

**LegCo Panel on Manpower
(Meeting on 31 October 2002)**

**Policy initiatives and work plan of Economic Development and
Labour Bureau (Labour Branch) and Labour Department**

Purpose

This paper sets out the work initiatives of the Economic Development and Labour Bureau (Labour Branch) and the Labour Department in the year ahead. We have four major objectives in the coming year: deliver an efficient employment service and measures to ease unemployment, enforce employees' rights and benefits, promote good employer/employee relations and promote and regulate safety and health at work.

(I) Deliver an efficient employment service and measures to ease unemployment

2. Hong Kong is facing high unemployment. Tackling unemployment is the prime task of not only the Economic Development and Labour Bureau (EDLB) and Labour Department (LD), but also the Administration as a whole in the coming year.

Creating job opportunities

3. In his 2001 Policy Address, the Chief Executive announced a series of enhanced services and accelerated works projects to create over 30 000 jobs. Up to end-September 2002, some 16 000 jobs have been created. We expect a total of about 25 000 jobs to be created by 2002/03. The Administration will continue to explore areas where more jobs could be created.

Major employment-related initiatives

4. The Government has embarked on a number of initiatives aimed at creating jobs. These measures form the basis of the work plan of EDLB and LD in the coming year. Details are set out below.

Maintain a business-friendly environment to attract investment

5. To improve our business environment and maintain Hong Kong's position as the ideal place for business, the Government has implemented the Helping Business Programme. So far, we have completed about 90 projects/studies on helping business and implemented over 300 improvement initiatives, e.g. streamlining the licensing procedures for food premises, relaxing the user restrictions on industrial buildings and industrial sites, expediting the processing of applications for Business Registration Certificates and setting up the Business Licence Information Centre to provide one-stop information services for the business community.

6. In addition, the Town Planning Board has gradually relaxed the user restrictions on industrial buildings, allowing them to be used for entertainment and commercial purposes. The Housing Department also established the Business Opportunity Centre in August 2002 to facilitate prospective commercial properties tenants to take up business opportunities in public housing estates. We will continue to implement these programmes and review the legislation and administrative measures relating to commercial operation with a view to further improving our business environment.

Support the local small and medium enterprises (SMEs) and the development of industries

7. SMEs form the backbone of our economy and generate a large number of job opportunities. On the advice of the Small and Medium Enterprises Committee, the Government is implementing over 30 support initiatives, including running four funds involving a total commitment of \$7.5 billion to provide comprehensive support services for SMEs in six major areas, namely, financing, marketing, corporate governance,

manpower training, technological application and business environment. We are currently reviewing the operation of these funds to ensure that they can better meet the needs of SMEs.

8. We are committed to providing an environment conducive to the development of high-value-added and technology-based industries so that all local industries can maintain their competitiveness in the international market. The Commerce, Industry and Technology Bureau is exploring ways of taking advantage of our competitive edge in the textiles and garment industries to develop Hong Kong into a fashion centre. We believe that supporting the development of high-value-added industries and enhancing the competitiveness of the traditional industries will help create jobs.

9. We are also committed to promoting the “Hong Kong Brand” through the Hong Kong Trade Development Council so as to enhance the competitiveness of our enterprises. With the rapid expansion of the Mainland consumer market, there is enormous scope for promoting the “Hong Kong Brand”.

10. Together, these initiatives should help the SMEs develop their business and create job opportunities.

Co-operation with the Mainland

11. We need to enhance our economic and trade cooperation with the Mainland and take full advantage of the rapid expansion of its economy and market potential to expand our scope for development and further promote the interflow of personnel, cargoes and capital between the Mainland and Hong Kong. In the meantime, improvement works to existing boundary control points are in full swing. Upon completion, they will increase the handling capacity and improve the environment of the control points.

