

Head 90 — LABOUR DEPARTMENT

Controlling officer: the Permanent Secretary for Economic Development and Labour (Labour)/Commissioner for Labour will account for expenditure under this Head.

Estimate 2006–07	\$975.6m
Establishment ceiling 2006–07 (notional annual mid-point salary value) representing an estimated 1 717 non-directorate posts as at 31 March 2006 rising by 14 posts to 1 731 posts as at 31 March 2007	\$589.2m
In addition, there will be an estimated 14 directorate posts as at 31 March 2006 and as at 31 March 2007.	
Commitment balance	\$3,952.3m

Controlling Officer's Report

Programmes

Programme (1) Labour Relations	These programmes contribute to Policy Area 8: Employment and Labour (Secretary for Economic Development and Labour).
Programme (2) Employment Services	
Programme (3) Safety and Health at Work	
Programme (4) Employee Rights and Benefits	

Detail

Programme (1): Labour Relations

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	106.9	106.2	105.0 (–1.1%)	107.6 (+2.5%)
				(or +1.3% on 2005–06 Original)

Aim

- 2 The aim is to foster and maintain harmonious employer-employee relations in the non-government sector.

Brief Description

3 The Department provides voluntary conciliation service to assist employers and employees settle their disputes and claims. It promotes understanding of labour laws and encourages good labour management practices.

4 The Department is also responsible for the adjudication of minor employment claims and administration of trade unions.

- 5 The key performance measures in respect of labour relations are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
waiting time for conciliation meetings for claims	within 5 weeks	within 5 weeks	within 5 weeks	within 5 weeks
waiting time for consultation meetings	within 30 mins.	within 30 mins.	within 30 mins.	within 30 mins.
process registration of new trade unions	within 4 weeks	within 4 weeks	within 4 weeks	within 4 weeks
process registration of change of union names/rules	within 10 days	within 10 days	within 10 days	within 10 days

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	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
waiting time for claims to be adjudicated after filing with the Minor Employment Claims Adjudication Board (MECAB)	within 5 weeks	within 5 weeks	within 5 weeks	within 5 weeks
inspections to trade unions	360	366	366	360

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
labour disputes and claims handled	28 666	26 189	26 200
labour disputes and claims with conciliation service rendered#	26 732	24 827	24 850
labour disputes and claims resolved through conciliation	17 998	17 336	17 350
labour disputes and claims resolved through conciliation (%)	67.3	69.8	69.8
working days lost from labour disputes known	351	100	N.A.
consultation meetings held	112 997	109 959	110 000
claims adjudicated by the MECAB	2 594	2 539	2 550
cases on registration of new trade unions and changes of union names/rules	125	141	N.A.

This figure excludes those labour disputes and claims where conciliation service has not been rendered because the employers concerned are insolvent or cannot be reached for conciliation.

Matters Requiring Special Attention in 2006–07

6 Major new plans for 2006–07 include:

- producing a digest of selected court cases to enhance public understanding of the Employment Ordinance;
- organising an award scheme to encourage employers to adopt good people management practices; and
- holding a large-scale seminar to enhance tripartite co-operation among the Government, employers and employees.

Programme (2): Employment Services

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	367.0	457.7	348.4 (–23.9%)	368.8 (+5.9%)
				(or –19.4% on 2005–06 Original)

Aim

7 The aim is to provide a comprehensive range of free employment assistance and counselling services to help job-seekers find suitable jobs and employers fill their vacancies.

Brief Description

8 The Department provides free employment service to all job-seekers. It provides active assistance and counselling services to the unemployed and the disabled, careers guidance, pre-employment and on-the-job training to young people as well as labour market information to all job-seekers, including new arrivals.

9 The Department is also responsible for processing applications under the Supplementary Labour Scheme (SLS) and will ensure priority of employment for local workers.

10 To address the mismatch in supply and demand of local domestic helpers (LDHs) arising from geographic locations and working hours and to promote the service of LDHs, the Department, in collaboration with the Employees Retraining Board, has launched a scheme to provide incentive allowance to qualified LDHs who are willing to work across districts or during unpopular hours. The scheme, with an allocation of \$60 million, is expected to benefit 8 000 LDHs. As at the end of 2005, 6 156 applications were approved.

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11 The Youth Pre-employment Training Programme (YPTP), which provides a wide range of employment-related training to young school-leavers, entered its seventh year. In the past six years, over 66 000 young people have been trained under the Programme.

