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Appeal for increased severance payments

By TERRY LEUNG

A GROUP of factory workers has called for the \$4,000 ceiling in severance claims to be raised.

In a petition to the Office of the Members of the Executive and Legislative Councils (Omelco), group spokesman Leung Yiu-chung said the limit to compensation obtainable from the Protection of Wages insolvency fund was too low.

Under present law, workers can claim up to \$4,000 in severance, \$8,000 for outstanding wages and \$2,000 for payment in lieu of notice if their employers' businesses are liquidated.

"The low \$4,000 ceiling could be manipulated by unscrupulous employers as a bargaining tool to get workers to accept less than they are entitled to," Mr Leung said.

Workers had little protection even if they resorted to legal action because courts might only order a business to be wound up.

He said compensation for workers was not seen as a priority in any liquidation proceedings.

Legislator Tam Yiu-chung, who represents the labour constituency, said the legislature would not agree to change the limit.

Any abolition of the severance payment limit, calculated in proportion to years of service, would lead to a huge burden on the insolvency fund.

Mr Tam said the Government would review the ordinance next year.

The petitioners also urged the Government to improve its laws on insolvency to deter the exploitation of workers.

All locally-registered businesses are required to contribute \$100 annually to the fund. The group demanded that the levy be raised substantially.

Mr Tam agreed that the provisions needed to be improved and suggested that employers with a bigger payroll should contribute more to the fund.