

立法會
Legislative Council

LC Paper No. CB(2) 650/02-03
(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP/1

Panel on Manpower

Minutes of meeting
held on Thursday, 21 November 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 Cyd HO Sau-lan
Hon LEE Cheuk-yan
Dr Hon LUI Ming-wah, JP
Hon CHEUNG Man-kwong
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 Michael MAK Kwok-fung
Hon Frederick FUNG Kin-kee

Member absent : Hon LEUNG Fu-wah, MH, JP

Public Officers attending : Item III

Professor Arthur K C LI, GBS, JP
Secretary for Education and Manpower

Mr Philip CHOK, JP
Deputy Secretary for Education and Manpower

Item IV

Professor Arthur K C LI, GBS, JP
Secretary for Education and Manpower

Mr Philip CHOK, JP
Deputy Secretary for Education and Manpower

Mr Tony CHENG
Principal Assistant Secretary for Education and Manpower

Dr Alan BARKER
Consultant

Item V

Mr Matthew CHEUNG Kin-chung, JP
Permanent Secretary for Economic Development and Labour (Labour)

Mrs Jennie CHOR, JP
Assistant Commissioner for Labour (Labour Relations)

Mr Helius NG, JP
Principal Assistant Secretary (Transport and Works) W4
Environment, Transport and Works Bureau

Mr Norman HEUNG
Chief Assistant Secretary (Transport and Works) W8
Environment, Transport and Works Bureau

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. Matters arising
(LC Paper No. CB(2)381/02-03(01))

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

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II. Date of next meeting and items for discussion
(LC Paper No. CB(2)381/02-03(02))

2. Members agreed that the following items be discussed at the next meeting to be held on 19 December 2002 at 2:30 pm -

- (a) Policy on employees training/retraining;
- (b) Voluntary Rehabilitation Programme for injured employees in the construction industry; and
- (c) Proposed amendments to Construction Sites (Safety) Regulations.

(Post-meeting note : As directed by the Chairman, the meeting on 19 December 2002 has subsequently been re-scheduled to 18 December 2002 at 8:30 am.)

3. Mr LEUNG Yiu-chung pointed out that employees who were owed wages by their insolvent employers were normally required to go through a number of processes with the Labour Department (LD), the Labour Tribunal and the Legal Aid Department before they could apply for financial assistance from the Protection of Wages on Insolvency Fund. To streamline the administrative procedures involved and to expedite the process, he suggested that the feasibility of LD providing one-stop service for handling cases of arrears of wages be explored. At the suggestion of the Chairman, members agreed that the issue be discussed at the January meeting if the relevant information from the Administration would not be ready for discussion at the December meeting.

(Post-meeting note : The Administration has subsequently advised that the relevant information would not be ready for discussion at the December meeting.)

III. Briefing by Secretary for Education and Manpower on the policy initiatives/work plans in relation to the manpower portfolio for the year ahead
(LC Paper No. CB(2)381/02-03(03))

4. Secretary for Education and Manpower (SEM) briefed members on the key policy initiatives and work plan of the Education and Manpower Bureau (EMB) on manpower training and development in the coming year as set out in the Administration's paper.

5. Mr LEE Cheuk-yan questioned why the labour sector was only represented by two members in the Manpower Development Committee (MDC) whereas the business sector was represented by four members in the Committee. He also asked why the Administration had not appointed any representative from the Hong Kong Confederation of Trade Unions to MDC.

6. SEM said that it was the Administration's understanding that the two labour

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unions with representatives appointed to MDC already had a certain level of representation of the labour sector. In order to keep the membership size of MDC manageable, it might not be possible to include representatives from all labour unions. However, he assured members that the Administration would widely consult the public and the key stakeholders, including various labour unions, on any territory-wide manpower development proposals.

7. SEM pointed out that employers' support was indispensable for successful implementation of vocational education and training. In view of this, a greater number of representatives from the business sector had been appointed to MDC with a view to enabling more employers to participate in the formulation of manpower development policies, thereby enhancing the recognition and support of employers in vocational education and training.

8. The Chairman asked about the criteria for determining the number of labour representatives in MDC. Given that there were three labour representatives in the Task Force on Employment chaired by the Financial Secretary and its membership size after revamp was much greater than that of MDC, he requested the Administration to consider augmenting the labour representation in MDC by adding one more representative from the labour sector.

