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LC Paper No. CB(2)365/06-07

(These minutes have been seen by
the Administration)

Panel on Manpower

Minutes of meeting
held on Tuesday, 24 October 2006, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon LAU Chin-shek, JP (Chairman)
Hon KWONG Chi-kin (Deputy Chairman)
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon WONG Kwok-hing, MH
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC

Members absent : Hon CHAN Yuen-han, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon LEUNG Kwok-hung

Public Officers attending : Item I
Prof Arthur LI, GBS, JP
Secretary for Education and Manpower

Mrs Fanny LAW, GBS, JP
Permanent Secretary for Education and Manpower

Mrs Betty FUNG, JP
Deputy Secretary for Education and Manpower

Mr Daniel CHENG
Principal Assistant Secretary for Education and Manpower

Item II

Mr Stephen IP Shu-kwan, GBS, JP
Secretary for Economic Development and Labour

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

Mrs CHAN MAK Kit-ling, Jenny, JP
Deputy Commissioner for Labour (Labour Administration)

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

Staff in attendance : Mrs Vivian KAM
Assistant Secretary General 2

Ms Katherine YUNG
Senior Council Secretary (2) 8

Miss Josephine SO
Council Secretary (2) 1

Miss Helen DIN
Legislative Assistant (2) 1

Action

- I. Briefing by the Secretary for Education and Manpower on the Chief Executive's 2006-2007 Policy Address relating to the manpower portfolio**
(LC Paper No. CB(2)41/06-07(01))

Secretary for Education and Manpower (SEM) briefed members on the key policy initiatives of the Education and Manpower Bureau on manpower training and development in the 2006-2007 Policy Agenda and the coming year.

(Post-meeting note: SEM's speaking note was subsequently issued vide LC Paper No. CB(2)205/06-07 on 27 October 2006.)

The Qualifications Framework

2. Regarding the Recognition of Prior Learning (RPL) mechanism, Mr WONG Kwok-hing asked how the Administration could ensure that working experience of employees would be recognised and whether the views of labour unions had been sought in this regard. He considered that it would be difficult for some workers to resume academic studies even though they might have possessed substantial experience in the relevant trades.

3. SEM responded that the Qualifications Framework (QF) was not a mandatory system, and its implementation would depend on the acceptance of employers and employees. In addition, views of the labour unions would be of paramount importance in the implementation of QF. Under the RPL mechanism, prior working experience, apart from academic attainment, would be recognised. He said that individual industries would determine their own criteria for recognition, and there had been consensus with labour unions on how prior experience would be granted recognition to the first three levels of QF. He added that the legislative proposals in connection with the QF were being scrutinised by a Bills Committee.

4. Mr WONG Kwok-hing asked what measures the Administration would undertake to help allay employees' worries in connection with the implementation of QF.

5. SEM responded that both the labour unions and the Administration fully recognised the importance of recognition of prior experience. The Education and Manpower Bureau (EMB) was also working on a number of strategies to support the implementation of QF, and it was recommended that each eligible employee could obtain a subsidy of a maximum of \$1,000 as assessment fee for RPL.

Training opportunities for employees

6. Mr LEE Cheuk-yan said that consequent upon globalisation, workers had to undergo training to upgrade their skills. However, workers might not have time to attend training courses. He asked the Administration to step up efforts to encourage employers to release employees for training within working hours. He added that according to a survey conducted by the Census and Statistics Department, among the 8% employees who had been granted study leave, a majority of them were high-skilled workers.

7. SEM responded that whilst employers were encouraged to release their staff to undertake training, they were very astute in that they would only consider providing training for employees if it could provide them with additional practical benefits. They would do so if they had found a difference in the quality of their employees before and after training. The critical factor was whether the training

had value-added, and QF would provide a mechanism to monitor the quality of training programmes.

8. On how to encourage employers to provide training for employees, Mr LEE Cheuk-yan quoted the example of Singapore where the Government collected taxes from employers engaging low-skilled workers with wages under SG\$1,000, and in return, the Singaporean Government subsidised the training of these workers, such as sponsoring replacements for these workers released for on-the-job training. SEM responded that he would relay to the Financial Secretary (FS) Mr LEE's suggestion on the introduction of such a levy on employers.

Transport allowance for employees

9. Mr WONG Kwok-hing said that the Transport Support Scheme (Scheme) for employees residing in remote areas had imposed various restrictions on the applicants, and as of to-date, only a handful (about 34) had been granted the subsidy. Such a small number indicated that many needy had not been able to benefit from the Scheme. He asked whether EMB could coordinate with other bureaux to help the poor employees. He also asked whether the Administration could better utilise public resources, by channelling resources to provide transport allowance for retrainees under the Employees Retraining Scheme.