12 To bring more employment opportunities to job-seekers living in remote areas, the Department organised 11 large-scale job fairs (including four targeted at youths) in Yuen Long, Tin Shui Wai, Tuen Mun, Sheung Shui, Kwai Chung and Tsing Yi in 2005. They were well received. In 2006, the Department plans to mount 13 major and 50 district-based job fairs to facilitate job-seekers in securing employment, especially those living in remote areas.

13 In July 2002, the Department launched the Youth Work Experience and Training Scheme to provide on-the-job training of six to 12 months for young people aged 15 to 24 with educational attainment below degree level. As at the end of 2005, 26 084 trainees secured employment under the Scheme whilst another 14 257 trainees found jobs in the open labour market through the assistance of their case managers.

14 In May 2003, the Department launched the Re-employment Training Programme for the Middle-aged to enhance the employment service to the long-term unemployed aged 40 or above. As at the end of 2005, 18 040 placements were secured.

15 In April 2005, the Department launched the Work Orientation and Placement Scheme to provide disabled job-seekers with pre-employment training and encourage employers to take on people with disabilities. As at the end of 2005, 262 disabled job-seekers secured employment under the Scheme.

16 In June 2005, the Department launched the Work Trial Scheme to help unemployed persons with special difficulty find jobs. As at the end of 2005, 321 job-seekers have been placed into work trial.

17 The key performance measures in respect of employment services are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
display vacancy information upon receipt of request from employers	within 24 hours	within 24 hours	within 24 hours	within 24 hours
arrange job referral upon request for placement assistance from job-seekers...	within 30 mins. of appointment time	within 30 mins. of appointment time	within 30 mins. of appointment time	within 30 mins. of appointment time
arrange in-depth employment counselling session for job-seekers registering for the Job Matching Programme	within 1 week	within 1 week	within 1 week	within 1 week
issue employment agency licences	within 2 weeks	within 2 weeks	within 2 weeks	within 2 weeks
inspections to employment agencies	1 300	1 376	1 381	1 300

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
able-bodied job-seekers			
persons registered	223 229	208 578@	208 000
placements	86 257	113 090^	113 000
disabled job-seekers			
persons registered	4 002	3 920	4 000
placements	2 391	2 459	2 450
young people participating in careers guidance activities	970 637	848 321§	840 000
employment agency licences issued	1 501	1 650	1 630
applications under the SLS processed	466	513	610

@ With the economic recovery and increased employment opportunities, some job-seekers could secure employment through their own channels and thus the number of job registrants dropped.

^ With a substantial increase of vacancies received in 2005, the Department could help place more people into jobs.

§ The decrease in the number of young people participating in careers guidance activities was mainly due to the merging of the two Careers Information Centres in Cheung Sha Wan and Wan Chai in September 2004, the drop in the population size of young people in Hong Kong and the increase in the number of non-government organisations offering careers guidance services to young people.

Matters Requiring Special Attention in 2006–07

18 Major new plans for 2006–07 include:

- setting up a new job centre each in Yuen Long and North District to strengthen employment service in remote areas;
- relaxing the scheme rules for the Incentive Allowance Scheme for LDHs to further promote the LDH market;
- allowing trainees under the YPTP to take up more vocational training courses to enhance the vocational training value of the Programme;
- increasing the YPTP's one-month workplace attachment allowance from \$1,000 to \$2,000 to encourage more trainees to gain actual work experience; and
- putting in place a Manpower Development Plan for the Textiles and Clothing Industry to address the manpower needs of the industry for skilled labour through active recruitment and structured training as well as more flexible importation of workers under the SLS.

Programme (3): Safety and Health at Work

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	308.8	307.1	302.7 (–1.4%)	307.2 (+1.5%)
				(or comparable with 2005–06 Original)

Aim

19 The aim is to ensure that risks to the safety and health of people at work are properly managed by legislation, education and publicity efforts.

Brief Description

20 This programme covers the enforcement of the Occupational Safety and Health Ordinance (OSHO), the Factories and Industrial Undertakings Ordinance (FIUO) and the Boilers and Pressure Vessels Ordinance (BPVO). It includes the provision of advice to stakeholders on the prevention of accidents, training courses, seminars, guide books and other publicity materials to disseminate such information. Special promotional visits are conducted to encourage employers to adopt a self-regulatory approach in managing risks at the workplace. Suspension notices will be issued to remove imminent risks to life and limb. Improvement notices will be issued to secure a speedy rectification of irregularities to prevent accidents.

