

立法會
Legislative Council

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**Report of the Panel on Manpower
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Manpower during the 2000-01 session of the Legislative Council. It will be tabled at the meeting of the Council on 4 July 2001 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to labour and manpower planning matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 19 members in the 2000-01 session. Hon LAU Chin-shek and Hon CHAN Kwok-keung were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major Work

Manpower Projection to 2005 and Study on the Employment Prospects of People Aged 40-49

4. The Panel was briefed on the findings of the Manpower Projection to 2005 and the Employment Prospects of People Aged 40-49 undertaken by the Administration. The Panel also discussed the measures which could be adopted to address the manpower resource imbalance and the deteriorating employment prospects of the middle-aged workers.

5. According to the findings of the Manpower Projection to 2005, there would be an increase of some 433 600 jobs between 1999 and 2005. The study also revealed that up to 2005, there would be a projected surplus of manpower supply of 136 700 at lower secondary education level or below. On the other hand, a shortfall of manpower supply at post-secondary level or above was projected at 116 900. To address the projected mismatch in manpower requirement and supply, members considered that the Administration should increase the provision of post-secondary education, provide more training opportunities and undertake effective measures to upgrade the skills of workers of low skill and low education attainment.

6. Some members pointed out that most of the employers were reluctant to provide training to their employees. To encourage employers to release their employees to attend training courses, they suggested that the Government should establish a training leave wage subsidy scheme. They also suggested that the Government should provide subsidy to trainees receiving fundamental and mid-level skills training by making grants to them to meet the full training cost or half of the cost incurred. To enable employees' skills and qualification to be recognised by employers, they suggested that a skill assessment system should be established.

7. The Administration agreed that to address the projected mismatch in manpower requirement and supply, measures should be taken to provide more education opportunities so as to increase manpower supply at the post-secondary and above levels and to upgrade the skills level of low skill and lowly educated workers. While it was the Administration's long-term plan to improve the overall education of workers, a skills upgrading scheme would be implemented in the meantime to help workers acquire better skills needed by the industries. In addition, a pilot programme, entitled "Re-employment Pilot Programme for the Middle-aged", would be launched to help the long-term unemployed workers aged above 40 to return to work.

8. With regard to the training leave wage subsidy scheme, the Administration advised that the training and retraining courses currently provided by the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) were already subsidised by the Government. The Government would also bear the majority of the training costs for the skills upgrading training courses being planned. The Administration therefore had reservations about offering employers additional training leave wage subsidy. Regarding the training subsidy to trainees, the Administration advised that both the VTC and ERB were providing fundamental training and retraining courses free of charge. There were also heavy subsidies for skill training courses at mid-level. The Administration would continue to encourage employers to provide training to their employees and, at the same time, encourage employees to pursue continuing education or to equip themselves with better skills.

9. The Administration agreed that the establishment of a skill assessment

system would enhance the recognition of employees' skills. The Administration would first proceed with the Skills Upgrading Scheme by inviting trade associations of the relevant industries and employer organisations to actively participate in the design and assessment of the skills upgrading courses so as to enhance recognition of these courses. Based on experience drawn from the Skills Upgrading Scheme, the Administration would study the feasibility of skills assessment and accreditation ladder for advancement.

Initiatives to help the unemployed find employment

10. The Panel had jointly discussed with the Panel on Welfare Services the different programmes introduced by the Government to help the unemployed find employment. Members expressed concern that there would be wastage or duplication of resources as there were 13 different programmes initiated by the Labour Department (LD), the Social Welfare Department (SWD) and the ERB. The Administration assured members that there was no wastage or duplication of resources as each of these programmes served a distinct client group and a different purpose. For instance, the Youth Pre-employment Training Programme and the Re-employment Pilot Programme for the Middle-aged launched by the LD aimed respectively at helping unemployed youth aged between 15 and 19 and job-seekers aged above 40 who had failed to find jobs after registering with the LD for three months or above. On the other hand, the Support for Self-reliance Scheme and the various initiatives under the Promotion Self-reliance Strategy implemented by the SWD aimed at helping the unemployed Comprehensive Social Security Assistance recipients. As regards the programmes provided by the ERB, their primary objective was to help the unemployed aged 30 and above with no more than lower secondary education to acquire the requisite skills to find jobs.

11. Some members were of the view that although the various programmes were targeted at different client groups and served different purposes, it was inevitable that there would be overlapping in the supporting services for these programmes and requested the Administration to look into this matter. The Administration responded that the LD, SWD and ERB had maintained close cooperation at all levels to avoid duplication of efforts and to optimise available resources. Close liaison between the relevant government departments and other service providers would continue to ensure the best use of available resources to help disadvantaged job-seekers to find employment.