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10. SEM responded that the number of successful applications was over 40 as of to-date. As the Scheme was not under his purview, he would reflect the views to the relevant bureau. The Chairman requested the Administration to revert to the Panel on work progress.

Project Yi Jin

11. Mr WONG Kwok-hing asked whether, in view of the high unemployment rate of youths, the Administration had assessed the effectiveness of Project Yi Jin (PYJ). He also asked about the employment opportunities for PYJ graduates who could not further their studies.

12. SEM responded that a certificate awarded after successfully completed PYJ was comparable to five passes in the Hong Kong Certificate of Education Examination. He said that 40% of PYJ graduates were able to secure employment, whereas another 40% took up further academic studies; hence, the project was considered to be very successful. Apart from this, there was a steady increase of enrolment in 2006-2007 with the total number exceeding 7,000. With the implementation of the New Senior Secondary Academic Structure, more vocational education elements would be included in the new senior secondary school curriculum to cater for the diverse learning needs of learners.

Training for ethnic minorities

13. Ms LI Fung-ying enquired about the training provided by the Vocational Training Council (VTC) to ethnic minorities.

14. Deputy Secretary for Education and Manpower (DSEM) responded that in the 2006-2007 school year, VTC would provide about 300 training places for adults and youths who were ethnic minorities. After completing the training courses, they could attend other training programmes run by VTC.

Admin

15. Ms LI Fung-ying enquired about the details of training courses offered to ethnic minorities, provision of assistance to help them secure employment, and the number of persons who had secured employment. SEM agreed to provide members with the information requested.

Youth training

16. Referring to the pilot projects of the Task Force on Continuing Development and Employment-related Training for Youth (Task Force), Mr LEE Cheuk-yan asked whether the Administration had any plan to enhance the employability of youths through these projects. He said that a trainee under the Youth Work Experience and Training Scheme had reflected to him that there was no avenue for youths to enter the labour market as hairdressing masters, as there were no such training courses. He considered that VTC should expand the training programmes and services to cover new trades, such as the Beauty and Hairdressing sectors, so that if a youth joined the programmes at the age of 15 or 16, he/she could achieve Level 2 or 3 of QF upon completion of the programmes. He suggested that VTC could operate programmes along the model formerly adopted by the Kowloon Motor Bus Company Limited which had provided two to three years' on-the-job training for their junior mechanics who would eventually be awarded certificates with recognised qualifications.

17. SEM agreed to the view that there should be avenues for employees to obtain training and recognition of qualifications at different levels. He said that, pursuant to such a need, EMB was proposing the establishment of QF. As the training programmes of VTC were designed to meet market needs, seeking employment should not be a problem for youths completing these training programmes.

18. Ms LI Fung-ying said that various bureaux and government departments, including EMB, the Labour Department (LD), Social Welfare Department and Home Affairs Bureau, had been implementing different schemes to assist non-engaged youths. She suggested that a bureau should be designated to coordinate the work in this regard in order to obtain a comprehensive perspective of the problem and to better utilise the resources available.

19. SEM responded that the Commission on Poverty, with concerted efforts from various bureaux and government departments and led by FS, was formed specifically to tackle this issue.

20. Ms LI Fung-ying asked whether there were other initiatives undertaken by the Administration to address the issues of training and employment of non-engaged youths, and whether the effectiveness of these initiatives would be examined.

21. Permanent Secretary for Education and Manpower (PSEM) responded that the Task Force had been set up as a coordination body with representatives from all relevant bureaux and government departments. The Administration had also commissioned a local tertiary institution to conduct a detailed study to assess the overall effectiveness of the programmes under the Task Force, and how the Administration should coordinate the provision of services. The report would be available by the end of 2006.

22. Referring to the pilot projects and training places under the Task Force in paragraphs 19 and 20 of EMB's paper, Mr Wong Kwok-hing enquired about the employment opportunities for youths having attended the training programmes. He also asked whether these training programmes would be recognised under QF.

23. SEM responded that EMB was considering whether these training programmes should integrate with the implementation of QF and whether the provision of subsidy should be expanded.

24. PSEM said that the pilot projects had been devised to rekindle self-confidence in these youths and help them search for goals in their lives, instead of helping them to acquire jobs. Another group of youths targeted by the Task Force were the early school leavers who were provided with continuing development opportunities. The above-mentioned study would also assess changes in these youths before and after training. She added that the employment opportunities of these youths were contingent upon the economy of Hong Kong.

