

立法會

Legislative Council

LC Paper No. CB(2)2174/06-07
(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP/1

Panel on Manpower

Minutes of meeting held on Thursday, 17 May 2007, 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 CHAN Yuen-han, JP
Hon LEUNG Yiu-chung
Hon Jasper TSANG Yok-sing, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
- Members absent** : Hon Andrew CHENG Kar-foo
Hon LEUNG Kwok-hung
- Public Officers attending** : Item IV
Mr TANG Kwok-wai, Paul, JP
Permanent Secretary for Economic Development and
Labour (Labour)
Miss CHANG Kar-wai, Carrie
Acting Assistant Commissioner (Policy Support and
Strategic Planning)
Labour Department

Item V

Mrs Betty FUNG, JP
Deputy Secretary for Education and Manpower

Mr Daniel CHENG
Principal Assistant Secretary for Education and
Manpower

Mr Peter CHEUNG
Executive Director
Hong Kong Council for Academic Accreditation

Item VI

Mrs Betty FUNG, JP
Deputy Secretary for Education and Manpower

Mr Daniel CHENG
Principal Assistant Secretary for Education and
Manpower

**Deputations
by invitation**

: Item IV

The Hong Kong Federation of Trade Unions

Mr FUNG Kin-cho
Deputy Director, Rights & Benefits Committee

Mr SO Pak-tsan
Committee Member, Rights and Benefits Committee

Federation of Hong Kong Industries

Mr Stanley LAU
Deputy Chairman

Mr Roger TAM
Manager

Transport and Logistics Workers Union

Mr CHAN Chiu-wai
Organizing Secretary

Employers' Federation of Hong Kong

Mr Louis PONG
Chief Executive Officer

Ms Jodi KOON
Senior Director, Operations

Cleaning Workers Union

Ms WONG Pui-yan
Organizer

The Federation of Hong Kong & Kowloon Labour Unions

Mr CHAU Siu-chung
Vice Supervisor, Labour Rights

Mr LI Keung-tsang
Committee Member, Labour Rights

Hong Kong Confederation of Trade Unions

Mr IU Chung-yiu
Chairperson, Labour Committee

Mr MUNG Siu-tat
Organizing Coordinator

Hong Kong Small and Medium Enterprises Association

Mr LAU Tat-pong
Chairman

Mr Patrick LAM
Vice Chairman

Hong Kong Building Management and Security Workers General Union

Mr LOW Chia-chung
Vice-Chairman

Mr LI Hoi
Organizing Secretary

Catering and Hotels Industries Employees General
Union

Mr LEE Wan-lung
Chairman

Concerning CSSA Review Alliance

Mr AU YEUNG Tat-chor
Community Organizer

Clothing Industry, Clerical and Retail Trade Employees
General Union

Ms CHEUNG Lai-ha
General Secretary

Mr CHEUNG Tim-choi
Labour Rights Officer

Hong Kong Women Workers' Association

Ms CHAN Po-ying
Committee Member

The Hong Kong General Union of Security & Property
Management Industry Employees

Mr TSANG Wai-keung
Deputy Chairman

Hong Kong Environmental Services and Logistics
Employees Association

Mr LAM Yau-kwai
Chairman

Cleaning Service Industry Workers Union

Mr FUNG Kai-yuen
General Secretary

The Hong Kong Chamber of Small and Medium
Business Ltd.

Mr Andy YIU
Chairman, Policy Concern Committee

Mr Gere CHAN
Chairman, International Affair Committee

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

Staff in attendance : Miss Josephine SO
Council Secretary (2) 1

Miss Helen DIN
Legislative Assistant (2) 1

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I. Confirmation of minutes of previous meeting
(LC Paper No. CB(2)1829/06-07)

The minutes of the meeting held on 19 April 2007 were confirmed.

II. Proposal to undertake an overseas duty visit
(LC Paper No. CB(2)1828/06-07(01))

2. Members agreed that the duty visit to the United Kingdom and France to study their experience in implementing statutory minimum wage be conducted from 23 to 29 September 2007. Members also agreed to open the duty visit to non-Panel Members.

