LD in regard to the 12 warning letters issued during the inspections at outdoor workplaces with a higher risk of heat stroke.

39. DC for L (OSH) explained that no prosecutions were made after the issuance of the warning letters, which were for relatively minor problems, such as employers' failure in providing potable water in the vicinity of workplaces, and LD had followed up with the employers concerned to ensure that they made rectifications accordingly.

40. With respect to the Portable Waist Fan Sponsorship Scheme ("the Scheme") for small and medium-sized enterprises ("SMEs") launched by LD and OSHC in April 2021 to sponsor SMEs to buy portable waist fans at a discounted price, Mr POON Siu-ping was concerned about the durability and quality of the battery of the portable waist fans as some workers reported that a fully charged portable waist fan could only be used for about 20 minutes.

41. OHC(1)/LD responded that the running time of the battery depended on various factors including the level of wind speed adopted and the frequency of usage. LD would keep in view any fan model with longer battery running time available in the market. DC for L (OSH) advised that LD would conduct

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a study to review the willingness of employers to make available portable waist fans for their employees as part of the evaluation of the Scheme.

Mental health workplace charter

42. Noting that there were 520 and 229 organizations awarded the title of "Mental Health Friendly Organization" and "Mental Health Friendly Supreme Organization" respectively, the Deputy Chairman sought information on the percentage of organizations which had signed the Mental Health Workplace Charter ("the Charter") but were not awarded of the titles and the scale of organizations that had been awarded of titles as well as the assistance offered to SMEs to promote mental health in the workplace.

43. OHC(1)/LD explained that organizations which signed the Charter had to implement a designated number of action items specified by OSHC to promote mental health in the workplace. The titles were awarded in accordance with the number of action items committed by the organizations. If the organizations required assistance in mental health promotion, OSHC could arrange professional consultants to provide necessary advisory service. In-house workshops on specific mental health topics could also be organized for the organizations.

Exercise at work

44. Given that exercise could improve productivity and alleviate work stress, the Deputy Chairman called on the Government to consider offering subsidy for employers to recruit professional coaches to educate employees about appropriate exercise in the workplace.

45. DC for L (OSH) advised that LD attached great importance to the physical wellness of employees and had set up a committee with OSHC with participation from the Department of Health and other stakeholders to explore ways for promoting suitable physical activities at work to improve employees' health and raise their awareness of the importance of exercise. The first meeting of the committee would be held in September 2021.

Employees' compensation for contracting COVID-19 at work

46. The Chairman and Mr POON Siu-ping took the view that COVID-19 should be prescribed as a compensable occupational disease under ECO as in the case of the Severe Acute Respiratory Syndrome in 2003, notwithstanding the Government's repeated saying that the criteria for prescribing COVID-19 as a compensable occupational disease had yet to be met.

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47. With respect to the employees who suspected to have contracted COVID-19 arising out of and in the course of employment and had made employees' compensation claims, Mr YIU Si-wing asked about which industries these employees belonged to and the measures adopted by the Government to reduce employees' risk of contracting COVID-19 arising out of and in the course of employment.

48. DC for L (OSH) advised that LD had received more than 500 employees' compensation claims with employees suspected to have contracted COVID-19 arising out of and in the course of employment. Of these cases, there were some 200 cases from the public administration, social and personal services, some 100 cases from the financing, insurance, real estate, professional and business services, some 40 cases from the food services, and some 30 cases from the import/export trade, retail and accommodation industries, indicating that COVID-19 was an infectious disease that could transmit widely in the community and spread across various industries. To cope with the COVID-19 epidemic, the Government had launched a number of measures including social distancing measures, compulsory testing for certain persons, compulsory wearing masks in public places, and the provision of vaccinations.

**VI. Review of the coverage of ex gratia payment items under the Protection of Wages on Insolvency Fund**

(LC Paper Nos. CB(2)1384/20-21(07) and (08))

49. At the invitation of the Chairman, the Under Secretary for Labour and Welfare ("USLW") briefed members on the progress of the review of the coverage of ex gratia payment items under the Protection of Wages on Insolvency Fund ("PWIF") ("the review"), details of which were set out in the Administration's paper.

50. Members noted a background brief entitled "Review of coverage of ex gratia payment items under the Protection of Wages on Insolvency Fund" prepared by the LegCo Secretariat.

Operation of the Protection of Wages on Insolvency Fund

51. With respect to the time required to effect ex gratia payment from PWIF upon receipt of all information and documents required for processing the applications by LD, the Deputy Chairman expressed concern that the longest time was 6.4 weeks in 2020 and that to his understanding, the processing time was even more than nine months for some cases. Expressing concern about

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the extended period of time required, the Deputy Chairman asked about the difficulties involved in processing the applications and whether it was feasible to compress the processing time. The Chairman shared a similar concern.

