

立法會
Legislative Council

LC Paper No. CB(2) 692/00-01
(These minutes have been seen by
the Administration)

Ref : CB2/PL/MP/1

LegCo Panel on Manpower

Minutes of meeting
held on Thursday, 16 November 2000 at 2:30 pm
in the Chamber of the Legislative Council Building

- Members present** :
- Hon LAU Chin-shek, JP (Chairman)
 - Hon CHAN Kwok-keung (Deputy Chairman)
 - Hon James TIEN Pei-chun, JP
 - Hon LEE Cheuk-yan
 - Hon CHAN Yuen-han
 - Hon LEUNG Yiu-chung
 - Hon YEUNG Yiu-chung
 - Hon Ambrose LAU Hon-chuen, JP
 - Hon Andrew CHENG Kar-foo
 - Hon SZETO Wah
 - Hon Abraham SHEK Lai-him, JP
 - Hon LI Fung-ying, JP
 - Hon Tommy CHEUNG Yu-yan, JP
 - Hon Michael MAK Kwok-fung
 - Hon LEUNG Fu-wah, MH, JP
 - Hon Frederick FUNG Kin-kee
- Member attending** :
- Hon LAW Chi-kwong, JP
- Members absent** :
- Hon Kenneth TING Woo-shou, JP
 - Hon Cyd HO Sau-lan
 - Dr Hon LUI Ming-wah, JP

Public Officers : Item IV
attending

Mrs Fanny LAW, JP
Secretary for Education and Manpower

Mr Philip K F CHOK, JP
Deputy Secretary for Education and Manpower

Mr Paul WONG
Principal Assistant Secretary for Education and Manpower (10)

Mr K Y TANG
Government Economist

Mr H W FUNG
Deputy Commissioner for Census and Statistics

Dr Wing SUEN
Senior Lecturer
School of Economics and Finance
Hong Kong Institute of Economics and Business Strategy

Item V

Mr Philip K F CHOK, JP
Deputy Secretary for Education and Manpower

Miss Erica NG
Principal Assistant Secretary for Education and Manpower (4)

Mrs Jennie CHOR
Assistant Commissioner for Labour (Labour Relations)

Item VI

Mr K K LAM
Principal Assistant Secretary for Education and Manpower (7)

Mrs Jenny CHAN
Assistant Commissioner for Labour (Rights and Benefits)

Clerk in attendance : Mrs Sharon TONG
Chief Assistant Secretary (2)1

Staff in attendance : Mrs Queenie YU
Senior Assistant Secretary (2) 4

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I. Confirmation of minutes of meeting held on 13 October 2000 and matters arising
(LC Paper Nos. CB(2) 227/00-01 and CB(2) 226/00-01(01))

The minutes of the meeting held on 13 October 2000 were confirmed.

List of follow-up actions required of the Administration

2. Members noted the list of follow-up actions required of the Administration.

Proposed overseas study visit of the Panel

3. The Chairman invited members' view on whether there was any need for the Panel to undertake an overseas study visit during the 2000-01 legislative session. He said that a delegation of the Panel had visited Singapore to study its training system in May 2000. Members did not propose any overseas visit at the meeting. The Chairman said that members could inform the Secretariat their suggestion for the Panel's consideration before the next meeting.

II. Proposed terms of reference of the Panel
(LC Paper No. CB(2) 226/00-01(02))

4. Members noted that technical amendments were made to items (4) and (5) in the proposed terms of reference of the Panel to reflect Rules 77(3) and 77(14) of the Rules of Procedure. Members endorsed the proposed terms of reference.

III. Date of next meeting and items for discussion
(LC Paper No. CB(2) 226/00-01(03))

5. Members agreed that the next regular meeting originally scheduled for 21 December 2000 be re-scheduled for Thursday, 14 December 2000 at 2:30 pm.

6. Members also agreed that the following items be discussed at the next

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Panel meeting -

- (a) Follow-up on Report on Manpower Projection to 2005 and Study on Employment Prospect of People Aged 40-49 — members' views and suggestions;
- (b) Pilot Project for long-term unemployed people;
- (c) Progress Report of Chinese Cuisine Training; and
- (d) Proposed amendments to the Boilers and Pressure Vessels Ordinance.