III. Date of next meeting and items for discussion
(LC Paper Nos. CB(2)1828/06-07(02) & (03))

3. Members agreed that the following items be discussed at the next meeting to be held on 21 June 2007 from 2:30 pm to 5:30 pm –

- (a) Proposal for introduction of legislation for a minimum wage and related preparatory work;

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- (b) Funding requirements of the Pneumoconiosis Ex Gratia Scheme; and
- (c) Hong Kong's Occupational Safety Performance in 2006.

(Post-meeting note : Regarding the item referred to in paragraph 3(a) above, the Chairman has, in discussion with the Administration after the meeting, advised that the Panel should invite views from academics on the subject matter specifically on the proposal to introduce statutory minimum wage for cleaning workers and security guards, and meet with interested academics at the meeting on 21 June 2007. Members have been informed of the arrangements on 23 May 2007 vide LC Paper No. CB(2)1954/06-07.)

4. Members agreed that the Research and Library Services Division (RLSD) of LegCo Secretariat should be requested to conduct a research study on the experience and practices of overseas economies in implementing statutory minimum wage. The Panel would consider the research outline proposed by RLSD at the next meeting.

IV. Proposal for introduction of legislation for a minimum wage and related preparatory work - statutory minimum wage for cleaning workers and security guards
(LC Paper Nos. CB(2)1828/06-07(09) - (12), CB(2)1857/06-07(03) and CB(2)1906/06-07(01) - (02))

Views of deputations

*The Hong Kong Federation of Trade Unions
(LC Paper No. CB(2)1890/06-07(01))*

5. Mr FUNG Kin-cho presented the views of the Hong Kong Federation of Trade Unions (HKFTU), as detailed in its submission. Mr FUNG said that although the Wage Protection Movement for cleaning workers and security guards (WPM) had been launched for six months, the wages of cleaning workers and security guards had not improved noticeably. According to the wage survey conducted by HKFTU where cleaning workers and security guards were interviewed, a large proportion of the working population in the cleansing and guarding services sectors, 83.6% and 93.3% of them respectively, continued to earn a very low income. When compared to the relevant average market rates as published in the Census and Statistics Department (C&SD)'s Quarterly Report of Wage and Payroll Statistics (Quarterly Report), their wages had recorded a discrepancy, ranging from 5.1% to 7.4%. These findings showed that WPM failed to deliver satisfactory results in providing wage protection for workers in the cleansing and guarding services sectors. The

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Administration should proceed to legislate for a minimum wage, as it was more effective than WPM in protecting the interests of the low-income group.

Federation of Hong Kong Industries
(LC Paper No. CB(2)1883/06-07(01))

6. Mr Stanley LAU said that the Federation of Hong Kong Industries (FHKI) was against the proposal to introduce legislation for a minimum wage, having regard to its negative impact on the business environment and labour market. Mr LAU pointed out that minimum wage, if implemented, would incur additional cost for employers; thus adversely affecting the competitiveness of enterprises, in particular, small and medium enterprises (SMEs), in the ever-changing global market. Employers might resort to reducing the number of employees or moving their businesses out of Hong Kong so as to cut the operating costs. As a result, workers with low skill and the vulnerable groups would suffer greater hardship in securing employment, given their comparatively lower productivity and limited bargaining power in the labour market.

7. Mr Stanley LAU added that FHKI was in support of the Administration's proposal to adopt a voluntary compliance approach through the launch of WPM to achieve wage protection for workers in the cleansing and guarding services sectors. According to the latest government statistics, 916 enterprises/organisations had already pledged their support for WPM in the last six months, and a total of some 55 300 cleaning workers and security guards out of the 190 000 frontline staff in the cleansing and guarding services sectors were receiving wage protection. The result was rather encouraging. FHKI hoped that the Administration would continue to strenuously promote WPM in the next 20 months.

Transport and Logistics Workers Union
(LC Paper No. CB(2)1828/06-07(04))

8. Mr CHAN Chiu-wai said that the problem of low wages was not confined to the cleansing and guarding services sectors. Over the years, legislating for a minimum wage had been the aspiration of the low-paid workers in many other sectors, such as the catering industry, the retail trade, the personal services and courier services sectors. Mr CHAN further said that according to a recent survey conducted by the Union on 188 courier workers, more than 92.5% of the interviewees were paid an hourly rate of \$30 or less; among them, about 18.3% were offered an hourly rate of \$20 or less at the lowest. The majority of courier workers therefore had to work for long hours in order to earn an income inadequate for them to maintain a basic standard of living. The Union suggested that a statutory minimum wage should be introduced for all trades without further delay, and it should be pitched at \$30 per hour.