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9. Mr CHEUNG Man-kwong shared the Chairman's view. He declared interest that the Hong Kong Professional Teachers' Union was a member union of the Hong Kong Confederation of Trade Unions. He considered that it was important to achieve a balance in the composition of an advisory body which involved representatives from different sectors, otherwise the credibility of the advisory body might be challenged. He did not see any demerits of appointing one more labour representative to MDC as the revised membership might enable MDC to offer more balanced views to the Administration on manpower development matters. He pointed out that according to past experience, it was not unusual to revise the composition or membership of an advisory body after its operation for a certain period of time. As such, he considered that it was an opportune time to rectify the unbalanced composition over employer and employee representatives in MDC.

10. SEM undertook to consider the views of members on the composition of MDC. However, he pointed out that it was extremely difficult to achieve an absolute balance in the composition of an advisory body. He cited as an example that the appointment of representatives from two universities to MDC might also be considered to be unfair to the other universities.

11. Mr LEE Cheuk-yan commented that the Administration's decision not to set up the Preparatory Committee (PC), without prior consultation with the Panel, had shortened the time available for discussion of the future of the Vocational Training Council (VTC) and the Employees Retraining Board (ERB). He recalled that one of the major recommendations in the Consultancy Report on Review of the Organisational Set-up for Vocational Training and Retraining (the Consultancy Report) released in 2001 was to open up the vocational training market. When the Panel was consulted on

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the related proposals in the first half of 2002, the Administration had pointed out that the Government might cease to subsidise certain courses organised by VTC, in particular diploma and higher diploma courses, after the opening up of the vocational training market. In addition, ERB would no longer be necessary to exist some time after the establishment of MDC as the functions of the former would be fully absorbed by the latter.

12. Mr LEE Cheuk-yan further said that staff of VTC and ERB were still concerned about their employment prospects and the future of these two organisations. He asked whether the Administration would continue to pursue the proposals referred to in paragraph 11 above and other proposals in the Consultancy Report, or whether these two organisations would be allowed to continue their operation until MDC had decided on their future.

13. SEM pointed out that the proposals relating to the establishment of MDC had in fact been discussed by the relevant parties, including the Panel, for quite some time. Coupled with the fact that a fair amount of preparatory work had already been undertaken by EMB, the Administration had re-assessed the situation and concluded that it was no longer necessary to set up an interim PC. Against this background, the Administration had proceeded to establish MDC to enable it to start its work at an early stage.

14. As regards the future of VTC and ERB, SEM said that the Administration appreciated the need to review the courses offered by these two organisations on a comprehensive basis in the light of the public's criticisms that these courses were not suited to present day needs. Such review was one of the major tasks of MDC. However, as MDC had only started operation recently, it would need some time to conduct the review. Substantial changes to the existing vocational education and training regime were therefore not envisaged before the review was completed. VTC and ERB should continue to operate in the present mode until MDC had taken a view on their longer term development.

15. Mr LEUNG Yiu-chung expressed dissatisfaction that the Administration had not consulted the Panel on the composition and membership of MDC as well as its plan not to set up PC and proceed to the establishment of MDC. He questioned about the role of the Panel and whether the Panel would continue to be consulted on matters within the Panel's purview.

16. SEM pointed out that it was an established practice for the Administration to decide on the membership of Government's advisory bodies. No consultation would normally be carried out for appointment to such bodies.

17. Mr LEUNG Yiu-chung recalled that one of the major issues raised by members concerning the proposals to establish MDC was its advisory status. He queried why it could not be established as a statutory body, bearing in mind the limitations of a non-statutory body in its appointment of staff.

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18. SEM said that the non-statutory status of MDC would not preclude staff from being engaged. In respect of consultation, he pointed out that the Administration had consulted the Panel twice earlier this year on the proposals relating to the establishment of MDC. The Administration would continue to hear views from members and the general public on the work of MDC.

19. Mr Andrew CHENG shared members' concern about the inclination of MDC membership towards the employer side. He expressed worry that under the existing composition, the interests of employees might be prejudiced. He asked how SEM could ensure that the needs of grass-root workers for vocational education and retraining would be well taken care of by MDC in formulating manpower development policies. He also expressed worry that the Economic Development and Labour Bureau (EDLB) seemed to have also inclined to the views of employers as he gathered that EDLB was prepared to accept the clothing industry's proposal of importing labour despite the serious unemployment situation in Hong Kong. In his view, the labour required by the clothing industry should be available in the local market. In this connection, he asked about the role of SEM and MDC over the issue of importation of labour.