Retirement protection for employees after the implementation of the Mandatory Provident Fund System

12. Some members expressed concern about the retirement protection for employees who were forced by their employers to change the terms of employment contract, e.g. to convert part of the wages into housing allowance in a bid to reduce the employers' contribution to the Mandatory Provident Fund (MPF) Schemes, or to change to the status of self-employed to evade

employers' MPF contributions. They also expressed concern that employees who had changed to the status of self-employed would be deprived of the rights and protection as provided in the various labour legislation, for instance, their entitlement to compensation for work-related injuries. They urged the Mandatory Provident Fund Schemes Authority (MPFA) and the LD to proactively undertake inspections and prosecutions to deter such malpractice of employers.

13. The Administration explained that under the Employment Ordinance, an employer could not unilaterally vary the terms of employment. Even if an employer had changed the status of his employee to self-employed, he still had to fulfil his obligations under the various labour legislation, including the Employment Ordinance and the Employees Compensation Ordinance, if the employer-employee relationship had not changed in essence. The Administration informed the Panel that the MPFA's enforcement team was responsible for inspection and investigation into non-compliance cases. For those complaints related to labour relations, the MPFA was working closely with the LD and would take joint actions where appropriate. The MPFA had also stepped up its public education and publicity efforts to remind employers of their MPF responsibilities.

Admission of Mainland Professionals Scheme

14. Some members were in support of the Admission of Mainland Professionals Scheme. They shared the Administration's view that an adequate supply of manpower was important to economic development. With China's accession to the World Trade Organization, it was envisaged that more overseas companies would establish offices in Hong Kong in preparation for their entry into the Mainland market. These members also shared the Administration's view that the admission of Mainland professionals in the information technology (IT) and financial services sectors to meet the present manpower shortage would enhance economic development in Hong Kong and create more employment opportunities for the local workforce.

15. Some other members, however, expressed concern about the implications of the Scheme on the employment opportunities of the local workforce. These members were worried that as no quota or minimum wage would be imposed, the unlimited admission of Mainland professionals would adversely affect the employment opportunities and wage level of local professionals and university graduates. They had requested the Administration to consider imposing a quota on the number of Mainland professionals to be admitted.

16. Members also considered that in the longer term, it was important for Hong Kong to train its own professionals. The Government should give full support to the local tertiary institutions in the provision of relevant and necessary education programmes to meet the local needs.

17. The Administration was of the view that the absence of a quota should be seen in the context of the scope and the principles underlying the Scheme. The Administration explained that the Scheme would only be open to the IT and financial services sectors initially. In processing applications, the Administration would adhere to the well established principle that only those who possessed skills and expertise not readily available locally and employed on remuneration broadly comparable to the local market level would be approved for entry. Mainland professionals would not be admitted if these conditions were not met.

18. The Administration further explained that an effective monitoring mechanism would be put in place to prevent abuse and to ensure that only those applicants who were genuinely needed locally would be admitted. The Immigration Department (ImmD) had the experience in dealing with entry applications from foreign professionals. To ensure fair and objective assessment of applications, ImmD adopted a two-tier approval system under which a case had to be first processed by a case officer and to be further scrutinised by an approving officer. Where necessary, ImmD would seek the views of the relevant government departments and trade organisations. The Administration assured members that an uncontrolled influx of Mainland professionals would not be allowed. The effectiveness and operation of the Scheme would be reviewed one year after its implementation. The Administration has also undertaken to provide the Panel with reports on the progress of the Scheme on a regular basis.

19. The Panel passed a motion at its meeting on 19 April 2001 requesting the Government to impose a quota on the number of Mainland professionals to be admitted; set up a vetting committee with representatives from the labour sector to monitor the Scheme; stipulate that the salaries to be paid by the employers to the admitted Mainland professional should not be lower than the median market wages of the same trade; and increase vocational training and university places to meet the projected shortfall.

Employees' compensation system

20. In 2000, the Hong Kong Federation of Insurers (HKIF) engaged consultants to review the performance of the Hong Kong's employees' compensation insurance business and recommend possible measures for reform. The consultancy report was released in late November 2000. Apart from announcing that it would follow up some proposals pertaining to the operation of insurers underwriting the employees' compensation business, the HKIF called on the Government to consider making improvements to the employees' compensation system.

21. Some members shared the concern of the labour sector that some of the proposed measures relating to the employees' compensation system, if adopted, might have adverse impact on the rights and benefits of employees under the system. For example, the consultants proposed to reduce the periodical payments to an injured employee during sick leave from four-fifths of pre-injury earnings to 67% of pre-injury earnings for those injured employees who had been receiving such benefits for more than six months in order to induce them to return to work.

22. The Administration explained that the length of sick leave was decided by a registered medical practitioner or the Employees' Compensation Assessment Board after taking into account the medical conditions of the injured employee. The Administration did not believe that the existing benefits in respect of sick leave for employment-related injury had been abused. The Administration assured members that unless there was sufficient evidence that the existing employees' compensation system was being abused, the Administration would not agree to reduce, by any means, legitimate and reasonable compensation provided to injured employees.

23. Noting that there was serious under-funding in the employees' compensation insurance business, some members expressed concern about a possible scenario where all the insurance companies presently engaging in the business might withdrew from the business if the under-funding situation persisted. They suggested that a centralised employees' compensation system be implemented to replace the existing system operated by insurance companies.