21 In enforcing the OSHO, the FIUO and the BPVO, the established policy is to target at industries or establishments with poor performance records. In addition to routine inspections, enforcement campaigns targeted at specific risks or accident-prone work situations are organised to arouse the safety awareness of both management and employees. In 2005, enforcement campaigns were conducted in the areas of arc/gas welding and flame cutting, construction, building repair and maintenance, container handling and storage and working-at-height. Focused inspections to warehouses were also conducted to ensure adequate protection of workers from inhalation of air impurities.

22 In 2005, the Department made 5 779 promotional visits to workplaces and organised 2 559 promotional activities to help duty-holders understand their statutory obligations. Publicity was strengthened to promote the prevention of musculoskeletal disorders in office workers. Two large-scale promotional programmes were launched in the catering and construction industries to promote safety awareness.

23 The key performance measures in respect of safety and health at work are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
inspections under the FIUO and the OSHO	107 100 [^]	118 861	118 907	107 100
inspections per field inspector under the FIUO and the OSHO	450	468	486	450
investigation of occupational diseases	within 24 hours upon notification	within 24 hours upon notification	within 24 hours upon notification	within 24 hours upon notification

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	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
promotional visits to workplaces under the FIUO and the OSHO	4 550 [^]	6 228	5 779	4 550
inspections under the BPVO	4 630	5 744	4 807	4 900
inspections per field inspector under the BPVO	1 030	1 044	1 068	1 030
process pressure equipment registration	within 3 weeks	within 3 weeks	within 3 weeks	within 3 weeks
talks, lectures, seminars organised	2 100§	2 610	2 559	2 100

[^] The targets for inspections and promotional visits to workplaces under the FIUO and the OSHO will be revised downwards slightly (from 111 600 and 4 740 respectively) to reflect reprioritisation of the Department's work programme and deployment of staff to focus on major hazards, including those in construction, building repair and maintenance, working-at-height, and container handling and storage.

§ The target number of talks, lectures and seminars organised will be revised downwards (from 2 500) to reflect the focusing of resources on organising large-scale seminars instead of outreaching talks.

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
fatal accidents in industrial undertakings	24	30@	N.A.
non-fatal accidents in industrial undertakings	17 509	15 419@	N.A.
accident rate per 1 000 industrial employees	31.5	28.0@	N.A.
fatal accidents in non-industrial undertakings#	163	144@	N.A.
non-fatal accidents in non-industrial undertakings	26 329	24 704@	N.A.
accident rate per 1 000 employees in non-industrial undertakings	14.1	12.9@	N.A.
investigation of accidents at workplaces	12 342	12 588	N.A.
warnings issued by occupational safety officers	34 053	34 292	N.A.
prosecutions taken	1 963	2 164	N.A.
suspension/improvement notices issued	1 555	1 568	N.A.
investigations/surveys/examinations/assessments/clinical consultations on occupational health conducted	19 196	20 708	21 000
pressure equipment registered	1 402	1 433	1 460
examinations conducted and exemptions granted for the issue or endorsement of certificates of competence	368	411	360
warnings issued under the BPVO	3 816	2 590§	N.A.

@ The accident statistics for 2005 are provisional as some of the accidents which occurred near the end of the year have yet to be reported to the Labour Department.

These include cases which may subsequently be determined to be unrelated to work based on medical and other evidence.

§ The number of warnings issued in 2005 decreased since fewer cases of irregularities were detected in inspections.

Matters Requiring Special Attention in 2006–07

24 Major new plans for 2006–07 include:

- launching enforcement and publicity campaigns targeting at scaffolding work, particularly truss-out scaffolds, to ensure that duty-holders comply with safety requirements;
- publishing an accident case book on truss-out scaffolds;
- setting up a new occupational health clinic in North District to enhance occupational health service in the New Territories;
- launching large-scale publicity campaigns to enhance the safety awareness of employers and employees in the construction and catering industries;
- issuing guidance notes on the safe use of disinfectants and elevated work platforms; and
- strengthening publicity (including issuing a health guide) and enforcement efforts on the prevention of musculoskeletal disorders for workers in the catering industry.

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Programme (4): Employee Rights and Benefits

	2004-05 (Actual)	2005-06 (Original)	2005-06 (Revised)	2006-07 (Estimate)
Financial provision (\$m)	197.3	190.1	183.1 (-3.7%)	192.0 (+4.9%)

(or +1.0% on
2005-06 Original)

Aim

25 The aim is to safeguard the rights and benefits of employees under labour laws.

Brief Description

26 The Department safeguards the rights and benefits of all employees and combats illegal employment through inspection to workplaces and other premises, processing employees' compensation claims, administering the Protection of Wages on Insolvency Fund (PWIF), and investigation into complaints relating to the employment of imported workers.

