

立法會
Legislative Council

LC Paper No. CB(2)689/01-02
(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP/1

LegCo Panel on Manpower

Minutes of meeting
held on Thursday, 15 November 2001 at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon CHAN Kwok-keung (Deputy Chairman)
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 YEUNG Yiu-chung, BBS
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 Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Members attending : Hon Bernard CHAN
Hon WONG Sing-chi

Members absent Hon LAU Chin-shek, JP (Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Michael MAK Kwok-fung
Hon Frederick FUNG Kin-kee

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Public Officers : Item III
attending

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

Mr LAM Kam-kwong
Principal Assistant Secretary for Education and Manpower

Mr Benjamin TANG, JP
Commissioner of Insurance

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

Mr LAI Ka-tong
Senior Labour Officer

Item IV

Mr LAM Kam-kwong
Principal Assistant Secretary for Education and Manpower

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

Mr LAI Ka-tong
Senior Labour Officer

Item V

Mrs DO PANG Wai-yee
Principal Assistant Secretary for Education and Manpower

Mrs Pamela TAN, JP
Commissioner for Labour

Mr T S CHOW, JP
Assistant Commissioner for Labour (Employment Services)

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

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

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As the Chairman was unable to attend the meeting, the Deputy Chairman took the chair.

I. Matters arising

(LC Paper Nos. CB(2)336/01-02(01) and (02))

List of follow-up actions required of the Administration

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

Proposed visit to the Vocational Training Council

3. Members agreed to visit the Vocational Training Council (VTC) and its vocational education and training facilities on 7 December 2001 from around 9:30 am to 12:30 pm. Members also agreed that other Members of the Legislative Council (LegCo) should also be invited to join the visit.

II. Date of next meeting and items for discussion

(LC Paper No. CB(2)336/01-02(03))

4. Members agreed that the following items be discussed at the next meeting to be held on Thursday, 20 December 2001 at 2:30 pm -

- (a) Continuing Education Fund;
- (b) Review on organisation of vocational training and retraining; and
- (c) Impact on the Protection of Wages on Insolvency Fund of increase in cases of liquidation of companies which were unable to pay outstanding wages and other entitlements owed to employees.

5. Regarding the proposals referred to in paragraph 12 of the list of issues to be considered by the Panel, Mr LEUNG Fu-wah informed members that a Member's Bill jointly proposed by Mr CHAN Kwok-keung, Ms LI Fung-ying and himself had been submitted to the President of LegCo for consideration. To facilitate discussion by the Panel at its future meeting, he undertook to provide members with the relevant information on the proposals.

6. Ms LI Fung-ying suggested that representatives from the Census and Statistics Department should be invited to a meeting of the Panel to brief members on its recently published Summary Results of the 2001 Population Census relating to labour and manpower matters. Members agreed.

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7. Members also agreed that the item on Research Report on Mandatory Unemployment Insurance System proposed by the Administration should be discussed by the Panel at a future meeting.

III. Review of the Occupational Deafness Compensation Scheme and Rescue package for the Employees Compensation Assistance Scheme
(LC Paper Nos. CB(2)336/01-02(04), (05) and (06))

8. Members noted the submissions from The Hong Kong Federation of Insurers and the Association for the Rights of Industrial Accident Victims tabled at the meeting.

(Post-meeting note: The submissions from The Hong Kong Federation of Insurers and the Association for the Rights of Industrial Accident Victims were circulated to members vide LC Paper Nos. CB(2)411/01-02(01) and (02) on 19 November 2001.)

9. Deputy Secretary for Education and Manpower (DSEM) briefed members on the Administration's proposals to modify the Occupational Deafness Compensation Scheme (the ODC Scheme) and the package of measures to restore the long-term viability of the Employees Compensation Assistance Scheme (the ECA Scheme).

