

**立法會**  
**Legislative Council**

LC Paper No. CB(2) 1149/01-02  
(These minutes have been seen by the  
Administration)

Ref : CB2/PL/MP/1

**LegCo Panel on Manpower**

**Minutes of meeting**  
**held on Thursday, 17 January 2002 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 Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon Cyd HO Sau-lan  
Hon LEE Cheuk-yan  
Dr Hon LUI Ming-wah, JP  
Hon CHAN Yuen-han, JP  
Hon LEUNG Yiu-chung  
Hon Ambrose LAU Hon-chuen, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah  
Hon LI Fung-ying, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Michael MAK Kwok-fung  
Hon Albert CHAN Wai-yip  
Hon LEUNG Fu-wah, MH, JP

**Member attending** : Hon CHEUNG Man-kwong

**Members absent** : Hon YEUNG Yiu-chung, BBS  
Hon Frederick FUNG Kin-kee

**Public Officers :** Item III  
**attending**

Mrs Fanny LAW, JP  
Secretary for Education and Manpower

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

Mrs Rachel CARTLAND, JP  
Principal Assistant Secretary for Education and Manpower

**Attendance by :** Item III  
**Invitation**

Hong Kong Institute of Vocational Education Teachers' Association, Technical Education Graduate Staff Association, Technical Education & Vocational Training Non-Teaching Staff Union, and representatives of Technical, Clerical & Secretarial Ranks and Minor Staff in the Council Consultative Committee of Vocational Training Council

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Mr CHAN Wai-keung  
President, Hong Kong Institute of Vocational Education Teachers' Association

Mr WONG Fun-bor  
Chairman, Hong Kong Institute of Vocational Education Teachers' Association

Mr TANG Sing-sum  
Vice Chairman, Hong Kong Institute of Vocational Education Teachers' Association

Mr Sunny SUNG Po-kwong  
Chairman, Technical Education Graduate Staff Association

Mr Eddy CHAN Fok-cheung  
Secretary, Technical Education Graduate Staff Association

Mr NG Ngau  
Chairman, Technical Education & Vocational Training Non-Teaching Staff Union

Mr LAM Kim-wah  
Representatives of Technical, Clerical & Secretarial Ranks and Minor Staff in the Council Consultative Committee of Vocational Training Council

Federation of Trade Unions in Vocational Training Council

Mr WONG Chun-fai  
Chairman, Federation of Trade Unions in Vocational Training Council

Mr CHAN Siu-lun  
Director and Spokesman, Association of Inspectors of Apprentices

Mr CHENG Kay-kin  
Chairman, Vocational Training Council Industrial Training Officer Grade Association

Mr CHEUNG Fook-kong  
Chairman, Vocational Training Council Instructors & Workshop Instructors Association

Mr YEUNG Hin-yiu  
Chairman, Hong Kong Institute of Vocational Education Staff Association

Employees Retraining Board Staff Concern Group on the Development of the Manpower Development Committee

Miss Kattie KWOK  
Convenor

Mr Steve LAI  
Vice Convenor

Mr Tommy SIN  
Vice Convenor

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

**Staff in attendance** : Ms Dora WAI  
Senior Assistant Secretary (2) 4

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**I. Confirmation of minutes of previous meeting and matters arising**  
(LC Paper Nos. CB(2)854/01-02 and CB(2)828/01-02(01))

The minutes of the meeting held on 20 December 2001 were confirmed.

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List of follow-up actions required of the Administration

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

**II. Date of next meeting and items for discussion**

(LC Paper No. CB(2)828/01-02(02))

3. As some members of the Panel would be joining the Legislative Council (LegCo) delegation to visit Canada in February 2002, members agreed that the next meeting originally scheduled for 21 February 2002 be re-scheduled to 28 February 2002 at 2:30 pm to avoid a clash with the visit.

4. Members agreed that the item on “Impact on the Protection of Wages on Insolvency Fund of increase in cases of liquidation of companies which are unable to pay outstanding wages and other entitlements owed to employees” originally scheduled for discussion at this meeting be deferred to the next meeting in order to allow more time for the discussion of the item on “Review on organisation of vocational training and retraining”. In addition to the deferred item, the following items would be discussed at the next meeting -

- (a) Setting up a mandatory unemployment insurance system in Hong Kong - the Administration’s response; and
- (b) Extension of the Information Technology Assistant Training Courses.

5. Members agreed that the briefing by the Census and Statistics Department on the Summary Results of the 2001 Population Census be held at the meeting in March 2002.