IV. Report on Manpower Projection to 2005 and Study on Employment Prospect of People Aged 40-49

(LC Paper Nos. CB(2) 226/00-01(04), CB(2) 287/00-01(01), (02) and (03))

7. Secretary for Education and Manpower (SEM), Government Economist (GE) and Senior Lecturer / School of Economics and Finance / Hong Kong Institute of Economics and Business Strategy (SL/SEF/HKIEBS) briefed members on the findings of the Report on Manpower Projection to 2005 and the study on the Employment Prospects of the People Aged 40-49. The briefing materials were tabled at the meeting.

(Post-meeting note : The briefing materials tabled at the meeting were circulated to absent members vide LC Paper No. CB(2) 287/00-01) on 20 November 2000).

8. Referring to the Report on Manpower projection to 2005 which suggested that there would be a surplus in manpower supply of about 150 000 workers at secondary education level and below, Miss CHAN Yuen-han held the view that the figure was optimistic. She asked whether the figure had included the number of workers suffering from hidden unemployment. She said that these long-term unemployed workers had ceased looking for jobs after they had failed to find employment. Many of them were female workers previously employed in the manufacturing industries. On the basis of information revealed by the Census and Statistics Department in the past, Miss CHAN said that there were about 150 000 people in the category of hidden unemployment. The figure would likely increase in the coming three years as several reports revealed that the manufacturing industries had been declining and would continue to shrink. She considered that the Administration should consider taking additional measures to tackle the serious problem of unemployment for workers with low skill and low

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education level.

9. Government Economist (GE) pointed out that there had been many discussions recently on the subject of hidden unemployment, including how the term should be defined. Whilst he would not go in detail to discuss the technical aspect of the issue, he said that additional workers from hidden unemployment would further aggravate the problem of excessive supply of workers with low skill and low education level. In his opinion, it was important to enhance the employment prospects of these workers by equipping them with higher skills through education and retraining. SEM added that it was the primary concern of the Government to implement cost-effective measures in tackling the issue. As a first step, a Steering Committee to follow up the Report on Manpower Projection to 2005 (Steering Committee) would be formed to work out the details.

10. Mr LEE Cheuk-yan said that the situation in fact reflected an employment crisis for the whole working population with low skill and low education level which amounted to about 1 500 000 people. While it was the Government's policy to focus on training and retraining to upgrade the skills of workers in order to reduce mismatch between job requirements and the qualification of workers, he pointed out that as revealed in a Government survey, 55% of 1 500 000 people indicated that they were too busy to attend any training courses. He also pointed out that only 9.1% of employees were provided with job-related training/retraining by their employers. Amongst these employees, 2.3% had an education level of primary school, 20.2% had an education level of post-secondary school. He further said that 18% of employees who had been arranged for training by employers were managers and about 8.9% were clerks. In his opinion, employees with low skill and low educational attainment were accorded a lower priority for training by their employers. The statistics showed that it would be even more difficult for these categories of workers to take up jobs which required higher skill levels.

11. SEM responded that the projected manpower supply for workers with education level at Secondary 3 or below up to 2005 amounted to about 1.2 million whilst the projected manpower requirement for workers with similar education level was in the region of one million. The concern of unemployment and wage cuts likely to be faced by the low skill and less educated workers in the evolving economic environment towards more knowledge-based and high value-added activities were pressing issues to be tackled by the Administration. More focused and concerted efforts on training and retraining could help these workers to upgrade their skills to tide over the changes. She said that of the 1.2 million labour force with education level at Secondary 3 or below, 350 000 of them aged below 40. She hoped that these younger workers could attain higher education and skill level through self-learning. She added that there were many channels available for continuing education.

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12. Mr LEE Cheuk-yan also expressed disappointment that only 8.9% of employers provided training for their employees. He pointed out that employers of both small and large enterprises were reluctant to provide training for their employees. He held the view that Government's proactive intervention was necessary to encourage employers to release their employees to attend training courses, especially when majority of the workforce with low skill and low educational attainment usually had long working hours and had less chance to upgrade their skills through self-learning. Mr LEE said that employees should be entitled to attend training courses with paid training leave. He suggested that the Administration should set up a fund to provide wage subsidy payable to those employers who allowed their employees to undertake training during working hours.

13. SEM pointed out the practical difficulties faced by employers in providing training for their employees. She said that employers generally lacked the incentive to bear the training cost unless the skills acquired by employees were needed by the enterprise. For small enterprises with only a few employees, it was impracticable for the employer to release his staff to attend training courses. Employers often worried that staff would change employment after they had acquired higher skills. SEM considered it more appropriate to encourage employers to provide training for their employees on a voluntary basis to cater for the needs of individual enterprises. In this regard, a funding of \$400 million had been earmarked to help employees of different industries to upgrade their skills with the changing needs.