52. USLW responded that upon receipt of applications to PWIF from employees, LD would kick start the processing procedures immediately. It was noteworthy that ex gratia payment could only be granted to qualified applicants after LD had received all the relevant information and documents required for processing the applications. However, provision of adequate information and documents by the applicants and relevant parties was often beyond LD's control. Besides, it would take longer time in the event that the applicants needed to take legal proceedings to commence bankruptcy or winding-up petition against the insolvent employers. That said, LD would review the procedures of verifying applications from time to time with a view to issuing ex gratia payment to qualified applicants as soon as practicable.

53. Noting that the respective number of applications received and the number of applications approved in 2020 for PWIF were 3 020 and 2 428, the Deputy Chairman asked about the reasons for rejecting 592 applications. Assistant Commissioner for Labour (Employees' Rights & Benefits) ("AC for L (ERB)") advised that the main reasons of refusal in 2020 were that the applications were outside the scope of payment items under PWIF or not supported by sufficient information and evidence. In some other applications, the applicants failed to observe the prescribed time limit for submitting applications under PWIF.

54. The Deputy Chairman asked why there was a difference of around \$40 million in the income of PWIF between the financial year 2019-2020 and 2020-2021, given that the amount of levy on Business Registration Certificate ("BRC") issued under the Business Registration Ordinance (Cap. 310) remained the same in these two years. AC for L (ERB) advised that it was mainly due to a drop in the interest return from the investment of PWIF in 2020-2021 as compared with that in 2019-2020.

Review of the Protection of Wages on Insolvency Fund

55. Pointing out that PWIF registered accumulated surplus in the past years, Mr YIU Si-wing and the Chairman considered the financial position of PWIF stable and sound. Noting that the PWIF Board would resume the review in the fourth quarter of 2021, Mr YIU suggested that the Administration should, in light of PWIF's sound financial position, set a ceiling for the accumulated surplus of PWIF and make use of the further income derived from the BRC

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levy for other purposes, such as enhancing labour welfare. Consideration should also be given to expanding the scope of coverage of PWIF and increasing the maximum amount of ex gratia payment that an employee could receive from PWIF so as to enhance their protection.

56. USLW pointed out that while Hong Kong's economy was relatively stable since mid-2000s, it was noteworthy that PWIF had recorded a deficit in early 2000s and a bridging loan had been provided by the Government to PWIF. In anticipation of the abolition of the "offsetting" arrangement under the MPF System in a few years' time which would have significant impact on the amount of ex gratia payment on severance payment payable by PWIF and hence its financial position, the PWIF Board had to be prudent in the review for holistic consideration.

57. AC for L (ERB) advised that the PWIF Board would resume the review of the coverage of ex gratia payment items under PWIF and the BRC levy rate in the fourth quarter of 2021, which would cover all the payment items under PWIF. The PWIF Board would examine carefully all the relevant information, including the impact of the abolition of the "offsetting" arrangement on the operation and financial position of PWIF, as well as the anticipated income from BRC levy in the coming years.

58. The Chairman and Mr POON Siu-ping said that there had been a strong call from employees and labour unions for a review of the coverage of PWIF. Mr KWOK Wai-keung considered it imperative to increase the maximum amount of ex gratia payment items under PWIF so as to provide timely relief to employees of insolvent employers. Given the stable and sound financial position of PWIF, the Chairman and Mr KWOK said that the Hong Kong Federation of Trade Unions urged the Government to adjust the maximum amount of the ex gratia payment items under PWIF, including the maximum amount of ex gratia payment for wages in arrears from the existing \$36,000 to \$76,000 (which was equivalent to four months' wages for an employee with the median monthly employment earning i.e. \$19,000 in the second quarter of 2020), and one month's wages in lieu of notice up to \$45,000. Mr POON urged the Government to expedite the relevant legislative work and introduce the legislative amendments once the Seventh LegCo commenced. The Chairman further called on the Government to conduct review of the coverage of PWIF at regular intervals.

59. In response to members' views and concerns, USLW advised that the PWIF Board and LD would examine the coverage of ex gratia payment items under PWIF with due consideration of the socio-economic development. In

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the past, PWIF had increased the ceilings of ex gratia payment items and expanded its coverage for several times. The latest one was the passage of the Protection of Wages on Insolvency (Amendment) Ordinance 2012 by extending PWIF to include pay for untaken annual leave and pay for untaken statutory holidays. USLW reiterated that in the light of the legislative proposals to be made by the Government to abolish the "offsetting" arrangement and hence the far-reaching impact on the operation and financial position of PWIF, the PWIF Board had to conduct careful deliberation for holistic consideration in the process of the review. Upon completion of the review by the PWIF Board, the Government would consult the Labour Advisory Board on the outcome of the review and the relevant proposals by early 2022. The Government would report to the Panel within the first half of 2022 with a view to introducing the proposed amendments to the Protection of Wages on Insolvency Ordinance (Cap. 380) within 2022.

60. In concluding the discussion, the Chairman called on the Government to expedite the review and complete the legislative procedures for increasing the ex gratia payments under PWIF within the current term of the Government as far as practicable so as to better safeguard the interests of employees.

61. There being no other business, the meeting ended at 6:19 pm.

Council Business Division 2  
Legislative Council Secretariat  
26 October 2021