6. Members also agreed that the meeting originally scheduled for 21 March 2002 be re-scheduled to 25 March 2002 at 4:30 pm to give way to a special meeting of the LegCo Finance Committee.

**III. Review on organisation of vocational training and retraining**

(LC Paper No. CB(2)688/01-02(05) and the Consultancy Report on Review of the Organisational Set-up for Vocational Training and Retraining issued vide LC Paper No. CB(2)778/01-02)

7. Secretary for Education and Manpower (SEM) briefed members on the Administration’s proposals to set up a Manpower Development Committee (MDC) in April 2003. The Administration considered it necessary to set up a new body to adopt a coordinated and focused approach so that vocational education and training would meet the needs of a knowledge-based economy. To achieve this, MDC’s important tasks would include development of a qualifications framework for the vocational sector with clear progression pathways, a quality assurance system and an effective interface with other education sectors. She added that MDC would not be a statutory body.

8. SEM pointed out that the five-year manpower projection undertaken in 2000 had

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revealed a serious manpower mismatch. There was a projected surplus manpower supply of some 130 000 to 140 000 persons of low skills and low educational attainment, and consequently the market for vocational education and training was growing and would continue to grow. The Administration considered that the market should be broadened and the private vocational training sector should be encouraged to help meet the demand for trained manpower arising from the economic restructuring and to provide a greater variety of training programmes. However, in view of the high and increasing demand for vocational education and training, the Government's commitment in this arena would not be reduced. Courses that would not be viable in a private market situation but were necessary nonetheless would continue to be subvented by the Government.

9. SEM assured members that there were no plans to upset or alter the funding currently allocated for tertiary education and education programmes for young people aged between 15 and 17. If there were to be policy changes in this area, they would only be introduced after intensive consultations and accompanied by adequate transitional arrangements.

10. SEM said that she understood the worries of the staff of the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) about the apparent implications of the opening up of the vocational education and training market. In this connection, she explained that MDC would be established on the basis of the existing foundations. It would absorb the advisory and quality assurance functions of VTC with associated staff movement. In addition, all ERB staff should be absorbed by MDC as the functions of ERB would be performed by MDC once it was established. The Preparatory Committee for the establishment of MDC (the Preparatory Committee), which would be formed in early 2002, would include representatives from VTC and ERB so that their views could be taken into account when the relevant policies and proposals were formulated. SEM further assured members that the Administration would continue its dialogue with the staff associations concerned on issues relating to the establishment of MDC.

Meeting with deputations

*Hong Kong Institute of Vocational Education Teachers' Association, Technical Education Graduate Staff Association, Technical Education & Vocational Training Non-Teaching Staff Union, and representatives of Technical, Clerical & Secretarial Ranks and Minor Staff in the Council Consultative Committee of Vocational Training Council  
(LC Paper No. CB(2)788/01-02(01))*

11. Mr WONG Fun-bor and Mr TANG Sing-sum presented the views of the Hong Kong Institute of Vocational Education Teachers' Association, Technical Education Graduate Staff Association, Technical Education & Vocational Training Non-Teaching Staff Union, and representatives of Technical, Clerical & Secretarial Ranks and Minor Staff in the Council Consultative Committee of Vocational Training Council, as detailed in the deputation's speaking note.

*(Post-meeting note : The speaking note of the deputation was circulated to members*

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vide LC Paper No. CB(2)944/01-02 on 21 January 2002.)

*Federation of Trade Unions in Vocational Training Council  
(LC Paper No. CB(2)817/01-02(01))*

12. Mr WONG Chun-fai presented the views of the Federation of Trade Unions in Vocational Training Council as detailed in its submission.

*Employees Retraining Board Staff Concern Group on the Development of the Manpower Development Committee  
(LC Paper No. CB(2)896/01-02(01))*

13. Mr Steve LAI presented the views of the Employees Retraining Board Staff Concern Group on the Development of the Manpower Development Committee, as detailed in his speaking note.

*(Post-meeting note : The speaking note of Mr LAI was circulated to members vide LC Paper No. CB(2)944/01-02 on 21 January 2002.)*

Issues raised by members

14. Mr LEE Cheuk-yan expressed support that there should be a better coordination in the vocational education and training market. He considered that mainstream education and pre-employment vocational education and training should be handled separately. He also opined that MDC should not perform the service provider function. In view of the worries expressed by the staff associations, he asked whether it was the Administration's intention to privatise the provision of vocational education and training in the long run. He also asked about the consequences if the two provider arms under VTC, viz the Hong Kong Institute of Vocational Education and the Training Centres/Training and Development Centres, were not successful in competing with private providers in the open market in future.