20. SEM said that he was not in a position to comment on the issue of importation of labour as it did not fall within the purview of EMB. He pointed out that one of the objectives of EMB was to ensure an adequate supply of manpower through training and retraining to meet the needs of Hong Kong's economy. The importation of labour might then not be necessary. In his view, there was no conflict between manpower development and importation of labour.

21. SEM added that although MDC was an advisory body, it was not the only body which would offer advice to the Administration. In fact, the Administration had numerous channels to listen to public's views on its proposals. The primary function of MDC was to formulate policies on manpower development for consideration by the Administration. In considering such policies, the Administration would carry out consultation on an extensive basis with a view to ensuring that public's views on the related proposals would have been properly taken into account before a decision was made. As such, he believed that the views of the labour sector would not be neglected.

22. Mr Ambrose LAU observed that the membership of MDC had included representatives from a wide range of sectors, namely employers, employees, training providers, professional organisations and academics. He believed that the Administration, in working out the membership of MDC, was not merely focusing on achieving a balanced representation between employers and employees. Experts in the relevant sectors who could offer valuable advice on manpower development matters had been invited to serve on MDC.

23. SEM expressed agreement to Mr Ambrose LAU's remarks. He said that the Administration's approach was to solicit as much advice as possible from the relevant sectors and the public at large before deciding on the way forward in respect of manpower development for the territory.

IV. Setting up a qualifications framework and a quality assurance mechanism
(LC Paper No. CB(2)381/02-03(04))

24. Deputy Secretary for Education and Manpower (DSEM) briefed members on the proposal to set up a qualifications framework (QF) and the associated quality assurance (QA) mechanism in Hong Kong as detailed in the Administration's paper.

25. Miss CHAN Yuen-han said that she was in principle supportive of the Administration's direction to review organisation of vocational education and training and to set up a QF as a step in upgrading Hong Kong's human resources. However, she expressed worry that the proposed QF might be too academic-oriented, and hence skilled workers with low educational attainment might not be recognised under the framework. Having regard to the fact that possession of recognised qualifications had become a threshold of entering into the employment market, she asked the Administration to take into account the needs of this group of workers when formulating the related proposals under the proposed QF. In her view, enhancing the employability of this group of workers would help alleviate the problem of structural unemployment.

26. SEM said that the Administration was well aware that there were at present over 100 000 people with educational attainment below secondary three level who encountered difficulties in securing employment. He pointed out that this group of people had already been taken care of in the proposed QF under an open-ended entry level out of the eight levels consisted in the framework. The proposed QF covered qualifications ranging from secondary three to doctorate awarded in the mainstream, vocational and continuing education sectors. With clear progression pathways provided in the framework, people with different skills or academic backgrounds could draw up their own plans to upgrade their skills and pursue lifelong learning.

27. Ms LI Fung-ying said that she did not object to the proposal to set up a QF and the associated QA mechanism. However, it seemed that the proposal had put great emphasis on credit accumulation and articulation arrangements between different sectors. She questioned how senior skilled workers with low academic achievements who acquired their skills through practical experience or on-the-job training could obtain recognition under the proposed QF.

28. DSEM pointed out that those who acquired their qualifications through vocational training or continuing education could benefit most from the proposed QF. The reason was that the community was in general conversant with the standards of qualifications gained from mainstream education, such as secondary school level or degree level. However, the actual standards of qualifications obtained through vocational training or continuing education might not be as distinct as that of mainstream education. As such, the recognition of qualifications gained from vocational training and continuing education programmes under the proposed QF, provided that they had been duly accredited, could help bring wide recognition of these qualifications.

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29. DSEM understood that some in-service workers with educational attainment below secondary three level had undergone or were undergoing different types of skills training. These types of training could be recognised under the open-ended entry level in the proposed QF. Trainees might be able to achieve a higher level of qualifications under the framework upon completion of the training, subject to passage of the relevant assessment or accumulate certain credits. They would then be able to pursue further training leading to a more higher level of qualifications.