12. We have taken steps to improve the flow of tourists. As a result, over 4 110 000 Mainland visitors came to Hong Kong in the first eight months of this year, an increase of almost 45% over the same period last year. This has a positive effect on the employment situation of our retail,

hotel and catering industries. Furthermore, Guangdong and Hong Kong have increased cooperation and will launch joint overseas promotion to attract both tourists and investment. The Hong Kong Trade Development Council and Invest Hong Kong have organised a number of promotional activities on the Greater Pearl River Delta targeting the business community of Taiwan and Japan. We believe that continued cooperation with Guangdong will further promote the interflow of passengers and goods between the two places and will, in turn, boost the Hong Kong economy. This will help improve our overall employment situation.

Logistics

13. The logistics industry is one of the major economic sectors vigorously promoted by the Government. The Steering Committee on Logistics Development chaired by the Financial Secretary coordinates the work of the relevant bureaux in logistics. In land boundary crossing, the Customs and Excise Department keeps on streamlining the clearance procedures to shorten the processing time. For example, the hourly handling capacity of each truck inspection kiosk at the Lok Ma Chau Control Point has increased from about 90 trucks in October 2001 to about 130 trucks in June 2002. The Department is introducing another streamlined procedure on a trial basis with a view to shortening the clearance time for goods vehicles from the current 30 seconds to 15 seconds. Shenzhen and Hong Kong are also cooperating to increase the clearance capacity for southbound goods vehicles at night. The capacity during the small hours before 7am has increased from an average of 533 trucks per night in August to a maximum of over 1 000 vehicles recently.

14. On air freight, our air cargo figures in August this year showed a growth of 24% over the same period last year and the accumulated air cargo throughput in the past 12 months has also increased by 9.3%, amounting to 2 320 000 tonnes. The DHL International (Hong Kong) Ltd has recently entered into a franchise agreement with the Hong Kong Airport Authority for the development of a dedicated Express Cargo Terminal at the Hong Kong International Airport (HKIA). It has also announced its partnership with the Cathay Pacific Airways to provide

regional express cargo service from the airline's base at the HKIA. This clearly demonstrates our competitive edge. We will continue to promote actively the development of logistics to reinforce the competitiveness of our logistics industry and create employment opportunities.

Waste Recovery

15. The Government is committed to promoting waste recovery and recycling. This should generate job opportunities. We have enhanced public education and publicity on waste recovery in recent years. About 20 000 recycling bins have been placed in public places, schools and public/private housing estates throughout the territory for collecting waste paper, aluminium cans and plastic bottles. In addition, we have injected \$100 million into the Environment and Conservation Fund, mainly for funding waste recovery projects at the district level. We will continue to organise various kinds of waste recovery activities, in conjunction with District Councils, local organisations and green groups, including a trial scheme next year to separate dry and wet waste materials. Furthermore, we have provided over 20 sites under short term tenancy for exclusive use by the recycling industry. We have also set aside 20 hectares of land in Tuen Mun for a Recovery Park.

Local Community Economy

16. The Government is vigorously promoting the development of local community economy to stimulate domestic consumption and to highlight local characteristics with the support of the community. In this respect, the Government plays the role of a facilitator through, for example, suitably relaxing rules and regulations, improving the environment (e.g. environmental beautification) and making available government land/sites. We look to the private sector to come forward with business proposals, invest the necessary resources and take charge of their operation. The initiatives that have been implemented include the pilot scheme of allowing recreational fishing in the Yung Shue Au maricultural zone, alfresco dining in Sai Kung, Sheung Wan Gala Point, and a number of arts corners in Leisure and Cultural Services Department venues. The Sheung Wan Gala Point alone has created some 1 000 jobs. The projects in Sai Kung have led to 100 additional jobs. We will

continue to promote viable local community economy initiatives.

Investment in infrastructure

17. The Government will continue to invest heavily in improving Hong Kong's infrastructure. This not only generates good business opportunities but also creates jobs. In speeding up infrastructural works, the Government has streamlined work process and shortened the time required for planning and carrying out public works. These measures include streamlining the assessment process for preliminary technical feasibility of the projects, streamlining the initiation process of minor works, expediting land resumption process, carrying out tendering exercise and making funding applications for some work contracts simultaneously, and making environmental impact assessment and gazetting the projects at the same time. With these new measures, the time from planning to commencement of construction required for general civil engineering works is now shortened from seven years to less than four years.