10. Mr James TIEN said that the Liberal Party was not supportive of the Administration's proposals. He opined that matters under the ODC Scheme and the ECA Scheme should be dealt with separately as they were two separate schemes. In his view, the financial predicament of the ECA Scheme, which was triggered by the insolvency of the HIH Group of insurers, was mainly due to the ineffective monitoring over insurance companies by the Government. Therefore, the Administration should shoulder the responsibility and inject funds into the ECA Scheme to restore its financial viability, instead of imposing an increase in the overall employees' compensation insurance levy payable by employers. He opposed the proposed increase in the levy rate by 1%, i.e. from 5.3% to 6.3%. Regarding the ODC Scheme, he considered that the levy rate for the Occupational Deafness Compensation Board (the ODC Board) should be reduced if the number of claims declined. He also expressed disagreement with the proposal to set up a separate compensation fund to cater for insolvencies of insurers undertaking employees' compensation business, as the fund might be idle should there be no insolvent cases in future.

11. DSEM pointed out that the package of proposals for the improvement of the ODC Scheme was formulated on the basis of the recommendations made by a working group tasked to review the ODC Scheme (the Working Group). He said that the 5.3% levy collected from employers was distributed to the Employees Compensation Assistance Fund Board (the ECAF Board), the Occupational Safety and Health Council and the ODC Board. As the levy income indeed came from same employers, the Administration considered it reasonable to re-allocate the share of levy income among the ECAF Board and the ODC Board in order to avoid unnecessary further increase in the levy rate. He assured members that the financial position of the ODC Board was sound and therefore

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the proposed reduction in its share of levy income should not have implications on the operation of the Occupational Deafness Compensation Fund (the ODC Fund). He added that the ODC Board had an annual income of some \$70 million while its annual expenditure was only around \$27 million. Although its annual expenditure would rise to some \$58 million if the improvement proposals were implemented, its income could still adequately meet its annual expenditure. Besides recurrent income, the ODC Board also had an accumulated reserve of some \$230 million at present.

12. DSEM further said that if the ECAF Board were not provided with additional funds, the Employees Compensation Assistance Fund (the ECA Fund) would be depleted in early 2002 as the ECAF Board only had a balance of some \$31 million at present, whereas the estimated amount of claims accruing from the insolvency of the HIH Group would be \$350 million. He pointed out that under the Employees' Compensation Ordinance (ECO), employers were required to make compensation payment to employees within 21 days after the Certificate of Compensation Assessment was issued by LD. Employers could then apply for payment from the ECAF Board of the amount of compensation paid to employees. In the event of the ECA Fund becoming exhausted, eligible applicants might only receive their entitlement from the ECAF Board when the Board had sufficient funds to pay, in accordance with the order of priority as provided in section 26 of the Employees Compensation Assistance Ordinance (ECAO). Given the magnitude of claims arising from the insolvency of the HIH Group, it would be unrealistic to expect that the ECA Fund would be able to continue to function effectively in the absence of additional funds. After examining all possible ways to address the issue, the Administration considered that an adjustment of levy rates for the ECAF Board and the ODC Board within the overall employees' compensation insurance levy would be the most desirable way to help the ECAF Board tide over the immediate funding problem and restore its long-term financial viability. He added that the stakeholders had been consulted and the proposed arrangements were supported by the ECAF Board and the ODC Board.

13. Commissioner of Insurance (C of I) pointed out that the three local subsidiaries of the HIH Group had been operating well in Hong Kong before their parent company in Australia became insolvent. The Office of the Commissioner of Insurance (OCI) had been maintaining contact with the relevant authorities in Australia in respect of the insolvency of the HIH Group. He was not in a position to disclose further details at this stage as the cases were now pending in court. He added that as more than half of the insurance companies in Hong Kong were foreign companies, OCI was examining measures to be put in place to minimise the possibility of occurrence of similar incidents in future. However, in order not to deter foreign investments in Hong Kong, it would not be appropriate to impose too many restrictions over the operation of insurance business.

14. Mr James TIEN considered it unfair that the financial burden created by the insolvency of the HIH Group in Australia had to be borne by employers and employees in Hong Kong. He maintained the view that the insolvency of the three local subsidiaries of the HIH Group was due to the Government's ineffective monitoring, therefore it would be more reasonable for the Government to shoulder at least one-third of the total employees' compensation claims accruing from the insolvency of the HIH Group.

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15. DSEM pointed out that the provision of employees' compensation had always been the responsibility of employers. This established principle was endorsed by LegCo and the Labour Advisory Board (LAB) when ECAO was first passed by LegCo in 1991. Nevertheless, the Administration would provide assistance by extending a loan of \$280 million to help the ECAF Board out of its predicament. Repayment of the loan could commence from 2008-09 over a ten-year period.