25. Noting the training and employment programmes in the Mainland China mentioned in EMB's paper, Mr Wong Kwok-hing asked about the employment opportunities of participants under these programmes, and the effectiveness of the pilot projects and programmes.

26. PSEM responded that these training and development programmes in the Mainland were run by VTC on a pilot basis. Others were run by various non-government organisations and covered a large array of areas, and some of them would continue as social enterprises. She agreed to report to the Panel on the effectiveness of the training programmes when the findings of the study were available.

Resources for employees retraining

27. Ms LI Fung-ying considered that the Administration should conduct a comprehensive review on the retraining scheme, as applicants were subject to age limit and had to be unemployed. She said that the imposition of requirements was due to resource implications. As the Administration had been placing emphasis on enhancing human capital, she asked whether the Administration would put into additional resources for retraining.

28. SEM said that additional resources for retraining would be available from the levy paid by employers of foreign domestic helpers, pending the outcome of the judicial review. At present, the levy collected amounted to \$2 billion.

29. Ms LI Fung-ying said that manpower training and retraining required more resources. She asked whether the Administration would still inject resources in this area, if the Administration was ruled against in the judicial review. SEM responded that once the court case was concluded, the Administration would review the funding for retraining.

30. Mr LEE Cheuk-yan considered that the Administration should use the levy collected, instead of awaiting the outcome of the judicial review. He urged the Administration to review how the levy would be used, so that the funds could be used immediately once the case was concluded.

31. SEM responded that it would be inappropriate to use the levy before the court case was concluded. He said that if the appellants succeeded in the judicial review, the Administration might have to refund the employers. If the ultimate ruling was in the Administration's favour, it would submit proposals on how the levy could be used so as to benefit a broader segment of the community.

II. Briefing by the Secretary for Economic Development and Labour on the Chief Executive's 2006-2007 Policy Address relating to the labour portfolio

(LC Paper No. CB(2)41/06-07(02))

32. Secretary for Economic Development and Labour (SEDL) briefed members on the new and ongoing initiatives relating to the labour portfolio of the Economic Development and Labour Bureau in the 2006-2007 Policy Agenda.

(Post-meeting note : SEDL's speaking note provided by the Administration was subsequently issued to members on 27 October 2006 vide LC Paper No. CB(2)205/06-07).

Wage Protection Movement for employees in the cleansing and guarding services sectors

33. Mr WONG Kwok-hing said that there might be cases where employers did not join the Wage Protection Movement (WPM). He expressed concern how the Administration could ensure that employers would pay cleansing workers and security guards wages not lower than the average market rates of the relevant industries and occupations published in the Quarterly Report of Wages and Payroll Statistics by the Census and Statistics Department (C&SD). Mr WONG said that the labour sector hoped that a clear timetable for legislating for a minimum wage would be set, although the Chief Executive (CE) had stated in his Policy Address that the Administration would review the overall effectiveness of WPM in two years' time and would set out to prepare for the introduction of legislation for a minimum wage in the cleansing and guarding services sectors if WPM failed to deliver satisfactory results. Mr WONG asked whether the review could be advanced.

34. SEDL responded that -

- (a) as views of different sectors of the community on whether a statutory minimum wage should be introduced remained diverse, the Government considered that the pragmatic approach at this stage was to provide wage protection through non-legislative measures;
- (b) through WPM for employees in the cleansing and guarding services sectors, the Administration would call on voluntary participation by business enterprises/corporations/contractors to offer their cleansing workers and security guards wages not lower than the average market rates;
- (c) as employers who joined WPM were required to provide written employment contracts setting out the employment terms (including wages, hours of work and overtime pay rate) for their cleansing workers and security guards, LD would be able to take enforcement action if employers were found to have breached the terms in the employment contracts, thereby offering protection for these employees;
- (d) the Administration would closely monitor the effectiveness of WPM through the Labour Advisory Board (LAB) and conduct a comprehensive review in October 2008, two years after implementation. The two-year timeframe had taken into account the interests of the business community and the labour sector;

- (e) CE had already made it clear in his Policy Address that the Administration would prepare for the introduction of legislation for a minimum wage in the cleansing and guarding services sectors if WPM failed to yield satisfactory results; and
- (f) as LAB would be responsible for monitoring WPM and carrying out the review, it could decide whether some of the preparatory work for the review could be done in advance.