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*Employers' Federation of Hong Kong
(LC Paper No. CB(2)1884/06-07(01))*

9. Mr Louis PONG informed the meeting that the Employers' Federation of Hong Kong (EFHK) opposed the introduction of a statutory minimum wage in Hong Kong. Mr PONG said that imposing a statutory minimum wage would be like fixing the price of apples in a fruit market regardless of quality or whether they were good or rotten. Only those with comparatively lower productivity in the labour market would benefit from minimum wage. While employees' productivity, competency, ability and operating cost were relevant factors which affected the wage level, employers might choose to reduce the number of vacancies and hire the more-competitive employees in order to offset the higher production cost brought about by minimum wages. In that case, the less-competitive employees would be pushed out from the employment market after the imposition of minimum wage. Mr PONG iterated that the introduction of a statutory minimum wage was not necessarily the best way to protect the interests of the low-income group. The wages of workers should be decided by market forces, which had its own way of balancing the demand and supply of labours, and it was undesirable for the Government to intervene.

Cleaning Workers Union

(LC Paper Nos. CB(2)1847/06-07(01) and CB(2)1891/06-07(01))

10. Ms WONG Pui-yan noted with concern that the pace at which companies and owners' corporations (OCs) joined WPM was not satisfactory, and the number of cleaning workers and security guards in the private sectors benefited from WPM since its launch in late October 2006 was small. She said that the Administration should declare WPM a failure and introduce legislation on minimum wage for all sectors immediately. To provide adequate income protection for workers to maintain a basic standard of living, a minimum wage no less than \$30 per hour should be set.

The Federation of Hong Kong & Kowloon Labour Unions

(LC Paper No. CB(2)1847/06-07(02))

11. Mr LI Keung-tsang concurred with Ms WONG Pui-yan of Cleaning Workers Union that the voluntary WPM was not helping low-paid workers, as only 25 300 cleaning workers and security guards (discounting the 30 000 cleaners and security guards who were employed by service contractors of government departments and covered by the mandatory wage requirement applicable to government contracts) had benefited from WPM since its launch in end-October 2006. He expressed disappointment that major and leading companies in property management, which controlled up to 80% of cleansing and security services in the market and supported the introduction of the mandatory wage requirement for government services contract some two years ago, had not joined the scheme. The Federation of Hong Kong & Kowloon

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Labour Unions called upon the Administration to legislate for a minimum wage, as it was the solution to preserve the dignity of workers and to make it possible for them not to rely on the Comprehensive Social Security Assistance Scheme (CSSA).

Hong Kong Confederation of Trade Unions
(LC Paper No. CB(2)1883/06-07(02))

12. Mr IU Chung-yiu presented the views of the Hong Kong Confederation of Trade Unions as detailed in its submission, and highlighted the following points -

- (a) the Unions was in support of the proposal to put in place legislation for a minimum wage;
- (b) as the problem of unreasonably low wages was common to workers engaged in elementary occupations in many other sectors, minimum wage should be made applicable to all trades and all employees;
- (c) the minimum wage rates should also be reviewed regularly and adjusted as necessary by a statutory board, taking into account the needs of workers and their families, the inflation rate, and other factors such as the economic situation, productivity and employment levels;
- (d) to provide adequate income protection for elementary workers and alleviate the problem of poverty, the minimum wage should not be lower than the monthly allowance under CSSA.

Hong Kong Small and Medium Enterprises Association
(LC Paper No. CB(2)1828/06-07(05))

13. Mr LAU Tat-pong informed the meeting that the Hong Kong Small and Medium Enterprises Association had conducted a questionnaire survey among its members on the subject under discussion. The findings, as detailed in the submission of the Association, indicated that -

- (a) 83% of its members supported the introduction of statutory minimum wage for cleaning workers and security guards; and
- (b) regarding the level of statutory minimum wage, 75% of its members considered that the monthly rate should be in the range of \$5,000-\$6,000.

