

To: Subcommittee on Employees Retraining Ordinance  
(Amendment of Schedule 3) Notice 2008  
Legislative Council Secretariat  
3/F Citibank Tower, 3 Garden Road, Central,  
Hong Kong

Dear Legco Members,

Re: **Amendment Notice of the Employees Retraining Ordinance (Amendment of Schedule 3)**

In regard to your invitation for public views on the Amendment Notice of the Employees Retraining Ordinance, we, the Concern Alliance on Training & Retraining, would like to express our concerns about the waiver of the levy for hiring foreign domestic helpers and urge that the levy for hiring foreign domestic helpers should be reactivated after two years due to the following reasons:-

1. The levy was charged since 2003 based on the reason that employers of foreign domestic helpers should contribute towards the training and retraining of local workforce, same as the other employers hiring low-skilled imported labour. This is to ensure that the employability of local labour can be maintained in a better manner. We believe that the obligation of these employers should not be taken away and the benefit of local labour should be protected. When the government is talking about upgrading the manpower quality of Hong Kong so that it can be a competitive cosmopolitan city, the resources put into the Manpower Development Scheme now advocated by the Employees Retraining Board have to be increased. The levy is, therefore, important to maintain a stable growth of Hong Kong economy which is highly reliant on a well-trained quality workforce.
2. The recent global financial crisis has had a profound impact on Hong Kong economy. According to the latest labor force statistics released by the Census and Statistics Department, the unemployment rate in Hong Kong increased from 3.2% in June – August 2008 to 3.4% in July – September 2008. In other words, the number of the unemployed has increased by 4,900 to 134,000. After the recent closing down of U-Right and Tai Lin, the unemployment rate is expected to rise further in the near future especially in catering, manufacturing, financial, wholesale and retailing sectors. Some training bodies have recorded 15% increase in new applications for the past few weeks, in comparison with the

previous two years and we expect the demand will continue rising in the inevitable adverse economic situation to come. The waiver of the levy for two years comes at the same time when this global financial crisis hits Hong Kong and the need for low-skilled workers for training and retraining services is at its highest. The level of resources for the Employees Retraining Board to serve them and better plan for the long term development of the Manpower Development Scheme will surely affect this vulnerable group ultimately. In fact, the training and retraining expenses need to be borne by the Government if the levy is waived or abolished, and will indeed be passed on to all tax payers, instead of just the employers of foreign domestic helpers and employers of low-skilled imported labour who should have the obligation to pay the levy. In many Asian countries, the levy for hiring foreign domestic helpers is imposed at a very high rate in comparison to Hong Kong, so that the public services which they will also be eligible to use such as public hospitals, libraries, legal aid provision, etc., can be covered. This is also to ensure that the local Hong Kong domestic helpers are more attractive to hire, thus creating a much healthier situation for (mostly local women who can do only part-time jobs to supplement family income while looking after their home) the local domestic helpers market.

3. The recent survey showed that Hong Kong has the widest poverty gap among all Asian countries. The continued presence of the Employees Retraining Board and the new direction of Manpower Development Scheme can equip the training bodies with resources in the provision of more quality training and retraining services to the unemployed and low-income people. This will enhance skills and knowledge which, in turn, will improve the employability and competitiveness in the local workforce, and finally narrow down the poverty gap. A responsible government and community should take care of those in need in the society, in order to avoid further widening disparity between the rich and the poor in Hong Kong. The guarantee of sufficient and continuous funding, with or without the levy, is important for the benefit of the low-skilled labour and the economy of Hong Kong as a whole.
4. According to the recent news reporting, there is an increasing demand in both quality and quantity of courses under the Manpower Development Scheme. These courses cannot be replaced by any other training scheme in Hong Kong due to their uniqueness, nature and funding source. It provides mass market driven vocational training followed by efficient placement services available in every district of Hong Kong. The courses offered have been training

many working adults the skills which they cannot learn or have not learnt at schools so that they can be prepared for the ever changing economy and labour market. This will prevent them from falling into the CSSA, receiving welfare which is well-known to be costly to the public purse. Moreover, if they can cope with the changes of the economy which is a predicted trend, they can be more resilient, and hence can maintain dignity as well as be a good role model for the next generation. It serves therefore as an indirect tool to narrow Hong Kong's embarrassing poverty gap.

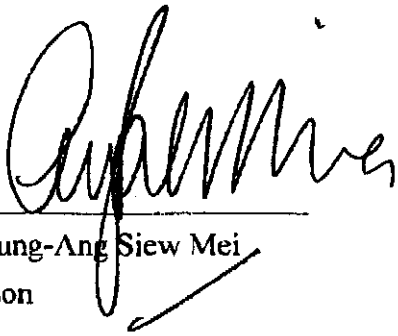
5. The government has been putting a lot of resources into the development of the Qualifications Framework. This is to provide a clear direction of articulation ladder and to standardize the training outcome of different courses in different industries. It helps enhance the manpower quality of Hong Kong and also gives hope and opportunities to those who did not have the privilege to get sufficient formal education. In line with the development of the Qualifications Framework in terms of the quality of training courses, the Employees Retraining Board has worked with all training bodies to upgrade the course quality in the areas of instructor qualification, course content, monitoring system and so on. All this work requires more resources than ever and it would surely slow down the process of going towards this direction if the funding is reduced or is uncertain after two years. Whilst many other Asia Pacific countries have already implemented their qualifications framework to upgrade their labour workforce, Hong Kong cannot slow down its pace in making our manpower competitive in the Asia Pacific Region.
6. We would like to point out that through the legislation to assign the levy for a specific purpose is a kind of long-term societal commitment to an important social issue, e.g. sewages services charge, fuel duty, etc. The Employees Retraining Levy under Employees Retraining Ordinance is also set up under the same rationale. It is to ensure a stable funding source for the long term development and sustainability of the Manpower Development Scheme. We all understand that resources given to both education and vocational training are a kind of long-term investment. It is not realistic to expect a return within a short period of time. Therefore, continuous and stable resources for the Employees Retraining Board are essential for sustainable training services for the grassroots workers. The waiver of the levy for two years in fact also imposes a financial impact to the Employees Retraining Board for up to four years. With the new direction of Manpower Development Scheme especially in the enhancement of the

professional training offered and the enlarged ambit of target group, the waiver or abolishment of the levy will give no opportunity to demonstrate the value of the Scheme and the target that it maybe able to achieve. It will no doubt create a serious and adverse effect to the development and sustainability of the Scheme.

7. We, the Concern Alliance on Training & Retraining, ask that our perspective be taken into consideration as you will appreciate that the above points we have mentioned in this paper are serious enough to affect the future of Hong Kong's manpower quality which will, in turn, affect the development and competitiveness of Hong Kong on the whole.

Thank you very much for your kind attention.

For and on behalf of  
Concern Alliance on Training & Retraining



Mrs. Cheung-Ang Siew Mei  
Chairperson

cc: Members of Concern Alliance on Training & Retraining  
Caritas Adult & Higher Education Service  
Christian Action  
Federation of Hong Kong and Kowloon Labour Union  
Holy Carpenter Church Community Centre  
Hong Kong College of Technology  
Hong Kong Employment Development Service Limited  
Hong Kong Federation of Trade Unions (Occupational Retraining Centre)  
Hong Kong YWCA (Retraining and Employment Service)  
Kwai Chung Residents Association  
Methodist Centre  
Sheng Kung Hui Lady MacLehose Centre  
Yan Oi Tong