14. Mr YEUNG Yiu-chung questioned how the funding of \$400 million would be used to upgrade the skills and education of the projected 150 000 surplus workers with education level at Secondary 3 or below. SEM responded that the Administration could only provide resources to help the most needed workers with low education and skill level who were in financial difficulties, while the majority of other workers should take the initiative to upgrade their skills and education to face the on-going economic restructuring and job-market demand through self-learning. She pointed out that the Administration would provide as much information as practicable to assist the workforce, for example, website could be set to make available information on continuing education channels, and manpower requirement projection to enable workers to better assess their employment prospects. GE added that the upgrading skill process could be a phased process, for example, workers with lower secondary education could upgrade themselves to take up jobs pitched at upper secondary education level and workers with upper secondary education could upgrade themselves to take up jobs pitched at post secondary education level.

15. Miss LI Fung-ying pointed out that in the Chief Executive's Policy

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Address this year, it was announced that only 6 000 more subsidized Secondary 4 or vocational training places would be provided before the 2003-04 school year. She held the view that there were insufficient resources to alleviate the situation where surplus in manpower supply of workers at Secondary 5 education and below would amount to 150 000. SEM reiterated that according to the findings of the two reports, there would be an increase of some 433 600 jobs between 1999 and 2005. If the problem of mismatch between job requirements and the qualification of workers could be effectively dealt with, there should be enough new jobs to absorb the projected growth in manpower supply.

16. Referring to the findings of the report that employment opportunities of middle-aged workforce were affected more by their educational level rather than their age, Miss LI Fung-ying asked whether it would be cost effective for the Labour Department to initiate a pilot project to provide one-stop personal service for long term unemployed persons over the age of 40. SEM clarified that the findings of the Study on the Employment Prospects of People Aged 40-49 revealed that middle-aged people generally fared no worse than people in other age groups in terms of unemployment. However, it would be difficult for them to find new jobs once they became unemployed. She said that it was necessary to put in place measures to help middle-aged workers with low-skill to move away from low-skill occupations.

17. SL/SEF/HKIEBS said that the research team believed that across-the-board drastic remedial action to train the middle-aged workers would not be cost-effective. The team had therefore recommended to provide annual training leave of two to three days to encourage the currently employed to attend training which could be provided in a modular mode and tied with the proposed vocational learning certificate system. He stressed that it would be useful for employees to accumulate skills acquired through training which might not necessarily be job-related, to increase their confidence in taking up new jobs in case they became unemployed. He also pointed out that middle-aged workers were often not the target of being laid-off by employers because of their experience. Instead, young workers were more vulnerable to being laid off by employers especially during seasonal economic downturn.

18. Noting that the female middle-aged labour force participation rate was 53%, Mr YEUNG Yiu-chung asked how the figure compared with other developed countries. SL/SEF/HKIEBS replied that the figure was on the low side when compared with other developed countries. He pointed out that the labour force participation rate of female workers aged between 25 and 39 was substantially higher than those aged between 40 and 49. The reason might be due to hidden unemployment as many of these middle-aged female workers had not been actively looking for jobs and were not counted as part of the labour force. He also pointed out that the labour force participation rate of young female

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workers had been increasing rapidly in the past fifteen years. He envisaged that the overall labour force participation rate for middle-aged female workers would also increase over the years.

19. Referring to the findings that the average earnings of middle-aged male workers was \$23,229 compared to an average earnings of \$19,469 for all male workers in 1999 and the average earnings of middle-aged female workers was \$13,795 while the average earnings of all female workers was \$13,385, Mr LEUNG Yiu-chung asked whether the figures reflected the true picture of workers with low skill and low education level. SL/SEF/HKIEBS responded that the study adopted a common statistical method which accounted for factors such as age, education and sex in deriving the age-earnings profiles. It was found that the average earnings of middle-aged workers had higher earnings than workers in other age groups even when the factor of educational attainment had been accounted for. The difference in earnings was probably due to the working experience of the middle-aged workforce.