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*Hong Kong Building Management and Security Workers General Union
(LC Paper No. CB(2)1828/06-07(06))*

14. Mr LOW Chia-chung presented the views of the Hong Kong Building Management and Security Workers General Union, as detailed in its submission. The major views of the Union were as follows -

- (a) WPM had no binding effect. Employers would not offer market wage rates to workers, unless there was legislation on minimum wage;
- (b) the Administration, in implementing WPM, had completely ignored the interests of employees in other sectors, since WPM offered protection only to cleaning workers and security guards;
- (c) to provide an incentive for work without the need to resort to CSSA, the statutory minimum wage should be fixed at a level adequate for the workers and their families to maintain a decent living; and
- (d) if legislation on minimum wage was enacted, the wage rates should be reviewed regularly and adjusted as necessary. The Administration should ensure the effective application of all provisions relating to minimum wage, and take enforcement actions when necessary against non-compliance with minimum wage.

*Catering and Hotels Industries Employees General Union
(LC Paper No. CB(2)1828/06-07(07))*

15. Mr LEE Wan-lung briefed members on the views of the Catering and Hotels Industries Employees General Union, as outlined in its submission. The Union supported the introduction of minimum wage for all trades and occupations across-the-board. As regards the level of minimum wage, the Union suggested that it should in no case be less than \$30 per hour.

*Concerning CSSA Review Alliance
(LC Paper No. CB(2)1828/06-07(08))*

16. Mr AU YEUNG Tat-chor took members through the submission of the Concerning CSSA Review Alliance, and highlighted the following views and suggestions of the Alliance -

- (a) it had been increasingly difficult for CSSA recipients who participated in Social Welfare Department's Support for Self-reliance Scheme to make an earning without the need to resort to CSSA, as the wage levels of low-skilled jobs very often taken up

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by CSSA recipients kept decreasing over the past 10 years;

- (b) as the majority of CSSA recipients in employment could only take up low-paid and low-qualification jobs, the Administration should seriously consider prescribing a minimum wage to protect these workers from being exploited and offered unreasonably low wages;
- (c) to ensure a decent living for low-income workers in various sectors, a statutory minimum wage system should be established across-the-board, and the wage level should be set at no less than \$30 per hour; and
- (d) the Administration should provide a clear timetable and roadmap for introducing the legislation.

*Clothing Industry, Clerical and Retail Trade Employees General Union
(LC Paper No. CB(2)1857/06-07(01))*

17. Ms CHEUNG Lai-ha said that the Clothing Industry, Clerical and Retail Trade Employees General Union shared the views that a minimum wage system should be introduced across-the-board for all trades and occupations, and the wage level should in no case be less than \$30 per hour. Referring to the list of enterprises/organisations which had pledged support for WPM (LC Paper No. CB(2)1857/06-07(03)), Ms CHEUNG questioned whether most of the employees of the 916 companies that had joined the scheme were cleaning workers and security guards. She doubted the effectiveness of WPM in promoting minimum wage protection for low-paid workers.

*Hong Kong Women Workers' Association
(LC Paper No. CB(2)1857/06-07(02))*

18. Ms CHAN Po-ying presented the views of the Hong Kong Women Workers' Association as detailed in its submission. Ms CHAN expressed disappointment that the court had ruled against an application for a judicial review regarding the Chief Executive (CE)'s refusal to implement a statutory minimum wage. She said that many female workers, especially single mothers, had difficulties in finding suitable employment with a reasonable income. CE should exercise the power conferred on him by the Trade Boards Ordinance to specify a minimum wage level for trades where wage standards were unreasonably low.

*The Hong Kong General Union of Security & Property Management Industry
Employees
(LC Paper No. CB(2)1891/06-07(02))*

19. Mr TSANG Wai-keung presented the views of the Hong Kong General

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Union of Security & Property Management Industry Employees to support the setting of minimum wages and maximum working hours, as contained in its submission.

*Hong Kong Environmental Services and Logistics Employees Association
(LC Paper No. CB(2)1906/06-07(03))*

20. Mr LAM Yau-kwai took members through the submission of the Hong Kong Environmental Services and Logistics Employees Association. He highlighted that the Association urged the Government to introduce legislation to set a minimum wage and regulate the number of working hours, instead of adopting a voluntary approach through the launch of WPM to achieve wage protection for workers in the cleansing and guarding services sectors. The latest government statistics on the number of enterprises/organisations participating in WPM had provided evidence that WPM failed to gain the support by the vast majority of enterprises, OCs and residents' organisations and achieve the expected results.