35. Mr LEE Cheuk-yan criticised that the Administration was delaying the introduction of legislation on minimum wage by launching WPM. He expressed disappointment that the Administration had dragged its feet for a long time over the issue of legislating for a minimum wage, as this had been the subject of long-standing discussions in the community for more than 10 years but its implementation was still not in sight. In his view, the needs and concerns of the low-income group were ignored. Mr LEE further said that instead of resolving conflicts and promoting social harmony, WPM would create inequality between people in the low-income group since the minimum wage requirement was only applied to the cleansing and guarding services sectors, but not to other low-income occupations. Regarding the effectiveness of WPM, Mr LEE enquired about how the Administration would evaluate the scheme and what performance indicators would be adopted. He quoted a newspaper article dated 14 October 2006, which said that SEDL had announced that the Administration would introduce legislation on minimum wage if WPM failed to achieve a 90% participation rate, and sought clarification whether 90% was the indicator for measuring the effectiveness of WPM. He also asked about the incentive measures to be adopted by the Administration to encourage employers participating in WPM.

36. SEDL said that LAB, which was responsible for conducting the review, would decide on the performance indicators and mechanism for the review. He further said that the Administration would call on employers to fully support and actively participate in the scheme in the spirit of corporate social responsibility. Under WPM, LD would, from a specified date, only accept cleansing worker and security guard vacancies which offered wages not lower than the average market rates, and all LD's employment programmes would give priority to employers participating in WPM. SEDL added that WPM had received good response from employers since CE announced this new initiative in his Policy Address.

37. Mr LEUNG Yiu-chung said that encouraging voluntary participation in WPM would be less effective than putting in place legislation in safeguarding the interests of the low-income group. Mr LEUNG shared the view of Mr LEE Cheuk-yan that WPM was a tactic to delay putting in place legislation as the Administration would only consider the need for legislation two years after implementation of WPM, pending the review to be carried out by LAB. Mr LEUNG pointed out that the Administration had not set a time-limit for LAB to

complete the review. To demonstrate its sincerity and determination in protecting the low-income group, the Administration should set out a timetable and the criteria for reviewing WPM.

38. SEDL stressed that the Administration had no intention to drag on the matter and was sincere in tackling the problems faced by the low-income group. CE had made it clear in his Policy Address that legislation to introduce a minimum wage for the cleansing and guarding services sectors would be planned in two years' time if WPM failed to deliver satisfactory results. This was a big step forward. SEDL further said that the Administration considered it more appropriate for the review to be conducted by LAB, and would leave it to LAB to decide how WPM should be evaluated and what performance indicators should be adopted. Noting members' concern that the review of WPM might take a long time to complete, SEDL said that to save time, LAB could make early preparation for the exercise, such as setting the benchmark participation rate or compiling statistics on the average monthly salaries of cleansing workers and security guards. In parallel, LD would launch WPM, together with employer groups, through a multi-pronged approach of promotion, public education and enforcement.

39. The Chairman said that members were mainly concerned whether LAB would take a few years to conclude the review, if consensus could not be reached between the employer and employee representatives on the Board. He asked about the timeframe for completing the review that was considered appropriate by the Administration.

40. SEDL responded that sufficient time had to be given for WPM to be tried out. In the coming two years, employers would be given the opportunity to prove that WPM could solve the problem. He reiterated that LAB could make preparation in advance so as to shorten the time required for the review. Permanent Secretary for Economic Development and Labour (Labour) (PSL) added that LAB should be given greater flexibility to carry out the review.

41. Ms LI Fung-ying expressed dissatisfaction that the Administration was delaying the introduction of legislation for a minimum wage by launching WPM, which, in her view, was a backward move. As regards the performance indicators to be adopted for assessing WPM, Ms LI said that the employer and employee representatives on LAB might be divided in their views. The Administration should therefore take the mainstream opinion of the general public and make a decision now to ensure that the assessment criteria and mechanism were readily available, so that LAB could follow suit when it started the review.

42. SEDL responded that the Government had fully demonstrated its sincerity in protecting the interests of the low-income group, by setting out a timetable for reviewing WPM and a roadmap for introducing legislation. He said that many employers had already indicated their support to the proposed WPM to pay their

cleansing workers and security guards wages not lower than the average market rates. Although the comprehensive review would be conducted in October 2008, some of the preparatory work could be done in advance and interim reviews could be carried out from time to time. The Administration had full confidence that LAB would, after discussions, devise a sound mechanism for the review exercise.

43. Ms LI Fung-ying remained of the view that unscrupulous employers would continue exploiting workers until legislation on minimum wage was in place. Only legislating, rather than the proposed WPM, could solve the problem and have a deterrent effect against employers who were reluctant to offer a minimum wage.

44. SEDL reiterated that under WPM, employers were required to provide written employment contracts setting out the employment terms for their cleansing workers and security guards, and LD would take enforcement action in accordance with the Employment Ordinance if employers were found to have breached the terms in the employment contracts. As such, employees would be well protected.