18. The major infrastructural projects which will commence in one or two years include the Shenzhen Western Corridor, the Deep Bay Link, Route 9, Central Reclamation Phase III, the Development of the Tamar site in Central for the new Central Government Complex and the new Legislative Council Building. We have speeded up the planning and design processes of these projects as far as practicable so that the projects can commence early to create job opportunities.

19. It is estimated that the above projects will create more than 15 000 job opportunities from 2003 onwards.

Helping the young and inexperienced

Youth Work Experience and Training Scheme

20. The Youth Work Experience and Training Scheme (YWETS) provides work experience and job-related training for young people aged 15-24 with education attainment below degree level. It was launched in July 2002. The LD works closely with all strategic partners including the

Non Government Organisations (NGOs), employers and training institutes, to ensure the smooth implementation of the Scheme. The Government has allocated \$400 million to LD for the Scheme, which will cater for 10 000 youngsters in the next two years.

21. About 15 000 young people are participating in the first phase of the Scheme. As at end of September 2002, 1 808 employers have offered 7 227 training vacancies. Although the target is to provide 10 000 training places for two years, there is scope for an upward adjustment. We are confident that we can provide training places beyond the 5 000 target this year.

Youth Pre-employment Training Programme

22. This Programme has been launched since 1999 and has been well received by the community. As in past years, the Programme for 2002-03 is carried out in two phases. The first phase has commenced in September 2002 and we have received about 10 000 applications. The second phase will be launched in February 2003.

23. Under the Programme, there are four training modules, viz. (i) leadership, self-discipline and team building; (ii) job search and interpersonal skills; (iii) basic/ intermediate computer application; and (iv) job-specific skills training. After completing the modular training, a workplace attachment for one month will be arranged for the trainees.

24. In the light of operational experience and feedback from our strategic partners and trainees, the following enhancement measures will be introduced in this year's Programme:

- A number of new training courses will be added to provide trainees with more options and to meet new market needs.
- Some of the courses on leadership, discipline and team building training will be held in the Mainland (notably in the Huangpo Military Training Institute). Apart from discipline training, these courses will enable trainees to better understand the economic and social development in the Mainland.

- The number of hours for careers counselling and support services provided to trainees by case managers retained by the Programme will be increased from 25 to 30.

25. The modular training programmes have commenced in September 2002. We expect the work attachment for the trainees to start in December 2002.

Tailor-made employment initiatives in the private sector

26. We are actively looking at ways to augment the employment prospects of the local workforce in the private sector, especially those who have low-skill and low educational attainments. Specifically, we are taking steps to develop the domestic service market and property management/security industry.

Promoting employment for local domestic helpers

27. In March 2002, the Employees Retraining Board (ERB) launched the Integrated Scheme for Local Domestic Helpers to provide one-stop service to facilitate the placement of local domestic helpers (LDHs). So far, response has been encouraging. From March 2002 to end-August 2002, ERB's central database recorded over 14,000 vacancies, and starting from March 2002, ERB made about 7,800 successful referrals. As at end-August, over 9,200 retrainees were registered with the central database for job-matching. The LD and ERB have also established a computer network for the prompt exchange of vacancy information, which serves to facilitate effective job matching and enhance the employment prospect of the LDHs. We will continue our efforts in improving the employability of LDHs.

Review of policy on foreign domestic helpers

28. As part of the Government's overall population review, we are reviewing the policy on foreign domestic helpers (FDHs). We intend to complete the exercise by end-2002.