15. SEM pointed out that the Administration had not accepted all the proposals set out in the Consultancy Report on Review of the Organisational Set-up for Vocational Training and Retraining (the Consultancy Report). The Administration had not yet formulated the details of MDC's operations; this would be the task of the Preparatory Committee. She explained that the Administration's intention was to encourage more training providers to enter the market to provide more training programmes to meet the needs of the community and individuals in the hope of alleviating the serious manpower mismatch as quickly as possible. New training providers might not necessarily come from the private sector; non-profit making organisations could also participate. As regards the worries expressed by the staff associations about their employment prospects and the future of VTC, she considered that they should have confidence in themselves, since VTC was already established as a major provider with 20 years' experience in vocational training.

16. The Chairman asked the Administration to give more assurances to the staff concerned in order to increase their confidence. Ms LI Fung-ying shared the view of the

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Chairman. She was particularly concerned about ERB staff as ERB was not a training provider and thus it would not be able to compete in an open market. Mr LEE Cheuk-yan enquired whether ERB would continue to perform the function of job placement.

17. SEM responded that the Administration had already given assurances to the staff associations that the Administration would continue the dialogue with them in respect of the setting up of MDC. She pointed out that the current mode of operation of ERB was exactly the same as that recommended by the consultant. As MDC would absorb the functions of ERB, she expected that MDC would be able to absorb the suitable ERB staff.

18. Miss CHAN Yuen-han said that The Hong Kong Federation of Trade Unions supported that there should be a review of the organisation of vocational training and retraining. However, any change should be made in consultation with the staff affected. She considered that a separate committee should be set up to handle the transitional arrangements of staff affected and to address their concerns. SEM said that the staffing arrangements would be examined by the Preparatory Committee.

19. Mr LEUNG Yiu-chung queried why the Consultancy Report did not cover a long-term plan on staffing arrangements in order to reduce the worries of VTC and ERB staff. SEM explained that it was common that a phased approach would be adopted to implement a major proposal. Views of stakeholders on the framework of the proposals would be sought before working out the details. Accordingly, the issue of staffing arrangements would be dealt with by the Preparatory Committee once stakeholders had been consulted on the framework of the proposals.

20. Mr Michael MAK noted that VTC staff would be absorbed by MDC on a selective basis. He enquired about the details of this arrangement. SEM explained that the advisory and quality assurance functions currently performed by VTC would be absorbed by MDC in future. VTC staff who had expertise in qualifications framework, quality assurance and labour market assessment would be absorbed by MDC whereas those who performed teaching duties would remain in VTC to maintain its training provider functions.

21. Mr Albert CHAN cited a past incident that the Administration had given assurances to LegCo Members that staff of the Land Development Corporation (LDC) would be absorbed by the Urban Renewal Authority (URA) upon its establishment. However, he learned that more than 20 senior staff members of the former LDC had been dismissed soon after their transition to URA. In view of this incident, he was worried about the transition of VTC and ERB staff to MDC despite the assurances given by the Administration.

22. Mr LEE Cheuk-yan pointed out that VTC and ERB were statutory bodies and thus their operations were governed by legislation. He expressed worry that the control of vocational education and training would be centralised in the Administration in future as MDC would be a non-statutory body performing an advisory role. He also queried about the appointment of staff for MDC bearing in mind its non-statutory status. Miss CHAN Yuen-han shared the worry of Mr LEE and expressed reservations about the Administration's proposal for MDC to be established as an advisory body.

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23. SEM pointed out that the non-statutory status of MDC would not affect its independence and its ability to employ its own staff and she drew attention to the example of the University Grants Committee (UGC), which was a non-statutory body also. The mode of operation of MDC would be similar to that of UGC. She added that as VTC was a statutory body, the working relationship between the Administration and VTC had not been close enough.

24. Ms LI Fung-ying considered that the link between the Administration and VTC/ERB should not be distant as there were Government officials sitting in their Boards. She questioned why VTC and ERB could not be tasked to perform the functions of MDC.

25. SEM explained that VTC already had a wide variety of responsibilities, including provision and quality control of training courses and management of some 4 000 staff. It was not possible for VTC to focus on the overall development and regulation of the vocational training market and hence the establishment of MDC was necessary.