16. Mr SZETO Wah noted that under the ODC Scheme, a life-time maximum of \$15,000 would be provided to each applicant for the purchase, repair and replacement of hearing assistive device. He said that according to applicants, they would first be provided with \$6,000 for the purchase of the device with the remaining sum provided thereafter on a yearly basis. The applicants considered that the amount of \$6,000 should be increased to \$10,000 to \$12,000 as the prices of prevailing models of hearing assistive devices were far higher than \$6,000. They also considered that the life-time assistance of \$15,000 was insufficient as the average life of a hearing assistive device was around 10 years.

17. Assistant Commissioner for Labour (Rights and Benefits) (AC for L(RB)) clarified that other than a limit of \$6,000 for the initial purchase, there was no restriction on how the balance of \$15,000 should be used every year. If necessary, a claimant could exhaust the maximum amount in two years. She said that according to audiologists and specialists in the field of ear, nose and throat, hearing assistive devices within \$6,000 were available in the market. Professional advice should be sought when selecting an appropriate hearing assistive device.

18. Mr Bernard CHAN said that The Hong Kong Federation of Insurers disagreed with the package of proposals recommended by the Administration, with reasons set out in its submission. He pointed out that the setting up of a separate compensation scheme would result in duplication of resources and the extra cost incurred would eventually be borne by employers.

19. DSEM said that as insurer insolvency would inevitably create sudden and substantial strain on the ECA Scheme, the Administration considered it appropriate that in the longer term, protection against insurer insolvency should be excluded from the scope of the ECA Scheme. Therefore, the Administration proposed that a separate compensation scheme should be set up to deal with insolvencies of insurers undertaking employees' compensation insurance business.

20. Mr Bernard CHAN considered that even with the increase of 1% in levy rate, the levy income might still be insufficient to restore the financial viability of the ECA Scheme. He said that the level of employees' compensation insurance premium had dropped persistently in the past few years and therefore the levy income should also have dropped correspondingly. Mr LEUNG Fu-wah asked whether the actual amount of levy income would increase upon the increase of levy rate by 1%.

21. Senior Labour Officer (SLO) responded that 1% of the levy imposed on

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employees' compensation insurance premium amounted to \$19.8 million in 1999-2000, \$25.2 million in 2000-01 and \$16.4 million in the first two quarters of 2001-02. The amount of 1% of the levy imposed on employees' compensation insurance premium for the whole 2001-02 was estimated to be some \$27 to \$28 million. In projecting this figure, the Administration had taken into account the fact that the figure in the first two quarters of a year would usually account for a higher percentage. The above figures demonstrated that the actual amount of levy income would increase upon the increase of levy rate.

22. Mr LEUNG Fu-wah asked why the Administration proposed to increase the levy rate for the ODC Board from 1.2% to 1.8% from 2007-08. SLO replied that this was proposed with reference to an assessment made on the financial viability of the ODC Board on a long-term basis, which suggested that the levy rate for the ODC Board should be increased to 1.8% from 2007-08 in order to maintain its financial stability. With its significant amount of reserve, the ODC Board would be financially viable at the levy rate of 1.2% in the five years before 2007-08.

23. In reply to Mr LEUNG Fu-wah's enquiry concerning the no-gain-no-loss rate of interest for the loan of \$280 million extended to the ECAF Board by the Government, Principal Assistant Secretary for Education and Manpower (PAS(EM)) said that this was an interest rate applicable to loans extended by the Government to publicly-funded organisations. The interest rate was calculated on the basis that the Government would not receive any profit nor suffer any loss when extending a loan.

24. Mr Bernard CHAN suggested that the Administration should consider requiring an employer to provide his insurer with information on the number of his employees so that the insurer would be able to assess the risk more accurately before fixing the premium. He suggested that the Administration should make reference to the established mechanism in the Mandatory Provident Fund (MPF) System for this purpose. Mr LEUNG Fu-wah and Mr LEE Cheuk-yan shared the view of Mr CHAN.