30. Consultant supplemented that the proposed QF was built on qualifications, which had clearly defined standards for each of the qualification levels. The framework would facilitate learners to plan their studies and identify their goals. Those who had prior experience in certain areas or had certain knowledge or skills could present themselves to the institutions concerned for assessing their levels of knowledge or skills. Such mechanism of recognition of prior learning was provided under the proposed QF.

31. Ms LI Fung-ying held the view that the proposal could only bring about benefits to the younger generation but not the senior ones. She envisaged that during the initial stage of implementing the proposed QF, senior in-service skilled workers with educational attainment below secondary three level would all be classified under the open-ended entry level regardless of their levels of skills. They would not be classified in any higher levels of qualifications under the proposed framework on grounds of poor educational background even if they possessed sophisticated skills. She considered that it was unreasonable and unfair to these workers. She urged the Administration to seriously consider the matter and ensure that the employment of these workers would not be adversely affected by the introduction of the proposal.

32. The Chairman shared the view of Ms LI Fung-ying. He pointed out that some senior skilled workers with much experience might not be able to pass the relevant assessment or it might be difficult to devise an effective mechanism to assess their skills. Given the possible impacts on skilled workers with low educational attainment, he urged the Administration to explore how this group of workers could be protected against the risks which might arise from the implementation of the proposal. He cited the registration of social workers as an example. He recalled that those who had been in a social work post for a certain period of time before the commencement of the registration system had been considered as qualified for applying for registration as a registered social worker.

33. DSEM assured members that there would be a mechanism under the proposed QF to recognise prior learning when defining the entry qualifications and learning outcome for each of the qualification levels. Recognition of prior learning involved recognising the skills and knowledge gained outside formal education or training institutions, such as the skills acquired by senior workers through job experience. The learning recognised through this channel could receive credits and count towards a formal qualification.

34. Mr LEE Cheuk-yan shared similar concerns of Ms LI Fung-ying and the Chairman. Although he was in support of the principle of the proposal, he considered it too academic and qualifications-oriented. He expressed worry that in future, employers

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might only hire employees who possessed at least a certificate recognised in level 1 or 2 of QF. Those in-service skilled workers who did not possess any recognised qualification under QF might face reduction in wages, demotion or termination of service by their employers. He asked how the Administration could prevent this from occurring.

35. Mr LEE Cheuk-yan also expressed concern about the recommendation in the consultancy report that Hong Kong should follow the classification system used in South Africa, under which a number of fields were defined and individual assessment criteria were introduced to each of these fields. He wondered whether the employability of people would entirely hinge on the qualifications they achieved upon the introduction of the proposed QF.

36. DSEM said that it was not envisaged that in-service skilled workers with low educational attainment would be adversely affected by the proposal. Instead, the proposal would provide a mechanism to recognise their skills or knowledge gained outside formal education. This mechanism would bring wide recognition of the skills or knowledge of these workers and would enable them to upgrade themselves through the clear progression pathways provided in QF. He stressed that the proposed QF not only focused on academic achievements, it also covered vocational and continuing education. Therefore, qualifications gained from skills training, such as hairdressing, would also be recognised under the framework.

37. Consultant supplemented that QF was an educational tool, which had no automatic connection to employment. As in the case of South Africa, the objective of implementing QF was to break the previous apartheid system, under which Caucasian had been given priority in employment. After the implementation of QF, the people of South Africa had found that there were more employment opportunities for people of all skin types because of the wider recognition of their skills and knowledge. This example had demonstrated that QF could help enhance job opportunities for people who possessed the required qualifications.

38. Mr LEE Cheuk-yan appreciated that the proposed QF would provide a mechanism for recognising the qualifications of certain people, however, it might at the same time deny the skills or knowledge of other people. He remained having worry that the proposed QF might create negative impacts on the employment of in-service skilled workers with low educational attainment if these workers were unable to obtain a recognised qualification under the framework. He asked how the Administration could ensure that the skills of this group of workers would be recognised under the proposed QF.

39. DSEM believed that in determining whether to continue the employment of an employee, an employer would consider whether the employee was competent in performing his job. If the employee was considered to be competent, it would be unlikely that the employer would terminate his service merely because of his lack of recognised qualifications.

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40. DSEM added that upon the implementation of the proposal, a transitional period would be provided to enable the public to adapt to the new mechanism and to allow time for workers to acquire the relevant qualifications. Assessment criteria for skills leading to qualifications would be announced in due course. Through such assessment, workers with certain level of skills might be recognised as possessing a certain level of qualification in QF where considered appropriate.