27 In 2005, the Department continued its vigorous enforcement against wage offences through speedy investigation of reported offences, conducting trade-targeted campaigns to detect offences, employing former veteran police officers to strengthen its capacity in intelligence gathering and evidence collection, and taking out prompt prosecution against offenders. The Department further strengthened its collection and analysis of intelligence to enable more joint operations with the Police in combating illegal employment and protecting the job opportunities of local workers.

28 The Department stepped up inspections to workplaces of non-skilled workers employed by contractors to provide service to government departments in order to protect their statutory rights and benefits under labour laws. The number of labour inspectors tasked for the duties increased from six to 18. Prosecutions were initiated where there was sufficient evidence. Investigation and prosecution results were promptly provided to relevant government departments.

29 The Department reviewed the employees' compensation insurance system in Hong Kong and consulted the Labour Advisory Board in 2005 on ways to improve the system. As a result, the insurance industry undertook to implement a number of improvement measures, including the setting up of a residual scheme in the first half of 2006 to provide employees' compensation insurance cover to employers who cannot obtain such cover from the market.

30 In June 2005, a bill to recognise the medical treatment, examination and certification given by registered Chinese medicine practitioners for the purpose of entitlement to employee benefits under the Employment Ordinance, Employees' Compensation Ordinance and Pneumoconiosis (Compensation) Ordinance was introduced into the Legislative Council. A Bills Committee has been formed to examine the bill.

31 The Department stepped up its liaison with non-governmental organisations for foreign domestic helpers (FDHs) and the consulates of the major exporting countries. To disseminate messages to FDHs on their labour rights and benefits, the Department, together with the Immigration Department, held two information expos in October 2005 at places where the helpers frequently gathered on Sundays. The Department will continue with its publicity effort.

32 To promote equal employment opportunities, the Department has launched a new publicity campaign to enhance public awareness of the importance of removing age discrimination in employment.

33 The key performance measures in respect of employee rights and benefits are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
inspections to workplaces	120 000@	131 727	133 014	120 000@
inspections per field labour inspector	820@	850	887	820@
start investigation of complaints by labour inspector	within 1 week upon receipt	N.A.^	within 1-2 weeks upon receipt	within 1 week upon receipt
waiting time for sick leave clearance with the Occupational Medicine Unit for injured employees	within 30 mins. of appointment time	within 30 mins. of appointment time	within 30 mins. of appointment time	within 30 mins. of appointment time

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	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
issue certificates of compensation assessment	within 3 weeks	within 3 weeks	within 3 weeks	within 3 weeks
effect payment in respect of applications to the PWIF	within 10 weeks	within 10 weeks	within 10 weeks	within 10 weeks

@ The Department will further intensify efforts for intelligence collection and analysis and launch more targeted operations to detect wage offence and combat illegal employment. The number of inspections to workplaces and inspections per field inspector will drop as a result of the revised mode of operation. The targets for inspections to workplaces and inspections per field inspector will be revised from 130 000 and 850 to 120 000 and 820 respectively as from 2006.

^ Not applicable as this is a new target as from 2005.

π Investigations were conducted as soon as possible. Only 0.5% of the complaints (or three complaints) required one more day for handling after the target timeframe.

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
warnings issued	308	417§	N.A.
prosecutions taken	3 783	3 531	N.A.
sick leave clearance interviews for injured employees conducted	52 645	52 140	52 000
employee compensation claims processed.....	56 652	57 994	58 000
applications for payment under the PWIF processed	22 071	12 392@	11 500@
cases related to imported workers investigated	25	25	N.A.

§ The number of warnings issued in 2005 increased as a result of giving warnings to offending employers even where there was no prosecution witness.

@ It is expected that the number of applications for payment under the PWIF processed will continue to decrease as a result of economic recovery.