25. AC for L(RB) said that the Administration had examined the issue in detail and considered it not necessary to compulsorily require an employer to inform his insurer of the number of his employees because the terms under an insurance policy had already enabled an insurer to obtain such information from the insured. SLO supplemented that LD had exchanged views with the insurance industry over this matter. According to his knowledge, the implementation of the MPF System had facilitated insurers in acquiring more up-to-date information from their clients. The insurance industry was drawing up internal guidelines for insurers to follow in obtaining such information from employers.

26. Mr LEUNG Fu-wah asked whether the Administration had taken into account the decline in interest income in various fund boards following the declines in interest rate recently. SLO said that the financial estimates of various fund boards were compiled on a long-term basis, usually with interest income projected at 2% to 3% per annum. This projection was considered to be a prudent level as the fluctuation of interest rate could be evened out over a long period of time.

27. Mr Bernard CHAN asked whether \$350 million would be sufficient to meet the

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claims for payment arising from the insolvency of the HIH Group. SLO replied that \$350 million was an estimation based on the figures provided by the provisional liquidators of the three local subsidiaries of the HIH Group. He supplemented that the known claims to date amounted to \$290 million, but having considered that there might be some claimants who had yet to file their claims, an additional 20% was reserved in order to bring the estimation to a prudent level.

28. Mr LEUNG Yiu-chung pointed out that the level of compensation for workers suffering from noise-induced deafness by reason of their employment in the past five years had been reduced due to the financial constraint of the ODC Board. As the financial position of the ODC Board was sound, he urged the Administration to reimburse the affected workers for the amount of compensation which had been underpaid in the past five years. Mr Andrew CHENG expressed support for Mr LEUNG's proposal.

29. AC for L(RB) said that the ODC Board was required to pay compensation to claimants in accordance with the provisions in the Occupational Deafness (Compensation) Ordinance. In view of the legal principle involved, it was considered inappropriate that claims should be allowed to be made with retrospective effect should there be any amendments to the Ordinance. This principle was supported by the Working Group which had employer and employee representatives and the Committee on Employees' Compensation under LAB.

30. Mr LEUNG Yiu-chung pointed out that there were some 60 to 70 cases where the workers' hearing disability in two ears was different, e.g. one ear at around 35 dB and the other at around 55 dB. He suggested that this group of workers should also be entitled to compensation under the ODC Scheme. Mr SZETO Wah and Mr Andrew CHENG shared the view of Mr LEUNG.

31. AC for L(RB) said that the Working Group and LAB had discussed this matter in detail. She pointed out that the statutory minimum level of 40 dB was set with reference to well-established international standards, and there was at present no trend that this level should be adjusted. She explained that for the purpose of calculating compensation, the degree of hearing loss would be translated into the degree of permanent loss of earning capacity. Professional advice was that the earning capacity of a worker would not be affected if he did not suffer serious hearing loss in one ear, and that the degree of noise-induced hearing loss should be generally similar in both ears whereas the degree of health-induced hearing loss might be very different in two ears. It should be noted that the ODC Scheme aimed at compensating employment-related noise-induced deafness and not health-related hearing loss and such professional advice should be considered. Nevertheless, the Administration was examining whether assistance could be provided to those who suffered hearing loss in one ear and were not covered under the ODC Scheme from other sources, e.g. Brewin Trust Fund.

32. Mr LEUNG Yiu-chung suggested that the ODC Scheme should be extended to cover all industries so that all workers who had been exposed to noise in their working environment and had suffered from noise-induced deafness would be compensated. AC for L(RB) said that the Administration had made reference to the results of the noise

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surveys conducted by LD in respect of 43 work processes/jobs before the four new specified noisy occupations were recommended. She explained that as sensorineural hearing loss would only be developed over a long period of time, it was therefore difficult to ascertain whether the hearing loss of a worker was caused by his present job. She added that the Administration had no intention to extend the scope of the ODC Scheme to cover workers of all industries, including non-specified occupations.

33. Ms LI Fung-ying pointed out that professional advice revealed that the degree of noise-induced hearing loss in two ears could be different, and that the overloading of the better ear might lead to its deterioration. She asked the Administration to take these factors into account and seriously consider relaxing the eligibility criteria for claiming compensation against marginal hearing loss in one ear, e.g. those with one ear slightly below 40dB and the other ear over 50 dB. Miss CHAN Yuen-han shared Ms LI's view.