Three-shift work in property management industry

29. To enhance the service quality and working condition of security personnel and to provide more job opportunities, we are promoting three-shift work for the property management and security industry. The Government has taken the lead in implementing the three-shift system in its property management and security service contracts. As a result, some 4 300 additional jobs in the Government sector will be created from 2002 to 2004. We will encourage the private sector to follow suit where possible, particularly for new residential and commercial developments. Both the Mass Transit Railway Cooperation and Kowloon Canton Railway Cooperation (KCRC) have pledged their full support in adopting the three-shift system for all their new property developments.

Helping the middle-aged unemployed

30. The LD launched the Re-employment Pilot Programme for the Middle-aged (RPP) in February 2001 which is a special programme comprising employment and career counseling services for the middle-aged long-term unemployed. The target clients of the RPP are those unemployed people aged above 40, and have been unemployed for more than three months. Funds of \$9.8 million are allocated to the one-year pilot scheme, with a view to serving 2000 job-seekers. Given the favourable response, the programme has been extended for another 12 months to help another 2000 job-seekers.

31. The RPP comprises four core components of counselling service, pre-employment training, one-month placement with induction training and three-month follow-up service. Under placement with induction training, employers will be offered a one-off training subsidy of \$2,800 for each job vacancy. As at end September 2002, some 12 920 job seekers have participated in the scheme. Of these, 2 045 have received pre-employment training and 4263 placements have been secured.

32. The RPP will lapse in January 2003. The Labour Department will conduct a review of the RPP in early 2003 with a view to considering future action to help the middle-aged unemployed.

Labour Department's enhanced employment services

Facilitating the "One Company One Job" Campaign

33. The local business community joined hands to launch the "One Company One Job" Campaign in July 2002. The objective is to provide opportunities for recent graduates to acquire working experience, better equip them for work and enhance their employment prospects. Companies are encouraged to employ recent university graduates or holders of higher diploma or lower qualifications as trainees for 12 months and with a salary of not less than \$6 000. LD acts as a facilitator of the exercise. Employers may send vacancies to LD, or use their own channels to recruit trainees. Vacancies received by LD are displayed at its 11 job centres and the Interactive Employment Service website.

Rendering effective employment services for people with a disability

34. In January 2002, LD launched the "Trial Placement cum Mentor Scheme for People with a Disability". Under the scheme, disabled workers will undergo a one-month trial period and their employers will receive a subsidy equal to half of the wages paid to the employees during the trial and subject to a maximum of \$3,000. We expect 600 disabled job-seekers to benefit from the scheme in three years. A mentorship element has also been included in the scheme to help the disabled workers on trial to settle in their jobs more easily.

35. The initial result of the scheme has been encouraging. After the trial placement, about 90% of the disabled workers placed under the scheme have been offered long-term employment by employers.

36. To provide better employment services to disabled job-seekers and enhance their employment opportunities, LD will set up an interactive web site to provide improved employment services to the disabled job-seekers and employers through the Internet. With the interactive web site, employers can place vacancy orders, search for suitable disabled job-seekers and ask for interview arrangements while disabled job-seekers can register/re-register for employment service, view

the latest vacancy information and do job-matching. The interactive web site will be ready by November 2002.

(II) Enforce employees' rights and benefits

37. Our aim has always been to enforce employees' rights and benefits and to improve them at a pace commensurate with the socio-economic development of Hong Kong.

Combating illegal employment

38. We are determined to combat illegal employment to protect job opportunities for the local workforce. More than 1 400 operations were conducted between July and September this year, and about 3 100 illegal workers were arrested. Among them, about 2 000 were prosecuted. We have also arrested about 220 employers who employed illegal workers within this period. Of these, over 80 were prosecuted.

39. LD has launched a new series of public education programmes through television, radio and the print media to put over the message that illegal employment of workers is a serious criminal offence punishable by imprisonment of a maximum of three years and a maximum penalty of \$350,000.