Matters Requiring Special Attention in 2006–07

34 Major new plans for 2006–07 include:

- stepping up intelligence-based enforcement and strengthening educational efforts to combat illegal employment; and
- continuing the proactive and pre-emptive strategy and strengthening intelligence-based enforcement to clamp down on wage offences.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2004-05 (Actual) (\$m)	2005-06 (Original) (\$m)	2005-06 (Revised) (\$m)	2006-07 (Estimate) (\$m)
(1) Labour Relations	106.9	106.2	105.0	107.6
(2) Employment Services.....	367.0	457.7	348.4	368.8
(3) Safety and Health at Work	308.8	307.1	302.7	307.2
(4) Employee Rights and Benefits	197.3	190.1	183.1	192.0
	980.0	1,061.1	939.2 (-11.5%)	975.6 (+3.9%)
				(or -8.1% on 2005-06 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2006-07 is \$2.6 million (2.5%) higher than the revised estimate for 2005-06. This is mainly due to salary increments for staff and filling of vacancies.

Programme (2)

Provision for 2006-07 is \$20.4 million (5.9%) higher than the revised estimate for 2005-06. This is mainly due to the additional provision for setting up a job centre each in Yuen Long and North District, which involves the creation of 17 posts in 2006-07, improvements to the YPTP to enhance its vocational training value, salary increments for staff and filling of vacancies, partly offset by the reduced cash flow requirement for non-recurrent items. One post will be deleted in 2006-07.

Programme (3)

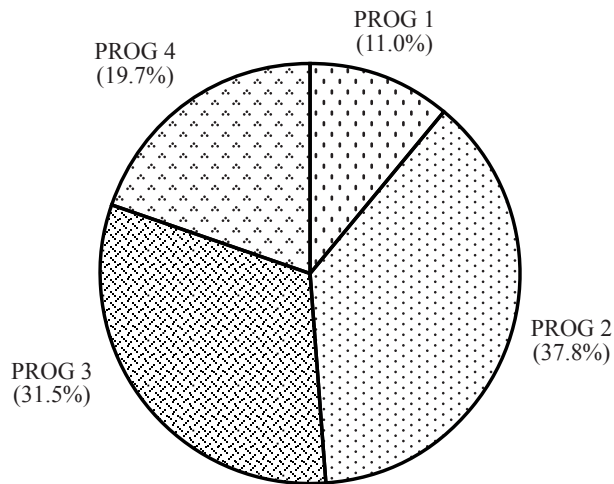
Provision for 2006-07 is \$4.5 million (1.5%) higher than the revised estimate for 2005-06. This is mainly due to salary increments for staff and launching of large-scale publicity campaigns to further enhance the safety awareness of employers and employees. One post will be deleted in 2006-07.

Programme (4)

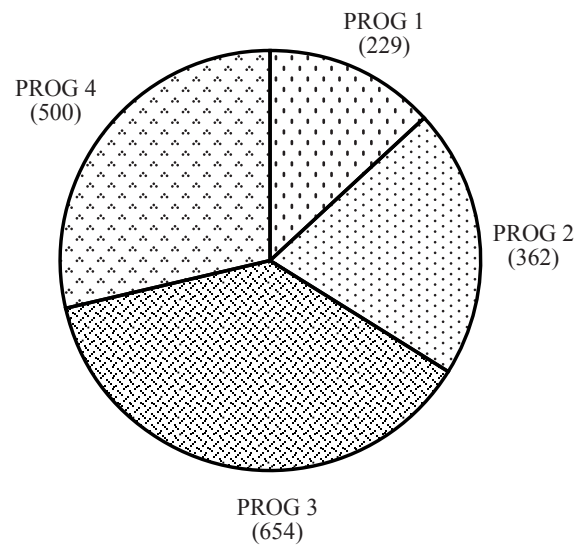
Provision for 2006-07 is \$8.9 million (4.9%) higher than the revised estimate for 2005-06. This is mainly due to salary increments for staff and filling of vacancies. One post will be deleted in 2006-07.