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34. DSEM undertook to consider the views expressed by members concerning compensation for workers suffering from noise-induced hearing loss by reason of their employment, and explore ways to address the issues. Members agreed that the matter should be followed up by the Panel at a future meeting.

35. Ms LI Fung-ying considered it unreasonable that the ex gratia payment, payable in lieu of common law damages, under the ECA Scheme would only be paid to the spouse and children under the age of 21 of a deceased worker. She suggested that parents, who would usually be the dependants if the deceased worker was not married, should also be entitled to such payment. Mr LEUNG Fu-wah shared her view.

36. DSEM said that as LAB considered that the award of ex gratia payment was of an ex-gratia nature, it should only be paid to the immediate family members of a deceased worker, i.e. spouse and children under the age of 21. If a deceased worker was not married, his parents would be awarded a large proportion of the statutory compensation under ECO. PAS(EM) supplemented that when the proposal was discussed by LAB, both employer and employee representatives agreed that the ex gratia payment should only be paid to the immediate family members of a deceased worker.

37. Mr LEUNG Fu-wah said that according to his understanding, when the proposal of ex gratia payment was discussed by LAB, the focus was put on the capping of the ex gratia payment at \$4 million for each applicant and the appropriate amount of monthly payments. LAB had not discussed in detail parents' eligibility for the ex gratia payment.

38. Ms LI Fung-ying disagreed that the ex gratia payment should be of compassionate nature. She said that she would reserve her position on the Administration's proposed reform measures for the ECA Scheme if the Administration was not prepared to clarify or amend parents' eligibility for the ex gratia payment under the ECA Scheme. She suggested that to facilitate consideration by members, the Administration should provide members with information on the deliberations of LAB if the issue had been considered by LAB.

39. Mr LEE Cheuk-yan asked whether the accumulated reserve of \$1.1 billion under

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the Insolvency Fund Scheme as mentioned in the submission from The Hong Kong Federation of Insurers could be used to pay the claims arising from the insolvency of the HIH Group. If the answer was in the negative, he suggested that the Administration should immediately set up a compensation fund to provide for protection against insurer insolvency as referred to in the Administration's paper. He also suggested that the said fund be administered by OCI, and that a bridging loan be extended to the fund to enable it to meet the claims arising from the HIH Group insolvencies. Mr Andrew CHENG supported Mr LEE's suggestion and asked about the timetable for the establishment of such a compensation fund.

40. C of I replied that the Insolvency Fund of the Motor Insurers' Bureau of Hong Kong was operated by the insurance industry and therefore the Administration had no control over the use of the Fund. He said that it was the Administration's plan to set up a separate compensation fund to cater for future insolvencies of insurers writing employees' compensation business. However, there were some issues that needed to be resolved before the matter could be taken forward.

41. DSEM supplemented that the Administration had to further consult the insurance industry concerning the proposed establishment of a compensation fund. He reiterated that the objective of the compensation fund was to provide protection against insurer insolvency in future. However, the need to restore the financial viability of the ECAF Board was immediate as the responsibility to meet the claims arising from the insolvency of the HIH Group rested with the ECAF Board under the existing legislation.

42. Dr LUI Ming-wah expressed agreement with the proposed adjustment of levy rates for the ODC Board and the ECAF Board. However, he opined that as the Administration had failed to perform its monitoring role to ensure the efficient operation of the ECA Fund, the Administration should bear the shortfall in the ECA Fund instead of relying on employers.

43. Miss CHAN Yuen-han said that the Administration should re-consider the establishment of a centralised employees' compensation insurance system.

44. In concluding the discussion, the Deputy Chairman asked the Administration to consider the views of members on its proposals.

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IV. Industrial accident compensation insurance for workers with a self-employed status in the construction industry
(LC Paper No. CB(2)336/01-02(07))

(Post-meeting note: The submission from the Hong Kong Confederation of Trade Unions tabled at the meeting was circulated to members vide LC Paper No. CB(2)411/01-02(03) on 19 November 2001.)

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45. PAS(EM) briefed members on the current provisions under ECO and the Administration's position in respect of accident compensation insurance for self-employed persons as set out in its paper.