26. In reply to Ms LI Fung-ying's further question as to whether more subsidy would be provided to assist the unemployed and marginal workers aged 30 or above, SEM said that whether additional funding could be provided would depend on the funding allocation in the annual budget exercise.

27. Mr LEE Cheuk-yan asked whether the form of subsidy for vocational education and training in future would follow that of the existing arrangement for diploma and higher diploma courses. He also asked whether training providers who were unsuccessful in bidding for a particular course would not be able to receive any subsidy for that course. Miss CHAN Yuen-han enquired about the level of subsidy to be provided by the Government for vocational education and training when the open market developed.

28. SEM responded that the Administration could give no details at present in respect of the level and form of subsidy for vocational education and training as these had to be worked out having regard to the result of the review on subsidy for tertiary education which was now being conducted by UGC. In considering the level and form of subsidy, the Administration would adopt a "smooth transition" approach and would follow the principle of enhancing efficiency and cost-effectiveness.

29. Mr Michael MAK expressed worry that vocational education and training programmes might become market driven. Providers might choose to provide popular courses only. SEM responded that courses which were not viable for private providers, such as those with high per capita costs, would continue to be subvented by the Government.

30. Mr SZETO Wah pointed out that the staff concerned had no confidence in the Administration's proposals. As the eight universities also offered sub-degree and higher diploma courses, VTC would be in a less favourable position if it had to compete with the universities in an open market. He asked whether the Government would be prepared to provide subsidy to VTC if its performance in an open market was discouraging.



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31. SEM responded that each training institution had its own strength and its own target group of students. To increase its competitiveness, VTC might focus on organising technical skills courses which was probably its particular strength. She pointed out that VTC did in fact already organise some self-financing courses and enrolment rates had been encouraging.

32. Mr SZETO Wah noted that it was the Administration's long-term plan to implement the self-financing principle in the education and training sectors. He asked when this policy would be implemented. SEM responded that the Administration had no definite plan in this regard. She assured members that consultation would be carried out should there be a change in the policy.

33. Mr SZETO Wah further asked whether the proposal to review the organisation of vocational training and retraining was part of the Chief Executive's initiative to provide 60% of school leavers with tertiary education in 10 years. SEM said that the proposal was in response to the general view that better coordination in the field of vocational training was required. The Administration welcomed views on how to achieve this objective.

34. Mr James TIEN agreed that mainstream education and training of manpower should be handled separately. He shared the worries of the staff associations concerned and asked the Administration to continue the dialogue with them in working out a mutually agreeable arrangement. He said that there were several hundred thousand persons facing difficulties in changing their jobs, especially those who had worked in the same job for more than 10 years. Training and retraining courses which could equip this group of persons with the skills required by the market were most needed in order to maintain their employability. He asked whether the establishment of MDC could address the problem of manpower mismatch.

35. SEM said that the vocational training sector should be responsive to the market in order to be able to provide training programmes to meet the changing needs of the economy. She pointed out that it was an international trend to encourage stakeholders' participation in devising training programmes. MDC, when established, would also invite relevant parties, viz employer and employee representatives, training bodies and the Government, to participate and the advice of eminent scholars would also be sought. She mentioned that employers in the information technology (IT) sector had been active in advising the IT Training Committee of VTC about the skills and knowledge required by the sector. Such information was most useful in designing IT courses which met market needs. In this connection, she appealed to employers in all sectors to actively participate in the process of devising training programmes.

36. Mr James TIEN said that the General Chamber of Commerce was in support of the Administration's idea to invite stakeholders' participation. However, he was worried that employers might not be able to have a sound grasp of the market in view of the current economic restructuring. He suggested that the Administration should invite employers' participation on an extensive basis so that a more balanced view could be obtained.

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37. Noting that there would be a quality assurance arm and a provider arm within MDC, Mr James TIEN asked whether MDC would have to handle the provision of training programmes. SEM responded that it was a longer term objective to separate MDC from any provider arm. However, there was a need for MDC to link with VTC initially as VTC had a team of staff with expertise in labour market assessment and quality assurance. Such expertise was useful in developing the systems needed by MDC. The quality assurance function of MDC would relate to the performance of the entire vocational education and training market rather than the quality of training courses offered by individual providers.

38. At this juncture, the Chairman left the meeting and the Deputy Chairman took the chair.

39. Ms LI Fung-ying expressed worry about the “user pays” principle and the “downward pressure” on the funding system as suggested in the Consultancy Report. She requested the Administration to inform members which proposals in the Consultancy Report would be adopted by the Government. Mr LEUNG Yiu-chung shared the view of Ms LI.