41. The Chairman concluded the major concerns of members as follows -

- (a) whether the skills, knowledge and relevant working experience of workers with low educational attainment, in particular those below secondary three level, could be recognised under the proposed QF; and
- (b) whether the proposed QF would create negative impacts on the employment of this group of workers.

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In order to alleviate the worries of members and those who might be affected, he requested the Administration to provide a paper setting out the Administration's position on issues and concerns raised by members.

V. Problem of arrears of wages of construction workers
(LC Paper No. CB(2)381/02-03(05))

42. Permanent Secretary for Economic Development and Labour (Labour) (PS for EDL(L)) and Principal Assistant Secretary (Transport and Works) W4 of the Environment, Transport and Works Bureau (PAS(TW)W4) briefed members on the Administration's measures to tackle the problem of arrears of wages in the construction industry as set out in its paper.

43. Mr LEE Cheuk-yan enquired whether the proposed voluntary subcontractor registration scheme would provide a delisting mechanism against unscrupulous subcontractors who had defaulted wages due to their workers. To reduce the chance of non-payment of wages by subcontractors, he enquired about the possibility of principal contractors making wage payments direct to their subcontractors' workers, and asked whether the issue had been discussed by the Provisional Construction Industry Co-ordination Board (PCICB).

44. Mr LEE Cheuk-yan said that the availability of attendance records would facilitate the conciliation and adjudication process in wage claims and disputes. In view of this, he suggested that smart systems capable of keeping attendance records of workers should be installed at construction sites before launching the use of smart cards in the construction industry.

45. PS for EDL(L) pointed out that the implementation of a series of measures in tackling the problem of arrears of wages in the construction industry following the Yau Tong incident had brought about a good start in the general cultural change in the

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industry. In fact, some construction sites already had their own smart card system for maintaining attendance records of workers. The Hong Kong Construction Association (HKCA) had distributed a Guideline on Recording System for the Attendance of Construction Works to its members, with a view to helping contractors to maintain better attendance records of their workers in a bid to reduce the chances of dispute. The Government also took a serious view on non-payment of wages by employers. Posters and leaflets had been distributed to trade unions and construction sites to promote the importance of maintaining wage and attendance records.

46. PAS(TW)W4 said that before the implementation of the smart card programme, the Government was prepared to introduce a new requirement for principal contractors to prepare a subcontractor management plan (SMP) when tendering for public works projects. Principal contractors would be required to set out in SMP their plans of supervising their subcontractors, which should include the arrangements on maintaining attendance records for their workers as well as their subcontractors' workers. SMP would enable the Government to strengthen control over contractors through enhancing the transparency of their monitoring of subcontractors.

47. On the possibility of principal contractors making direct wage payments to their subcontractors' workers, PS for EDL(L) said that the issue had been studied by the tripartite meeting between the Administration and representatives from HKCA and key trade unions in the construction industry. As construction projects were usually contracted out on a project basis, it might pose difficulties if the labour cost for the project had to be separated from other construction costs. Nevertheless, the tripartite meeting would continue to explore the viability of the proposed arrangement. He believed that the PCICB would also follow up on the matter.

48. PAS(TW)W4 said that the issue would have to be carefully studied as the handling of wage records might involve sensitive business dealings. However, it might not be unfeasible if there was a mutual agreement between a principal contractor and its subcontractor for making such arrangement. He undertook to refer the matter to PCICB for detailed examination and consultation with the industry.

49. Mr LEUNG Yiu-chung pointed out that the great number of access points in very large construction sites was, in many cases, the major cause of contractors not keeping proper attendance records. He further pointed out that during peak seasons, the number of tiers of subcontracting in a construction project could be as much as five or six. This was also one of the major reasons for not keeping complete attendance records of workers engaged by different subcontractors at a construction site. He asked whether the Administration would introduce measures to improve the situations.

50. Mr LEUNG Yiu-chung expressed reservations about the effect of the Guideline on Recording System for the Attendance of Construction Works promulgated by HKCA to its members. In this connection, he asked whether the Administration would consider imposing a statutory requirement on contractors to maintain proper and complete attendance records of their workers. He believed that such arrangement would not only help address the problem of non-payment of wages but would also enhance construction

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site safety. Considering that the six immediate measures implemented following the Yau Tong incident were mainly encouragement measures without punitive effect, he expressed worry that the problem might re-occur when LD's efforts on inspection and prosecution were scaled down over time.