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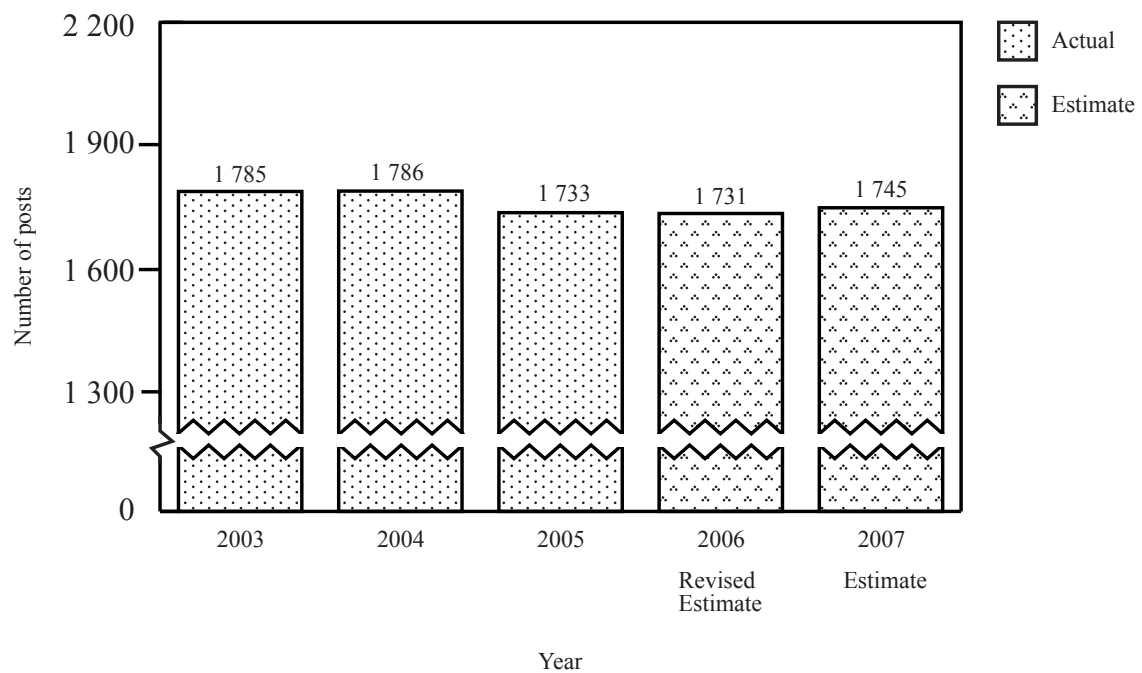
*Allocation of provision
to programmes
(2006-07)*



*Staff by programme
(as at 31 March 2007)*



*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)		Actual expenditure 2004-05	Approved estimate 2005-06	Revised estimate 2005-06	Estimate 2006-07
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses.....	827,761	831,344	787,673	839,828
280	Contribution to the Occupational Safety and Health Council	4,021	4,850	3,300	3,300
295	Contribution to the Occupational Deafness Compensation Board	2,413	2,910	1,980	1,980
	Total, Recurrent.....	834,195	839,104	792,953	845,108
	Non-Recurrent				
700	General non-recurrent.....	145,846	222,031	146,236	130,500
	Total, Non-Recurrent.....	145,846	222,031	146,236	130,500
	Total, Operating Account	980,041	1,061,135	939,189	975,608
<hr/>					
	Total Expenditure.....	980,041	1,061,135	939,189	975,608

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Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Labour Department is \$975,608,000. This represents an increase of \$36,419,000 over the revised estimate for 2005–06 and a decrease of \$4,433,000 against actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$839,828,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Labour Department.

3 The establishment as at 31 March 2006 will be 1 731 permanent posts. It is expected that there will be a net creation of 14 permanent posts in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$589,168,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	671,012	664,669	649,387	665,877
- Allowances	8,291	6,501	6,501	6,718
- Job-related allowances	—	3	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution	337	303	303	270
Departmental Expenses				
- General departmental expenses	139,932	151,905	122,161	156,388
Other Charges				
- Campaigns, exhibitions and publicity	8,189	7,963	9,318	10,572
	<u>827,761</u>	<u>831,344</u>	<u>787,673</u>	<u>839,828</u>

5 Provision of \$3,300,000 under *Subhead 280 Contribution to the Occupational Safety and Health Council* is to meet the annual contribution to the Occupational Safety and Health Council. The amount of contribution is currently based on a proportion of the amount of levy received by the Council, with the proportion equivalent to the ratio of the size of the civil service to the working population in Hong Kong.

6 Provision of \$1,980,000 under *Subhead 295 Contribution to the Occupational Deafness Compensation Board* is to meet the annual contribution to the Occupational Deafness Compensation Board under a similar arrangement as for the Occupational Safety and Health Council.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	050	Loan guarantee scheme for Severe Acute Respiratory Syndrome impacted industries	3,500,000	24,883	7,000	3,468,117
	532	Youth work experience and training scheme.....	700,000	197,950	100,000	402,050
	534	Re-employment training programme for the middle-aged.....	60,000	7,385	10,000	42,615
	536	Incentive allowance for local domestic helpers	60,000	12,280	16,500	31,220
	539	Youth self-employment support scheme	30,000	9,187	12,500	8,313
		Total	<u>4,350,000</u>	<u>251,685</u>	<u>146,000</u>	<u>3,952,315</u>