46. Miss CHAN Yuen-han pointed out that some construction workers were not protected against injuries sustained at work as they were not covered by employees' compensation insurance after they had been forced by their employers to become self-employed persons since the implementation of the MPF System. She asked whether the Administration would consider the views of labour unions that a comprehensive insurance policy should be arranged to cover all persons working on a construction site. She enquired about the possibility of requiring a principal contractor to take out an insurance policy to cover his employees as well as his subcontractors' employees.

47. AC for L(RB) said that labour unions of the construction industry had also reflected their worries to the Administration. She pointed out that among some 53 000 employees' compensation cases reported to LD between December 2000 and October 2001, only 12 cases involved disputes on employment relationship in the construction industry. Under ECO, a principal contractor might, but was not compulsorily required to, take out an insurance policy to cover his subcontractors' employees. If ECO were amended to include self-employed persons, it would be a major departure from the original purpose of protecting employees only and would bring about serious economic and financial implications.

48. Mr LEUNG Fu-wah said that given the unique characteristics of the construction industry, compensation insurance for self-employed persons in other industries might not necessarily be handled in the same way as that in the construction industry. He suggested that the Administration should explore ways to address the problem, e.g. requiring a principal contractor to take out an insurance policy to cover all persons working on his construction site.

49. Miss CHAN Yuen-han shared the view of Mr LEUNG Fu-wah. She suggested that the Administration should also consider the possibility of a comprehensive insurance policy for the whole construction industry to be financed by employers.

50. In reply to the Deputy Chairman's question on the definition of a self-employed person, AC for L(RB) said that the court would not simply look at the labelling of a person to determine the employment relationship. It would apply a number of tests to examine whether the relationship between the parties remained in essence an employer-employee relationship. The tests included the degree of control, power of selection and dismissal, nature of the remuneration, how the workplace was organised, who provided the materials and equipment, and whether there was a risk of loss or profit, etc.

51. Mr LEE Cheuk-yan pointed out that there was an increasing trend of employees being forced by their employers to change the status to self-employed persons after the implementation of the MPF System, particularly in the construction industry. The number of self-employed persons in the construction industry had increased by more than double from 11 400 in the fourth quarter of 2000 to 22 900 in the second quarter of 2001.

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Having regard to the time and cost involved, he considered it undesirable and ineffective to pursue in court employees' compensation cases where disputes on employment relationship were involved. Moreover, there might be financial implications on the ECA Scheme should an employer, after losing the case in court, default in making compensation payment to his "employee" of a self-employed status. In his view, the above situations could be avoided if ECO were amended to include self-employed persons who were in essence employees. By so doing, both employers and employees of a self-employed status would be protected. The only implication might be an increase in insurance cost for contractors. In this connection, the Hong Kong Construction Association had indicated that the additional insurance cost could be taken into consideration in submitting tenders.

52. AC for L(RB) pointed out that not all employees' compensation cases had to be pursued in court. In practice, LD would explain the cases to the parties concerned with a view to settling disputes by mutual agreement. As regards the proposal to amend ECO to include self-employed persons, the Administration had yet to assess the impact on insurance premium. She envisaged that the increase in insurance premium would not be minimal.

53. Mr LEE Cheuk-yan suggested that the Administration should let employers and employees of the construction industry to decide whether there should be a centralised employees' compensation system. AC for L(RB) said that the Administration had consulted labour unions of the construction industry on the compensation insurance for construction workers with a self-employed status. Once their views were received, the Administration would liaise with the relevant parties to identify an appropriate way forward.

54. Mr Albert CHAN said that the Administration had failed to face the problem squarely as, in his view, the problem could not be solved by only reminding employers not to evade their responsibilities by changing the employment relationship in name. PAS(EM) responded that the Administration was fully aware of the problem. He said that as the multi-layered subcontracting system was common in the construction industry, some of the self-employed persons were indeed subcontractors who sought profit by providing services to another parties. The Administration considered that this category of self-employed persons should not be covered under ECO. The crux of the problem was how to provide protection to those construction workers who had been forced to become self-employed persons. He assured members that the Administration would continue to liaise with the relevant parties to work out a possible solution to the problem.