51. PS for EDL(L) pointed out that apart from stepping up education and publicity efforts and establishment of a communication channel for gathering intelligence from trade unions on incidents of non-payment of wages, LD launched a special campaign in August 2002 to inspect all 2 515 active construction sites in Hong Kong. During these inspections, officers had approached workers to ascertain whether they encountered non-payment or late payment of wages and to remind them of their statutory rights. Feedback from workers on such arrangement was positive.

52. PS for EDL(L) informed members that the number of summons taken out in the past few months against offences of non-payment of wages had achieved a record high as compared with the same period in previous years. The success rate of prosecution had also reached a high level of around 70%. He believed that the vigorous site inspections staged by LD had generated a certain level of deterrent effect on contractors over their responsibility to make timely wage payment to their employees. He assured members that the Administration would continue its inspection and prosecution efforts in this respect with a view to bringing the incidence of non-payment of wages to the minimum.

53. PS for EDL(L) further pointed out that after the implementation of the series of measures following the Yau Tong incident, the problem of non-payment of wages in the construction industry was well under control. He believed that with the various measures to reform and better regulate the construction industry, the situation should improve significantly in two to three years' time.

54. PS for EDL(L) added that the Construction Workers Registration Scheme was one of the proposed reform measures. A bill, which sought to establish the Scheme in 2004, was planned to be introduced into the Legislative Council in 2003. Under the Scheme, workers would be required to make use of smart cards when entering and leaving construction sites, which would help provide better attendance records and reduce cases of non-payment of wages.

55. PAS(TW)W4 said that the new requirement for principal contractors to prepare SMP in public works projects would enable the Government to take punitive actions against these contractors for poor management of subcontractors or failure to maintain proper workers' attendance records, etc. These punitive actions would include the issue of warning to the contractors concerned, suspension or revocation of their qualification as an approved contractor for public works projects, depending on the nature of the malpractice of the contractors in question.

56. Ms LI Fung-ying noted that among the alleged cases of non-payment of wages reported to LD during its inspections to construction sites, the workers involved in 13 such cases indicated that they would prefer settling the matter in private with their

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employers. She asked whether LD had taken any follow-up action on these cases in order to prevent the possibility of further non-payment of wages to these workers.

57. The Chairman shared Ms LI Fung-ying's concern. He pointed out that if the situation of non-payment of wages to these workers persisted, it might create an impact on the Protection of Wages on Insolvency Fund. In addition, he asked whether the 13 cases represented 13 construction sites or 13 workers.

58. PS for EDL(L) responded that the 13 cases represented 13 construction sites. He pointed out that a common scenario in the construction industry was that some contractors were having a close and personal relationship with their workers through years of co-operation within the industry. As such, some workers were unwilling to report non-payment of wages to LD in order not to ruin the relationship with their "employers". In these cases, LD would keep on reminding the workers of their rights to receive timely wage payment and persuade them to make early report on their cases to LD for follow-up. However, if they refused to do so, LD would respect their wish. He added that in fact, some workers who had not reported non-payment of wages during LD's inspection when their colleagues or employers were around had subsequently approached the Department for assistance.

59. PS for EDL(L) stressed that the Administration was fully aware of the fact that incidents like the 13 cases referred to in paragraphs 56 to 58 above might create financial burden on the Protection of Wages on Insolvency Fund in future. Hence, the Administration was determined to make every effort to reduce the incidence of non-payment of wages and would continue to explore ways to further improve the situation.

60. Assistant Commissioner for Labour (Labour Relations) added that many contractors, knowing that LD was monitoring wage payments through inspection of construction sites, would settle the wages owed to their workers before LD's inspection to their construction sites. She reassured members that the Administration would continue with its multi-pronged approach in dealing with the problem of arrears of wages of construction workers. LD would continue to sustain momentum on educational and publicity efforts targetted at both workers and unions on their rights to receive timely wage payment and to make early report of non-payment of wages.

61. Given that the multi-layered subcontracting was a key factor contributing to the problem of arrears of wages in the construction industry, Ms LI Fung-ying questioned why the subcontractor registration scheme would not be implemented on a compulsory basis. She also enquired about the timetable for launching the scheme.

