

# SLW's speaking notes on labour policy areas tabled at LegCo Finance Committee special meeting

Following are the speaking notes of the Secretary for Labour and Welfare, Dr Law Chi-kwong, on labour policy areas tabled at the special meeting of the Legislative Council (LegCo) Finance Committee today (April 14):

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2022-23 is estimated to be \$2,980 million, representing an increase of \$430 million (i.e. 16.8 per cent) over the revised estimate of \$2,550 million last year. It accounts for 0.5 per cent of the total recurrent government expenditure. I will 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 by employers' mandatory contributions under the Mandatory Provident Fund System (MPF System)

The Government introduced the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 into the LegCo on February 23 this year for abolishing the use of the accrued benefits of employers' mandatory contributions under the MPF System to offset severance payment and long service payment (the "offsetting" arrangement). The LegCo has formed a Bills Committee to scrutinise the Bill. We appeal for Members' support of the Bill so as to enable the passage of the Bill before the end of the current-term Government. The Government will implement the abolition of the "offsetting" arrangement in tandem with the full implementation of the eMPF Platform of the Mandatory Provident Fund Schemes Authority in 2025.

To support the abolition of "offsetting", the Government will introduce a 25-year subsidy scheme amounting to \$33.2 billion. The Government announced in the 2021 Policy Address Supplement a refined subsidy scheme to provide targeted assistance to micro, small and medium-sized enterprises and to focus resources in the initial years after the abolition in order to assist employers to adapt to the policy change. Another supporting measure is the Designated Savings Accounts Scheme. We will consult major stakeholders before finalising the relevant legislative proposal and introducing the bill into the LegCo.

The Employment (Amendment) Bill 2022

To better safeguard the employment rights and benefits of employees when they are absent from work due to their compliance with an anti-epidemic requirement with restriction on movement and to encourage employees to

receive vaccination during the epidemic, the Government introduced the Employment (Amendment) Bill 2022 into the LegCo on March 16 this year. The LegCo has formed a Bills Committee to scrutinise the Bill. We appeal for Members' support of the Bill to enable the affected employees to enjoy the relevant protection the earliest possible and to clarify the rights and obligations of employers and employees.

#### Review of the Protection of Wages on Insolvency Fund

The Labour Department (LD) and the Protection of Wages on Insolvency Fund Board have completed a review of the coverage of ex gratia payment items under the Protection of Wages on Insolvency Fund (PWIF) and the levy rate of the business registration certificate (BRC), and have proposed to raise the maximum amounts of ex gratia payment items payable under the PWIF and reduce the levy rate of the BRC. The Labour Advisory Board (LAB) has deliberated and agreed with the proposals. We will brief the Panel on Manpower on the proposals on April 19 this year and will strive to introduce the relevant legislative amendments into the LegCo in the first half of this year.

#### Review of the continuous contract requirement under the Employment Ordinance (Cap. 57)

The LD will review the continuous contract requirement under the Employment Ordinance, taking account of the benefits of employees and the affordability of employers, while bearing in mind the overall interests of Hong Kong. We are examining the subject which is planned for discussion at the LAB in the second half of this year.

#### Review of the Code of Practice for Employment Agencies

The LD promulgated the Code of Practice for Employment Agencies (CoP) in 2017. The LD will review the CoP this year to examine its effectiveness and to promote professionalism and improve service quality of employment agencies.

#### Enhancing occupational safety and health

The LD has been keeping close tabs on the occupational safety and health (OSH) risk levels of various industries and the changes. Pursuant to the risk-based principle, the LD has been formulating and adjusting the strategies of inspection and enforcement, publicity and promotion, as well as education and training in a timely manner to enhance the OSH performance of various industries.

The number of fatal industrial accidents in the construction industry and its accident rate per 1 000 workers have been the highest of all industries. The LD will continue to step up preventive and enforcement efforts, including adopting targeted inspection strategies and encouraging report of unsafe working conditions (especially for the construction industry, including repair, maintenance, alteration and addition (RMAA) works), to improve construction workers' OSH, and to tackle fall-from-height hazards and other work hazards at workplaces.

Besides, the LD will conduct Special Enforcement Operations targeting high-risk processes, such as work-at-height, lifting operations and electrical work. The LD will conduct comprehensive and in-depth surprise inspections of construction sites involving high-risk processes or with poor safety performance; and increase participation in site safety management committee meetings of public works projects to assess their latest risk situation and to give advice and adjust the inspection strategy accordingly. The LD will also step up area patrols to carry out inspections to small-scale repair and maintenance works in a timely manner so as to curb high-risk work activities, including unsafe above-ground work.

The LD will promote the adoption of Construction Design and Management to stakeholders of the construction industry in planning and designing construction projects, so as to eradicate or mitigate the OSH risks that may arise during construction and maintenance of these projects at source.

To further protect employees' OSH, the LD will increase the maximum fines for OSH offences. The LD plans to introduce an amendment bill into the LegCo in the first half of this year. The LD will also introduce legislative amendments to expand the notification mechanism of construction works to cover those of shorter duration or engaging fewer workers but involving relatively high-risk procedures to facilitate early inspection by the LD.

Accidents caused by the use of ladders for above-ground work happen from time to time, especially for small-scale RMAA works. The LD is collaborating with the Occupational Safety and Health Council (OSHC) as well as the property management and construction industries to launch the "Promoting the Use of Light-Duty Platform Scheme" to encourage contractors and workers to use light-duty working platforms loaned by property management free of charge and to avoid using ladders for above-ground works.

#### Pilot Rehabilitation Programme for Employees Injured at Work

The LD has engaged a service provider through open tendering to implement a three-year Pilot Rehabilitation Programme for Employees Injured at Work targeting injured employees in the construction industry. The Pilot Programme will be funded mainly by the Government, while employers of the participants are to shoulder part of the rehabilitation treatment expenses to fulfil their statutory responsibility under the Employees' Compensation Ordinance (Cap. 282). The expenditure of the Pilot Programme is estimated to be around \$434 million. The Government targets to launch it as soon as possible this year.

#### Managing risks of cardiovascular and cerebrovascular diseases at workplace setting

Besides, the OSHC completed a study last year on workplace deaths caused by cardiovascular and cerebrovascular diseases (CCVDs). It was shown that most of the cases involved personal risk factors relating to lifestyle, and that construction workers and security guards constituted a relatively large proportion of the cases. In view of the study findings, the LD will promote the implementation of health-friendly measures at the workplace and encourage

property management employees and construction workers to properly manage their health and risks of contracting CCVDs through a steering committee established with the OSHC, the Department of Health, as well as employer and employee organisations of the concerned industries.

#### Continuing education

To keep on promoting continuing education and encouraging members of the public to pursue self enhancement, the Government will raise the subsidy ceiling of the Continuing Education Fund from \$20,000 to \$25,000 per applicant and remove the upper age limit. This new initiative will be implemented in the second half of this year, expecting to benefit 760 000 more eligible persons as well as those who have opened the relevant account.

#### Employees retraining

Commissioned by the Government, the Employees Retraining Board (ERB) launched the Love Upgrading Special Scheme from October 2019 to provide training and allowance to employees affected by the economic downturn. The ERB had completed four tranches of the Special Scheme, and the fifth tranche has also been launched in January this year to benefit 20 000 additional trainees. Taking together the Special Scheme and over 700 regular training courses provided by the ERB, over 100 000 training places in total are provided yearly to assist the unemployed and eligible serving employees to upgrade their employment-related skills. The ERB will also continue to provide more online courses for trainees to engage in distance learning during the epidemic.

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