45. The Chairman asked about the number of employees in the cleansing and guarding services sectors likely to be benefitted from WPM.

46. PSL replied that according to the latest government statistics, there were altogether about 190 000 frontline staff in the cleansing and guarding services sectors. About 30 000 of them, who were engaged in outsourced services contracts of the Government or employed by subvented organisations and public bodies, had already had wage protection. It was estimated that 50% of the remaining workers in these two services sectors, about 80 000 people, were receiving average salaries lower than the levels stipulated in C&SD's Quarterly Report. WPM would target at this group of people.

47. PSL said that the Administration would launch WPM through a multi-pronged strategy whereby the following measures would be taken -

- (a) promoting the use of written employment contracts;
- (b) requiring main contractors who pledged to join WPM to offer wages not lower than the average market rates, and they should also assume the responsibility to ensure that their subcontractors followed suit;
- (c) liaising with estate management companies and owner's corporations and advising them to impose a tender requirement in relation to wages for their services contracts; and
- (d) stepping up publicity and promotional efforts to encourage large corporations and small and medium-sized enterprises to participate in

WPM. Cooperation of trade organisations and trade unions would also be sought.

48. Mr LEE Cheuk-yan urged the Administration to adopt 90% participation rate as the benchmark for measuring the effectiveness of WPM. He quoted the views of trade organisations and trade unions in the two services sectors concerned that WPM could not work, as the practice of offering tender to the bidder with the lowest tender price would pose a great difficulty for employers to enforce a minimum wage when they had to compete with other tenderers on price. As regards CE's call on members of the public to report cases where employers exploited workers, Mr LEE enquired how LD would deal with such cases of complaint. He also asked whether there would be adequate manpower in LD to implement WPM.

49. SEDL responded that -

- (a) for employers who had pledged to join WPM, LD would take enforcement action if any of them was subsequently found to have breached the terms of the employment contracts;
- (b) for employers who had not joined WPM, LD would call for their voluntary participation and advise them on the consequences if they continued exploiting workers; and
- (c) given the increased workload arising from promotion, public education, conciliation and enforcement, LD would review the staffing implications. The Administration would revert to the Panel when additional manpower was required.

50. PSL added that the Administration aimed at promoting WPM and reaching out to every member of the community, including owners, owners' corporations and building management companies, so as to raise public awareness that wages of workers in the cleansing and guarding services sectors should be set at acceptable levels. To achieve a cultural change among employers, the Administration would step up publicity and education. Details of the measures to be taken by the Administration for promoting WPM would be provided at the Panel meeting on 16 November 2006.

51. Mr LEUNG Yiu-chung and Ms LI Fung-ying shared the view that the Administration should come up with a clear blueprint on the way forward in respect of implementing a minimum wage. Ms LI hoped that the blueprint, together with concrete recommendations on how the review should be done, could be made available for consideration by the Panel at the meeting in November 2006. SEDL said that the Administration noted the suggestion.

Extending and regularising some of the temporary jobs in the public sector to meet operational needs

52. Mr LEUNG Yiu-chung noted with concern that the Administration' plan to regularise some of the temporary jobs in the public sector might have adverse impact on those staff presently in the posts. He said that according to the Secretary for the Civil Service, the vacancies would be filled by open recruitment after regularisation and the departments concerned had to terminate the service of the staff presently appointed on temporary terms before advertising the posts.

53. PSL responded that the Administration had completed the review on temporary jobs in the public sector and would brief members on the results of the review as well as its proposal to extend and regularise some of the temporary jobs at the Panel meeting on 16 November 2006. Representatives from relevant government departments and agency, including the Hospital Authority, would attend the meeting.

Establishment of Youth Employment Resources Centres

54. Ms LI Fung-ying noted that LD would set up two centres to provide one-stop advisory and support services on employment and self-employment to youths between the age of 15 and 29. She asked whether these centres would assume a coordinating role in integrating the existing services provided to young people by various policy bureaux and government departments.

55. SEDL and PSL explained that -

- (a) the two Youth Employment Resource Centres, one in the New Territories and one in Kowloon, would be operated on a trial basis. As such, the centres would not assume a coordinating role. LD would work in close co-operation with the other policy bureaux and departments;
- (b) the two centres would provide a wide range of employment-related advisory and support services, including career counselling and provision of up-to-date employment market information;
- (c) the target clients of the centres would include past trainees of the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme, as well as all young people aged 15 to 29; and
- (d) a review on the effectiveness of the trial scheme would be conducted in due course.

56. The meeting ended at 4:30 pm.

Council Business Division 2
Legislative Council Secretariat
15 November 2006