62. Chief Assistant Secretary (Transport and Works) W8 of the Environment, Transport and Works Bureau (CAS(TW)W8) said that considering that the implementation of a compulsory subcontractor registration scheme might create immediate impacts on the operations of some subcontractors, the construction industry had broad consensus that the scheme should initially be implemented on a voluntary basis for three years. Subcontractors would be given an opportunity to enhance their skills and competence during the period. As proposed in the report of the Construction

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Industry Review Committee, the scheme would be reviewed three years after its implementation. When conducting the review, the need to implement the scheme on a compulsory basis would be examined having regard to the effectiveness of the scheme being implemented on a voluntary basis.

63. Given that non-productive multi-layered subcontracting was a major cause of non-payment of wages in the construction industry, Mr Andrew CHENG asked how the Administration could ensure that the series of improvement and reform measures would be able to eliminate the existence of non-productive subcontracting in future. In the absence of an effective regime for regulation of subcontracting arrangements, he expressed reservations about the effectiveness of the improvement and reform measures, such as the introduction of the voluntary subcontractor registration scheme and the promulgation of the relevant guidelines, in solving the problem of arrears of wages.

64. PAS(TW)W4 said that it was common in the construction industry that different types of projects involved certain specialised processes which required to be performed by specialist subcontractors with the relevant expertise and experience. For this reason, it was on many occasions inevitable for a principal contractor to subcontract part of its project to other subcontractors. Having regard to this, he considered that what the Administration should eliminate was only non-productive subcontracting. He believed that effective management of subcontractors by principal contractors would help address the problem of non-payment of wages, enhance site safety and improve quality of work in the construction industry as a whole. However, to enable the industry to better adapt to the general cultural change brought about by the various improvement and reform measures, a progressive approach should be adopted in launching these measures.

65. CAS(TW)W8 informed members that PCICB and the construction industry had a consensus view that non-productive subcontracting should be eliminated. PCICB had recently drawn up a set of guidelines in this respect. Consultation with the industry on the guidelines was underway. He added that under the SMP proposal, special conditions would be included in public works contracts to make it an explicit commitment of principal contractors to prohibit further total subletting of works assigned to their subcontractors.

66. Mr Andrew CHENG enquired about the relationship between the proposed Construction Workers Registration Scheme and the system of long-term employment for construction workers which had been actively promoted by the Administration a few years ago. In his view, the latter should be an effective long-term solution to the problem of arrears of wages in the construction industry as well as the declining quality of construction workers. He asked whether the Administration would consider implementing the latter proposal under the context of the bill on the proposed Construction Workers Registration Scheme. He opined that if contractors had practical difficulties in engaging long-term employees, employment on contract basis with fixed period of service, say two years, might be adopted to allow greater flexibility.

67. PS for EDL(L) pointed out that the system of long-term employment for construction workers was not an established policy. Nevertheless, the Administration

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had encouraged the construction industry to adopt the system where feasible. Some large developers had supported the system and employed their own team of long-term workers for different projects. However, as the average contractors might not be awarded adequate contracts to fully engage their own team of long-term workers throughout the year, in particular during the current economic climate, it would simply be unrealistic and counter-productive in terms of cost-effectiveness in requiring them to provide long-term employment for the workers.

68. PAS(TW)W4 said that some construction works, such as housing projects, involved a great diversity of works with multifaceted procedures and a short work cycle. Therefore, contractors might not be able to afford employing workers with different types of skills on a long-term basis. In view of this, it was very unlikely that contractors would be able to achieve cost-effectiveness if the system of long-term employment for construction workers were to be implemented across the board. In fact, the Government had launched the system in several public works projects on a pilot basis. The results, however, were not encouraging.

69. In reply to the Chairman's enquiry as to whether there were cases of non-payment of wages in the several public works projects referred to in paragraph 68 above, PAS(TW)W4 said that he did not have such information on hand. However, he pointed out that cases of non-payment of wages usually occurred in renovation and housing projects. As the projects in question were all major civil works projects, it was very unlikely that workers in these projects were owed wages by their employers.

70. The Chairman asked the Administration to consider the views expressed by members.

VI. Any other business

71. There being no other business, the meeting ended at 4:35 pm.