24. The Administration was of the view that the existing employees' compensation system was running satisfactorily and there was no sufficient justification to change it to a central statutory one. The current under-funding situation in the insurance business was attributed to the intense competition in the insurance industry and the operation of the industry. The situation might be rectified by adopting some of the measures proposed by the consultants relating to the operation of the insurance industry, e.g. re-formulating the premium-fixing strategy, enhancing information management and data collection on occupational safety records, and capping the level of commission paid to intermediaries.

Review of the Employees Compensation Assistance Scheme

25. The Panel also discussed the various measures proposed by the Administration to restore the financial viability of the Employees Compensation Assistance (ECA) Scheme. One of the measures proposed was to pay an ex-gratia payment in lieu of common law damages awarded. Under the proposed arrangements for a fatal case, if the amount of ex-gratia payment exceeded \$1.5 million, an initial payment of \$1.5 million would be paid and then followed by monthly payments made to the deceased employee's spouse and children under the age of 21. Some members suggested that the amount of

initial payment should be increased and a time limit for the monthly payments should be set to ensure that the spouse and children would receive the full amount of compensation.

26. The Administration explained that the decline in levy income and the increase in the compensation amount in recent years had led to a significant imbalance between the income and expenditure of the ECA Fund. In the view of the Administration, the ex-gratia payment was of compassionate nature, and the ECA Fund should aimed at helping as many people as possible and should not be exhausted by individual large claims. If the amount of initial payment had to be increased and for all monthly payments continued until the full amount of compensation was exhausted, the levy rate might need to be further increased from 1% to 4.4%. The proposal would strike a balance between the affordability of employers and maintaining the safety net for employees.

27. The Panel pointed out that a number of employers had not taken out or had taken out insufficient insurance cover for employees' compensation. The Panel urged the Administration to step up enforcement action against non-compliance with the statutory insurance requirements. The Panel considered that the fines collected for non-compliance with the statutory insurance requirements should be paid to the ECA Fund for the compensation payments under the ECA Scheme, and that the amount of such fines should be increased to a level to meet such payments. In addition, the Panel considered that the ECA Fund should solely be used for compensation payments under the ECA Scheme, and that legal and operating costs of the ECA Board should not be charged to the Fund. The Panel also suggested that the bridging loan of \$60 million to be provided to the ECA Board should be a capital injection by the Government.

Work safety and health

28. The Panel was also consulted on a number of legislative proposals to improve industrial safety. They included the proposed Factories and Industrial Undertakings (Medical Examination) Regulation to provide for a framework for medical examination for workers engaged in 17 designated hazardous occupations, and the proposed Factories and Industrial Undertakings (Gas Welding and Flame Cutting) Regulation to require mandatory safety training for workers undertaking gas and flame cutting work. The Panel also discuss with the Administration preventive measures and rehabilitation services in respect of occupational injuries to the hand and arm. The Panel took note of the promotional and training efforts undertaken by the Administration to assist the industries in improving work safety and health. The Panel stressed the need for sustained efforts in education, training and enforcement, as well as the importance of tripartite co-operation among employers, employees and the Government in promoting safety and health at work.

Other issues

29. The Panel had discussed a range of other issues with the Administration. They included the review of the levels of compensation under the Employees' Compensation Ordinance and the Pneumoconiosis (Compensation) Ordinance; the Skills Upgrading Scheme; progress of the Chinese Cuisine Training Institute; proposed amendments to the Employment Ordinance on the offsetting arrangement of the MPF Schemes benefits against long service payment and severance; Report of the Hong Kong Special Administrative Region on the implementation of Articles 6, 7, 8 and 9 of the International Covenant on Economic, Social and Cultural Rights; and the Self-employment Business Start-up Fund.

30. Between October 2000 and June 2001, the Panel held a total of 12 meetings, one of which was a joint meeting with the Panel on Welfare Services. The Panel also met with a delegation of the German Parliament Committee on Labour and Social Affairs to exchange views on labour matters.

Council Business Division 2
Legislative Council Secretariat
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LegCo Panel on Manpower

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to labour and manpower planning matters.
2. To provide a forum for the exchange and dissemination of views on related policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in the relevant policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and to report on any major issues of wide public concern in the relevant policy area as referred by the Council or House Committee or as raised by the Panel itself.

**Legislative Council
Panel on Manpower**

Membership list

Chairman	Hon LAU Chin-shek, JP
Deputy Chairman	Hon CHAN Kwok-keung
Members	Hon Kenneth TING Woo-shou, JP Hon James TIEN Pei-chun, JP Hon Cyd HO Sau-lan Hon LEE Cheuk-yan Dr Hon LUI Ming-wah, JP 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
	(Total : 19 Members)
Clerk	Mrs Sharon TONG LEE Yin-ping
Legal Adviser	Mr Arthur CHEUNG
Date	10 October 2000