20. Referring to the findings that the median earnings for middle-aged men aged 35 or 45 with primary education or secondary education had all increased from 1986 to 1996, Mr LEUNG Yiu-chung questioned why median earnings and data over a ten year period were used. He further asked whether the figures would represent the trend of wage earnings for workers at the lower quartile of earnings. SL/SEF/HKIEBS responded that the growth trend for the lower quartiles of the earnings distributions were compatible to the conclusions referred to by Mr LEUNG. He said that while the next General Household Survey would be conducted in 2001, data from 1986 to 1996 which were available in the last General Household Survey were used in deriving the median earnings. He pointed out that the trend of wage earnings had moved downwards in recent years and it was unlikely that similar upward trend could maintain in the coming five years.

21. Mr LEUNG Yiu-chung expressed concern that while the manpower requirement of most industries, such as wholesale, retail, transport, communication and storage industries, was expected to grow from 1999 to 2005, the manpower requirement of the manufacturing sector would continue to shrink. He asked how workers with low skill could acquire higher skills and have the competence in taking up employment in these higher growth industries within a short period of time. GE said that the globalization of trade and investment, China's impending accession to the World Trade Organization would provide job opportunities for low skill workers as well as increase the demand for higher skill and better educated workers. He cited as an example, the job-skill demand for clerks would be professionalised in terms of computer skills.

22. Mr LEUNG Yiu-chung held the view that there had been a downward

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trend of wage earnings for middle-aged workers in recent years especially when these workers changed occupation and their working experience from previous occupation was no longer an advantage. He considered that the overall imbalance of supply and demand was not merely a problem of mismatch between job requirements and qualification of workers. He said that there were not enough jobs for the 150 000 unemployed workers. GE reiterated that the findings of the two reports suggested that the long-term solution to unemployment was to upgrade the skill level of workers to meet job demands of the changing economy rather than to artificially create jobs to narrow the gap of surplus workers bearing in mind the importance of the quality and competitiveness of the workforce in the new economic structure.

23. Referring to the findings that the poverty gap would widen as wages adjusted downward for grassroot workers whose supply was in surplus, Mr Andrew CHENG Kar-foo expressed disappointment that the two reports made no recommendation on any long term policy to address the issue of poverty line, age discrimination in employment or measures, such as the introduction of unemployment insurance, to protect the unemployed.

24. SEM pointed out that wage adjustments often were the consequence of imbalance in manpower resources in job market. In this regard, upgrading of skills for surplus workforce with low skill and education level could help to reduce imbalance in manpower resources and wage differential, thereby narrowing the poverty gap in the long run.

25. As regards the concern about age discrimination, SEM said that the Administration considered it more practical to tackle the issue through strengthening publicity and education rather than the enactment of legislation. The Administration planned to conduct a survey next year with a view to assessing whether public awareness and attitude on age discrimination had changed since the last survey report.

26. Mr Andrew CHENG held the view that the Administration should take actions to ensure that middle-aged workers would not be discriminated against employment opportunities. GE replied that any measures to safeguard against age discrimination in employment would only shift employment between different age groups. The issue of overall unemployment should more appropriately be dealt with by reducing mismatch in overall supply and demand of manpower resources rather than through legislative means towards particular groups.

27. The Chairman asked whether the Administration would consider introducing legislation against age discrimination if the survey result indicated that legislative measures should be introduced. SEM said that the Administration

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would have to study the findings before making further comments.

28. Mr SZETO-wah said that the two reports had not mentioned the employment prospects of people aged between 50 and 65. He pointed out that most workers in these age groups had education level below Secondary 3, and they were less competitive in the job market. As a result, they would have to reduce their wages in order to secure employment. In this regard, he asked what measures would be taken by the Administration to assist them to gain competitiveness and whether their employment would have an impact on the employment prospect of workers aged between 40 and 49.

29. SEM said that it would be more difficult to train workers aged between 50 and 59 to reach the education level of Secondary 5. It would, therefore, be more practicable to upgrade the skills of younger workers to perform jobs pitched at the next higher skill level so that they would not have to compete with older workers. Mr SZETO-wah commented that the Skill Upgrading Scheme would take a long time to take effect and asked what other assistance would be provided by the Administration to help the unemployed. SEM stressed that low skill workers could not rely solely on Government's assistance to upgrade their skill. They should also take their own initiatives to enhance training and education opportunities.

30. Mr SZETO-wah suggested that the Administration should at least provide guidance to workers with low skill and low education level on how they could help themselves. SEM said that the Steering Committee could take into account members' views in working out details of its workplan.