*Cleaning Service Industry Workers Union
(LC Paper No. CB(2)1891/06-07(03))*

21. Mr FUNG Kai-yuen presented the views of the Cleaning Service Industry Workers Union to support the setting up of a minimum wage system in Hong Kong, as contained in its submission. In particular, he expressed concern about the effectiveness of WPM, as the number of enterprises/OCs participating in WPM and the number of cleaners and security guards benefited from the scheme were low.

*The Hong Kong Chamber of Small and Medium Business Ltd
(LC Paper No. CB(2)1891/06-07(04))*

22. Mr Andy YIU presented the views of the Hong Kong Chamber of Small and Medium Business Ltd as contained in its submission, objecting the setting up of a minimum wage system in Hong Kong. Mr YIU said that minimum wage would undermine the economy and the competitiveness of SMEs, and in the end the employment opportunities of local workers, particularly those with comparatively lower productivity, would be affected. Mr YIU added that the employer groups were in support of the Administration's proposal to adopt a voluntary compliance approach through the launch of WPM to achieve wage protection for workers in the cleansing and guarding services sectors. As an interim review would be conducted in October 2007, followed by a comprehensive review in October 2008, it would be premature to conclude that WPM was doomed to fail.

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Discussion

23. Responding to the views expressed by the deputations, Permanent Secretary for Economic Development and Labour (Labour) (PSL) said that -

- (a) it was too soon to conclude that WPM was a failure, as WPM had only been launched for six months. What mattered most was not the number of enterprises joining, but the number of workers benefited from the scheme;
- (b) the Administration was prepared to take forward the preparatory work for a statutory minimum wage for the cleansing and guarding services sectors before the final review of WPM to be conducted in October 2008; and
- (c) the preparatory work, however, should not detract from the Administration's overall efforts in pressing ahead with WPM in the next 18 months. Nor should it pre-empt the outcome of the final review. Sufficient time should be allowed for WPM to be fully tested and employers to join WPM voluntarily. The Labour Department (LD) would continue to promote WPM through various means and secure the support of different sectors. New publicity measures targeting property owners and OC would be launched.

24. Mr WONG Kwok-hing said that the Hong Kong Small and Medium Enterprises Association should be commended for having conducted a questionnaire survey among its members on whether statutory minimum wage should be introduced before jumping to the conclusion of objecting simply because of the need to protect the interests of employers. Mr WONG hoped that the Association would stand firm on the issue. Referring to the findings of the Association, as outlined in its submission and stated in paragraph 13 above, Mr WONG asked whether the Administration was aware of the position of SMEs. He also enquired about the criteria and mechanism for assessing the overall effectiveness of WPM.

25. PSL responded that -

- (a) the Labour Advisory Board (LAB), which was responsible for monitoring WPM, had already started the discussion on how to conduct the mid-term review. The Administration expected that LAB could complete its deliberations in the next few months and would revert to the Panel in due course;
- (b) regarding the criteria to be adopted for assessing the effectiveness of WPM, indicators including employers' participation rate, number of workers benefited from the scheme, pay trend, the

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impact of wage requirement on vacancies available in the market, the total number of workers in the cleansing and guarding services sectors, and their educational level would be considered; and

- (c) the Administration had provided a clear timetable for reviewing the overall effectiveness of WPM, and had pledged that it 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 in two years' time.

26. Regarding the views made by EFHK in paragraph 9 above, Mr LEE Cheuk-yan considered its arguments unsound. He pointed out that it was neither appropriate nor desirable to compare workers with apples, as a high-calibre person would in no way seek work with minimum wage or become a cleaner/security guard. The minimum wage merely sought to provide better income protection for elementary workers with low skill and education attainment. Mr LEE noted that the number of large corporations and major property management companies on the list of enterprises/organisations which had pledged support for WPM was exceedingly low. He asked about the reasons for the poor response of large corporations and major property management companies to the scheme. To his knowledge, many property management companies claimed that they were forced to control the staff cost, lest their chance of success in bidding for cleaning or guarding service contracts awarded by OCs would be affected, since the latter would assess the qualitative as well as price aspects of all bids received from different service providers before awarding a service contract.