55. Mr Albert CHAN suggested that the Administration should consider requiring principal contractors of projects under the Public Works Programme to be held responsible for compensation for subcontractors' employees who did not have such insurance cover.

V. Funding arrangement for Youth Pre-employment Training Programme
(LC Paper No. CB(2)336/01-02(08))

56. Mr Albert CHAN was in support of the Youth Pre-employment Training Programme (the Programme). He enquired whether there was any yardstick to measure the effectiveness of the Programme. Commissioner for Labour (C for L) said that LD conducted opinion surveys among trainees, employers and training bodies from time to time with a view to ascertaining the effectiveness of the Programme. The survey findings revealed that more than 90% of the trainees considered the Programme useful and would recommend it to their friends. More than 90% of the respondent employers considered that trainees of the Programme possessed better skills and job knowledge. The respondent training bodies also found that job knowledge and soft skills of trainees had significantly improved after completion of the Programme. C for L added that the Comprehensive Review of the Youth Pre-employment Training Programme conducted by the Hong Kong Polytechnic University also endorsed the overall effectiveness and positive value of the Programme.

57. Mr LEE Cheuk-yan expressed support for the Programme. He suggested that the Administration should consider enhancing the job specific skills training for trainees and extending the On-the-Job Training Scheme to a period of one year so that trainees would be able to acquire more practical work experience. He also suggested that the period of training subsidy to employers be extended accordingly so as to encourage employers to participate in the Scheme. C for L responded that LD had planned to lengthen the duration of some job specific skills training starting from the next term having regard to the feedback from trainees. As regards on-the-job training, she informed members that many employers were willing to employ trainees of the Programme even without the training subsidy provided.

58. Noting that about one-third of the trainees subsequently opted to return to school, Mr LEUNG Fu-wah asked whether they were enlightened by the Programme. C for L said that guidance would be provided to help trainees identify their personal strengths during the course of the Programme. Some trainees would choose to pursue further studies in areas where their interests or potentials were found. In reply to Mr LEUNG Fu-wah's further enquiries, C for L said the medium-term reassessment of the Programme would be made five years later, and part of the \$11 million allocated for administration, staffing and incidental expenses would be used to employ staff on contract terms to run the Programme.

59. Mr YEUNG Yiu-chung concurred that the Programme was effective. However, he opined that it should not be used as a long-term measure. He suggested that training relating to leadership, team building, computer knowledge, etc should be covered by school curricula, and the scope of the Programme should be confined to career-related training after the 5-year transitional period. He also suggested that LD and the Education Department (ED) should work closely over the matter.

60. C for L shared the view of Mr YEUNG Yiu-chung. She said that many of the components of the Programme were in fact an integral part of the curriculum reform currently undertaken by ED. The Programme would be reviewed to further strengthen the focus on career-related training which would compliment the reform once it took root.

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She assured members that LD would collaborate with ED on the matter.

61. Ms LI Fung-ying expressed support for the Programme to be continued. She shared the view of Mr YEUNG Yiu-chung that a comprehensive review of the school curricula and the components of the training provided under the Programme should be conducted. She expressed worry about the overlapping of organisation and resources of the various training programmes organised by the various training institutions. She suggested that LD, ED and VTC should jointly discuss the matter and examine whether the courses organised by the various training institutions should be reviewed. She considered that the training courses offered by VTC should be suitably adjusted having regard to the training under the Programme by LD. Mr Albert CHAN shared the same concern of Ms LI.

62. C for L pointed out that there was no overlapping of resources as the training programmes organised by the various training institutions were addressing the needs of different groups of people. She said that the views of Ms LI Fung-ying would be conveyed to VTC.

63. Mr WONG Sing-chi expressed agreement that the Programme was effective. He asked whether the Administration would consider providing higher level training to outstanding trainees with a view to further developing their career on a long-term basis.

64. C for L said that the Programme had been promoting life-long learning and encouraging career development. Assistance would be provided to trainees to sit for internationally recognised examinations in order to enhance their competitiveness in the job market. Besides, special training on practices in the tourism industry and merchandising work had been organised to help trainees develop their career on a long-term basis.

VI. Any other business

65. There being no other business, the meeting ended at 5:15 pm.

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Legislative Council Secretariat
17 December 2001