Protecting the statutory rights and benefits of employees

40. We are fully committed to protecting the statutory rights and benefits of employees. One particular area which we are focusing is the arrears of wages of construction employees. Arising from the Yau Tong incident on 19 July 2002 which involved the non-payment of wages to construction workers by a sub-contractor, the Labour Branch of the EDLB and LD conducted an urgent tripartite meeting on 22 July 2002 with the Hong Kong Construction Association, the Hong Kong Construction Industry Employees General Union and the Construction Site Workers General Union to map out ways to resolve the problem of arrears of wages in the construction industry.

41. The tripartite meeting reached a consensus on adopting six immediate measures to address the situation and these have been fully implemented. The situation on non-payment of wages in the construction industry has since improved markedly. The measures are:

- LD to produce radio and television announcements of public interest to remind employers and employees of the importance of keeping wage and attendance records and their statutory obligations and protection with respect to wage payments;
- LD to produce posters for display at construction sites listing the telephone numbers of LD, the principal contractor and the person responsible at the site for the information of workers;
- The principal contractors to strengthen their supervision of subcontractors to ensure the prompt payment of wages;
- The trade association to appeal to their members to ensure that wages are paid on time;
- LD to set up a communication channel to gather intelligence from trade unions on incidents of non-payment of wages; and
- LD to monitor closely construction sites nearing completion to ensure that employees' rights and benefits are protected. If circumstances warrant, LD will take resolute action in instituting prosecution. Trade unions in the industry will appeal to their members to come forward as prosecution witnesses.

42. As part of the exercise, LD launched a campaign in August 2002 to inspect all 2,515 active construction sites in Hong Kong to ascertain whether workers encountered unpaid or late payment of wages and to educate them on how best to protect their statutory rights.

43. As multi-layered sub-contracting is seen as the key factor contributing to the problem of arrears of wages in the construction industry, the Labour Branch of the EDLB has been working closely with the Environment, Transport and Works Bureau and the Provisional

Construction Industry Coordination Board (PCICB) with a view to devising a long-term viable solution.

44. As part of the structural reform programme to upgrade the performance standard of subcontractors, the PCICB will be finalising details of a voluntary subcontractors registration scheme and a set of guidelines on subcontracting practices, for consultation within the industry by end of this year. The PCICB has also been in close liaison with major client organizations in examining a proposal for requiring submission of subcontractor management plans (SMP) in construction contracts. To further promote the use of SMP as a management tool for increasing transparency of the subcontracting process and effective monitoring of wage payment, the PCICB will develop a model template for industry-wide application.

45. In the meantime, legislation is being prepared for the introduction of a registration system for construction workers. Workers will in future hold smart cards for entering and leaving the construction sites on which they work. This will provide attendance records of workers employed on individual construction sites, and will help eliminate wage disputes between contractors and workers.

(III) Promote good employer/employee relations

Promoting understanding of employees' rights and benefits and good practices

46. LD will continue to organize a variety of promotional activities to enhance public understanding of the Employment Ordinance, related labour laws and good people management practices. We will produce publications and CD-ROMs to provide practical and user-friendly information. We will also maximize the use of the mass media, the internet and networking with industry-based tripartite committees, Human Resources Manager Clubs, trade unions and employers' associations to disseminate key information concerning employees' rights and protection. We will also organize large-scale, tailor-made seminars on topical issues for specific target groups.

47. In particular, intensive publicity programmes will be launched to remind employers of their statutory obligations to pay wages due on time, prompt employees to take early action in wage default cases, advise employers and employees to keep proper wage and attendance records, promote reasonable terms of employment in line with market situation, enhance awareness of employees of their statutory protection, and encourage good people management practices.

(IV) Promote and regulate safety and health at work

48. We attach great importance to the occupational safety and health of employees. In the 2002-03 legislative session, we will amend the Construction Sites (Safety) Regulation to improve the safety performance of construction sub-contractors by holding both the principal contractor and the sub-contractors jointly and severally liable for offences committed on their parts, and to make some other technical improvements. This is one of the recommendations made by the Construction Industry Review Committee. We plan to introduce the Amendment Regulation into the Legislative Council within the current legislative session.

Economic Development and Labour Bureau (Labour Branch)
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