27. PSL responded that the situation as mentioned above by Mr LEE Cheuk-yan could be a possible cause. To address the issue, the Administration would make every effort to promote and publicise WPM so as to secure the support of OCs. However, it would take time to foster a culture change. PSL further said that although the list only covered 916 employers, the actual number of workers protected could be far greater since employers offering their employees wages higher than the average market rates might choose not to sign up for the scheme.

28. Ms LI Fung-ying sought clarification from FHKI and EFHK on their position towards minimum wage. Mr Stanley LAU of FHKI said that in a free market economy like Hong Kong, any form of government intervention that could upset such status was undesirable. Mr Louis PONG of EFHK added that imposing a statutory minimum wage might not bring any benefits to elementary workers, as the minimum wage system could impair the efficient allocation of labour by market forces and lead to a reduction of employment opportunities among the less-competitive workers. In addition, local enterprises, especially SMEs, would find it more difficult to survive given a rise in production cost and a drop in competitiveness.

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29. Miss CHAN Yuen-han said that she could not agree with the employer groups to oppose the enactment of legislation on minimum wage on the pretext to sustain a free market economy. In her view, employers should fulfill their social corporate responsibilities by offering reasonable wages that could enable their employees to maintain a basic living standard.

30. Mr LEUNG Yiu-chung said that wage protection could not be achieved by non-legislative means. This was evidenced by the past two years' endeavour of the Administration to improve the working conditions of security guards. Mr LEUNG remained of the view that WPM could in no way solve the problem of unreasonably low wages, whereas legislation could be a possible solution. He further said that it was of utmost importance whether the 190 000 frontline staff in the cleansing and guarding services sectors who were receiving wages lower than the average market rates stipulated in C&SD's Quarterly Report could have their wages uplifted to a reasonable level. He noted with concern that the number of workers benefited from the scheme would serve as a yardstick for assessing the effectiveness of WPM, and asked about the details of this assessment criterion.

31. PSL said that LD would work closely with C&SD in assessing the number of workers receiving average rates. Due reference could also be made to the median wage of the workers in these two sectors.

32. Mr Andrew LEUNG expressed concern about the difficulties the Administration encountered during the implementation of WPM, and enquired about its future work plan in respect of promoting the scheme.

33. PSL responded that with 916 enterprises/organisations having pledged their support for WPM, LD would continue to promote WPM through various means, and new publicity measures targeting property owners and OCs would be launched.

34. In reply to Mr WONG Kwok-hing's enquiry, Mr LAU Tat-pong of the Hong Kong Small and Medium Enterprises Association clarified that the Association had 800-odd members at present. 97 of them had responded to the recent survey by returning the questionnaires. The survey findings showed that about 83% of the respondents were in support of the introduction of a statutory minimum wage. Mr WONG Kwok-hing hoped that these unbiased and impartial views of the Association would be carefully considered by the Administration.

35. Mr LEE Cheuk-yan and Miss CHAN Yuen-han strongly requested that the Administration should specify the performance indicators and benchmarks for assessing the overall effectiveness of WPM. They also enquired whether the benchmark participation rate, both in terms of employers and workers, would be set at 90% as suggested by the Secretary for Economic Development and Labour some six months ago.

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36. PSL iterated that LAB had started discussion on and would work out the criteria and mechanism for assessing the overall effectiveness of WPM.

V. Resource Strategy for the Qualifications Framework
(LC Paper No. CB(2)1828/06-07(13))

37. Deputy Secretary for Education and Manpower (DSEM) briefed members on the following funding proposals in support of the development and implementation of the Qualifications Framework (QF) in Hong Kong -

- (a) to provide the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) with a one-off grant of \$36.39 million to facilitate the development of the necessary quality assurance (QA) systems and mechanism and the implementation of the QF; and
- (b) to provide financial assistance to course providers, assessment agencies and individual learners through seven targeted and time-limited schemes to reduce the burden that the QA mechanism would bring to bear on them. The total funding required for the financial assistance schemes was \$208 million. It would be provided for a period of five years from the date to be specified by the Secretary of Education and Manpower (SEM) for the formal launch of QF.