V. Proposed amendments to clarify various provisions of the Employment Ordinance
(LC Paper No. CB(2) 226/00-01(05))

31. Mr Andrew CHENG Kar-foo asked when the Bill would be introduced into the Legislative Council and whether Members could still propose amendments to the Bill before its introduction.

32. Deputy Secretary for Education and Manpower explained that the main purpose of the Bill was to clarify provisions which prohibited employers from dismissing pregnant employees or employees on paid sick leave. He said that further amendments from Members would have to be considered by the Labour Advisory Board and the Administration. He informed members that the Administration planned to introduce the Bill into the Legislative Council on 13 December 2000.

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33. Mr LEE Cheuk-yan sought clarification on the proposed amendments to the Employment Ordinance (Ordinance) in respect of an employee's entitlement to an end of year payment. Assistant Commissioner for Labour (Labour Relations) (AC for L (LR)) said that the provision as it was now worded, gave rise to a situation whereby an employee who wrongfully terminated the contract without giving proper notice or payment of wages in lieu of notice might be entitled to pro-rata end-of year payment. As this was not in line with the policy intention, the Administration now proposed to amend the Ordinance to the effect that an employee who terminated his contract otherwise than in the special circumstances prescribed under section 10 would not be entitled to proportional end of year payment. In response to members' questions on the eligibility of end of year payment, AC for L (LR) clarified that under the proposal, if the employer initiated the termination, an employee would still be eligible for full end of year payment if he had been employed under a continuous contract for a whole payment period and for pro-rata year-end payment should he continue to be employed after the expiry of the payment period.

34. Mr LEE Cheuk-yan asked about the rationale for making amendments to exclude acts of discrimination within the meaning of Sex Discrimination Ordinance and the Disability Discrimination Ordinance from Part VIA of the Employment Ordinance. AC for L (LR) explained that the rationale was to avoid subjecting an employer to double penalties under the Employment Ordinance and these two pieces of discrimination legislation in respect of a single act.

VI. Recommendations of the review on the levels of compensation under the Employees' Compensation Ordinance and the Pneumoconiosis (Compensation) Ordinance
(LC Paper No. CB(2) 226/00-01(06))

35. Mr James TIEN said that the Liberal Party supported the proposal for maintaining the amounts for various compensation items under the Employees' Compensation Ordinance (ECO) and the Pneumoconiosis (Compensation) Ordinance (PCO) at their existing levels. He also said that the Liberal Party respected the enactment of the Employees' Compensation (Amendment) (No.2) Ordinance 2000 under which the maximum amount of funeral expenses under ECO was increased to \$35,000.

36. Miss LI Fung-ying said that some concerned groups had expressed concern over the amount of funeral expenses payable under the PCO when the proposal was considered by the Labour Advisory Board. To her knowledge, there was no financial constraint on the part of the Pneumoconiosis Compensation Fund Board. She wondered why the amount was proposed to be set at \$35,000. Principal Assistant Secretary for Education and Manpower (7)

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explained that funeral expenses payable under the PCO was to replace the burial expenses payable under ECO. He said that with the enactment of the Employees' Compensation (Amendment) (No.2) Ordinance 2000, the maximum amount of funeral expenses under the ECO was raised from \$16,000 to \$35,000 with effect from 1 August 2000. The expenses was to provide better financial relief to the family members of deceased employees.

37. Mr LEE Cheuk-yan held the view that it was not meaningful to review the levels of compensation to employees and family members of deceased employees according to the wage or price movements. He said that the method of calculation had not been reviewed over the past 20 years. He cited as an example, that the compensation level to family members of a deceased engineer was still capped at a monthly salary of \$18,500, which, in his view, was inappropriate. Assistant Commissioner for Labour (Rights and Benefits) (AC for L (RB)) responded that it was necessary to set an upper limit on the level of monthly salary used in calculating the compensation level as compensation payment was payable to all eligible employees regardless of whether they were at fault during their employment.

38. On the amount of funeral expenses payable under the PCO, Mr LEE Cheuk-yan considered that it should be raised to at least \$50,000. AC for L(RB) said that it was necessary to strike a balance between the interests of employers and employees in making any amendments to the level of compensation. Given the current economic climate, the Administration hoped that the proposed amount of funeral expenses payable under the PCO could take effect as soon as practicable, so as to provide better financial relief to the family members concerned.

39. Mr SZETO-wah stated that the Democratic Party considered that the levels of compensation under the ECO and PCO should be increased.

40. The meeting ended at 4:30 pm.

Legislative Council Secretariat
15 January 2001