40. SEM said that the measures intended to be implemented were set out in the Administration’s paper. She assured members that the Administration would proceed with the measures on the basis of consultation with major stakeholders.

41. Mr Andrew CHENG shared the worry of Ms LI Fung-ying as the Administration did not expressly state that the proposals not included in its paper would not be adopted in future. Staff worries were inevitable especially in view of the possibility of staff redundancies as revealed in paragraph 19 of the Administration’s paper. He held the view that vocational education and training should not be directly linked with money and should not be assessed solely from a business angle. The Government should shoulder commitment in this arena. He expressed worry that the existing proposals might only be able to achieve a reduction in the Government’s expenditure, but without an increase in the overall efficiency and cost-effectiveness. He suggested that the Administration should carefully assess whether the functions of MDC could be performed by a merger of VTC and ERB if the necessary modifications and improvements were in place.

42. Mr LEUNG Yiu-chung asked why the Administration considered that a merger of VTC and ERB could not address the existing shortfalls. He expressed worry about MDC’s ability to effectively perform all the six functions set out in the Administration’s paper as the staffing resources available to a non-statutory body might be very limited. SEM reiterated the reasons for and advantages of setting up MDC as detailed in paragraphs 7 and 23 above.

43. Mr CHEUNG Man-kwong expressed worry that the “user pays”, “self-financing” and “enhancement of cost-effectiveness” principles could be used as pretexts for the Government to give up subsidising education and training. He pointed out that 30% of the new school places, which were mostly sub-degree programmes, were operated on a self-financing basis. It had become increasingly common that a self-financing basis was adopted in providing skills courses and other courses leading to certificates, diplomas and

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higher diplomas. This demonstrated that the Government might gradually stop financing all these courses in the long run.

44. Mr CHEUNG Man-kwong further pointed out that as there would be more subsidised senior secondary school places, the demand for courses offered by VTC for school leavers at secondary 3 level or above would decline. Moreover, if the courses currently organised by VTC for school leavers at secondary 5 level or above did not fall under pre-employment education and had to be run on a self-financing basis like other sub-degree courses, VTC might not be able to get a sufficiently large market share to support its operation. He cautioned that the worries and concerns of the staff affected should not be neglected and should be properly addressed at the outset.

45. Mr Tommy CHEUNG said that he had no strong views on a merger of VTC and ERB provided that the new body would operate with flexibility. In his view, the most important objective was to build manpower which could meet the needs of the market and offer the best value for money.

46. Mr LEUNG Fu-wah noted the Administration's plan to set up the Preparatory Committee and MDC in early 2002 and April 2003 respectively. Referring to paragraph 3 of the Administration's paper, he asked whether it was the Administration's intention to allow VTC and ERB to make improvements in the interim so that MDC, upon its establishment, would decide on the specific way forward having regard to the progress made by VTC and ERB.

47. SEM said that the key task of the Preparatory Committee was to develop the consultant's proposals having regard to the views expressed by the parties concerned such as members of the Panel and the staff associations. This would include drawing up the necessary legislative amendments in preparation for the establishment of MDC.

48. As the staffing proposal to create a post for the setting up of MDC was not supported by the Panel, the Deputy Chairman asked whether the Administration would continue its plan to set up MDC as scheduled.

49. SEM responded that despite this serious setback, the Administration hoped that MDC could be established as soon as possible. She informed members that the Education and Manpower Bureau was trying to identify scope for internal redeployment to take on the work of setting up MDC. She assured members that the Administration would not neglect the importance of communication with all parties concerned.

50. Referring to Mr TANG Sing-sum's comment that Secondary 5 graduates might not possess the standard of Secondary 1, Mr LEUNG Fu-wah asked whether this demonstrated that there was a problem in the quality of the education system. Mr TANG Sing-sum said that from teachers' point of view, education and training should be linked with resources. As it was observed that many students did not possess the required standards, he queried whether the Administration should continue to pursue the target to provide 60% of school leavers with tertiary education, especially in view of the limited resources available for education and training. SEM did not share the view that the Government should give up

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plan for education improvement simply because some students were not up to the required standards.

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51. The Deputy Chairman suggested and members agreed that the Administration should provide members with the progress on the proposals in relation to the establishment of MDC on a quarterly basis.

**IV. Any other business**

52. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 2  
Legislative Council Secretariat  
21 February 2002