38. DSEM highlighted the following points -

- (a) SEM would appoint the Chairman, Deputy Chairmen and panel members of the Appeal Board in this summer. The Appeal Board, tasked to consider appeals against QF-related decisions and determinations, would make rules to be applied to all appeals. Such rules were subsidiary legislation and subject to the scrutiny by LegCo through the negative vetting procedure; and
- (b) HKCAAVQ, responsible for developing and implementing the standards and mechanism for academic or vocational qualifications accreditation to underpin QF, would be established in October 2007. Members of HKCAAVQ would be appointed by SEM under the authority delegated by the Chief Executive.

39. Ms LI Fung-ying said that while she was in support of the funding proposals, she had grave concern about the financial burden on the employees, since they had to pay assessment fees in addition to tuition fees of training courses should they wish to undergo a Recognition of Prior Learning (RPL) assessment for the purpose of pursuing further training. Ms LI urged the Administration to consider increasing the rate of fee reimbursement for these

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employees. Ms LI noted that the proposed financial assistance schemes only covered non-profit making training providers. As the vast majority of labour unions were running education and training courses on a non-profit making basis, she asked whether the financial assistance schemes could be extended to cover training programmes offered by labour unions.

40. In response, DSEM and Principal Assistant Secretary for Education and Manpower (PASEM) made the following points -

- (a) the prime objective of RPL was to help employees with low educational attainment to seek recognition of their skills, knowledge and experience, so that they could pursue continuing learning/skills upgrading without starting from scratch. Providing reimbursement of RPL assessment fee was to encourage more employees to pursue lifelong learning, which was also the primary objective of establishing QF. With limited resources, the Administration proposed to reimburse 50% of the RPL assessment fee, subject to a maximum of \$1,000 per person, incurred by an employee who had satisfactorily completed a QF-recognised training course after passing the RPL assessment;
- (b) with the total amount of reimbursement for each employee being capped at \$1,000, it was believed that more employees could benefit from the subsidy scheme;
- (c) as the proposed financial assistance schemes were geared towards supporting lifelong learning, workers who did not pursue further learning/training could not benefit from the reimbursement scheme. To extend the scheme to cover employees who did not pursue further training would remove the incentive and defeat the purpose of the scheme; and
- (d) it had been an established principle and practice for the Government to provide subsidies to non-profit making organisations only, e.g. the Accreditation Grant currently operated by EMB for post-secondary courses. Training providers affiliated to labour unions might consider applying for non-profit making status from the Inland Revenue Department, in order to be eligible for the proposed financial assistance schemes under discussion.

41. Mr WONG Kwok-hing and Mr LEE Cheuk-yan shared the view that consideration should be given to recognising labour unions as eligible training providers. They also suggested that the Administration should increase the reimbursement rate for the RPL assessment fee from 50% to 100%. DSEM said that the Administration would carefully consider the views and suggestions made by members. DSEM stressed that the subsidy would still be

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capped at \$1,000 per person and that the purpose of the reimbursement scheme was to encourage lifelong learning.

42. Mr Andrew LEUNG said that the Liberal Party supported the funding proposals. He pointed out that it was long-established policy of the Administration to reimburse 50% of fee and to recognise non-profit making training providers under subsidy schemes. If the Administration intended to recognise labour unions as training providers eligible for the proposed financial assistance schemes, similar consideration should also be given to trade associations. Mr Tommy CHEUNG said that he had no strong view on the Administration's proposal to provide assistance only to non-profit-making course providers.

43. Mr LEE Cheuk-yan expressed concern about the accuracy of the projection that some \$208 million would be required for implementing the financial assistance schemes in the coming five years, as outlined in paragraph 29 of the Administration's paper. PASEM advised that the Administration had, in estimating the funding required for each of the financial assistance schemes, drawn reference to all relevant factors and had included a safety margin.

44. Ms LI Fung-ying asked whether the proposal to re-organise the policy bureaux effective from 1 July 2007 had any impact on the implementation of QF. DSEM replied that after the re-organisation, QF would continue to be put under the same Director of Bureau, i.e. Secretary for Education, so as to ensure continuity and enable its smooth development and operation during the initial stage of implementation.

45. Responding to Mr LEE Cheuk-yan's enquiry, PASEM explained that education or training programmes provided under the Continuing Education Fund (CEF), the Employees Retraining Board (ERB) and the Skills Upgrading Scheme would become QF-recognised training courses following their accreditation by HKCAAVQ. An employee could apply for subsidy under CEF to pursue continuing education, and also the financial assistance under QF to pay for 50% of the RPL assessment fee incurred upon satisfactory completion of a QF-recognised training course and passing the RPL assessment.

46. Mr WONG Kwok-hing asked whether employees would be eligible for the proposed reimbursement of RPL assessment fee if they did not have plans to enroll in QF-recognised training courses, and enquired about the assessment fees to be charged.

47. DSEM reiterated that the purpose of providing reimbursement of RPL assessment fee was to encourage more employees to pursue continuing learning, which was also the policy intent to establish QF. Hence, under the Administration's proposal, provision of subsidy for the RPL assessment fee had been linked to the completion of a QF-recognised training course. It was envisaged that the fee charged for RPL assessment would aim to recover the

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administrative cost for conducting the assessment only. The fee to be paid in respect of assessment of qualifications at the lower QF levels would be around three hundred dollars.

48. Mr WONG Kwok-hing considered the fee to be charged to workers for recognition of qualification too high. In his view, such fee should be absorbed by the Government. DSEM said that for most employees who opted to undergo RPL assessment, the fee would likely be a one-off expenditure.

Admin

49. To conclude, the Chairman requested the Administration to address the following issues raised by members and revert to the Panel in writing before submitting the funding proposals to the Finance Committee -

- (a) measures to monitor the fee charging policy of assessment agencies, and the level of fees charged by these agencies for RPL assessment;
- (b) the level of subsidy provided for employees undergoing RPL assessment, and whether reimbursement of RPL assessment fees could be made if employees did not have plans to enroll in QF-recognised training courses; and
- (c) expanding the coverage of the proposed financial assistance schemes to include labour unions and trade associations as eligible training providers.

VI. Review of the Continuing Education Fund

(LC Paper No. CB(2)1828/06-07(14))

50. Noting that the Administration had proposed, among others, to extend the validity period for reimbursement of course fees under CEF from two to four years, Mr WONG Kwok-hing asked whether it could be further extended to six years, having regard to the long hours of work of many workers.

51. DSEM responded that the proposed relaxation was considered reasonable and helpful, as fund committed for any individual CEF applicants should not be frozen for too long so that the fund, if left unused, could be released for use by other applicants after the four-year validity period had expired.

52. Mr LEE Cheuk-yan expressed concern about possible abuses on CEF courses. He questioned whether the Independent Commission Against Corruption (ICAC) had ever received complaints of this nature, and enquired the kinds of measures adopted by the authorities in monitoring improper course operations.

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53. PASEM responded that the Administration had from time to time received complaints about improper course operations which might adversely affect the interests of learners and the reputation of CEF. Taking into account recommendations made by the Audit Commission and ICAC, the Administration had stepped up its efforts in monitoring CEF courses, whereby the Office of CEF would conduct surprise visits to course providers to authenticate attendance records of learners, assessment results and their claims for reimbursement, and to ensure that there was no non-compliance (e.g. malpractices in promotion) with the conditions of approval. To enhance the effectiveness of the inspections, a risk-based approach was adopted.

54. In reply to the further enquiry by Mr LEE Cheuk-yan, PASEM said that in 2006-2007, a total of 14 CEF courses offered by three different course providers were de-registered from the CEF-approved course list, and about five complaint cases had involved formal investigations by the police or ICAC.

55. Mr WONG Kwok-hing asked whether the Administration had considered any measures to enhance the skill level and language abilities of people of ethnic minorities, and requested information on the number of CEF-approved training courses designed to meet the specific needs of these people.

56. DSEM and PASEM said that people of ethnic minorities were already eligible for CEF subsidies. DSEM supplemented that the Vocational Training Council had been offering career-oriented training programmes for these people to enhance their employability and adaptability in the labour market. Furthermore, ERB was about to launch pilot English retraining courses in Security and Property Management and Domestic Helper. The Administration agreed to provide the Panel with more information in this aspect.

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VII. Any other business

57. There being no other business, the meeting ended at 5:23 pm