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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 18 December 2008**

Creation of job opportunities

Purpose

This paper provides background information on the creation of job opportunities in Hong Kong.

Measures to create job opportunities to address the problems faced by unemployed workers in the catering, retail, financial, real estate and commercial service sectors

2. Following the outbreak of the global financial tsunami triggered by the United States subprime crisis, the economic growth in Hong Kong has declined noticeably whereas the seasonally adjusted unemployment rate has increased from 3.4% in July to September 2008 to about 3.5% in August to October 2008. At the Council meeting on 3 December 2008, Hon LEE Cheuk-yan asked a question on the measures in place to create job opportunities to address the problems faced by unemployed workers in the catering, retail, financial, real estate and commercial service sectors.

3. The Administration responded that it had been closely monitoring the impact of the financial tsunami on various fronts of the local economy with a view to formulating specific alleviating measures. Job creation was currently of top priority to the Administration. The Administration's strategy was to create jobs and minimise job losses on the one hand, and to upgrade the skills of unemployed people and assist them in job search on the other.

4. In the area of creating jobs, the Administration advised that it would keep abreast with the needs of the market and strive to provide a stable, transparent and conducive business environment in order to help the establishments explore business opportunities. In particular, it would

continue to promote tourism development which would boost the retail, catering and hotels sectors to provide more job opportunities. The Administration also advised that it would further open up new sources of markets, including other regions of the Mainland outside Guangdong Province and emerging overseas markets such as India, the Middle East and Russia. It would also develop more new tourism products such as green tourism and cruise tourism, so as to cater for the needs of travellers.

5. The Administration stressed that it would endeavour to commission all types of construction projects, including large-scale infrastructure projects and minor works projects. In the 2008-2009 legislative session, subject to the support of the Legislative Council (LegCo) and the community, it would proceed with the Central-Wan Chai Bypass and Wan Chai Development Phase II, the total project sum of which would exceed \$100 billion and over 40 000 jobs was expected to be created. With the approval of the Public Works Subcommittee, the funding for minor works in 2009-2010 had been increased to \$7.6 billion, which would help create some 12 000 jobs in the construction industry.

6. In the area of minimising job losses, the Administration advised that it would provide support to establishments of different trades through a series of measures. In November 2008, the Administration had launched the enhanced Export Marketing Fund and Loan Guarantee Scheme for Small and Medium Enterprises (SMEs). In December 2008, it had launched the Special Loan Guarantee Scheme for SMEs which could encourage the commercial lending markets to provide \$10 billion in liquidity to SMEs.

7. In the area of enhancing the skills of the unemployed, the Administration advised that the Employees Retraining Board planned to provide some 120 000 training places in 2008-2009, covering a range of industries, such as tourism, hotel, retail, logistics and catering, to meet the training needs of its service targets as well as the job market. Such training would also assist trainees in acquiring the necessary vocational skills and recognised qualifications under the Qualifications Framework so that their employability and competitiveness could be enhanced.

8. In the area of assisting the unemployed to seek jobs, the Administration advised that the Labour Department (LD) was adopting a variety of proactive measures to promote labour market efficiency and disseminate vacancy information with a view to facilitating job seekers to enter or re-enter the labour market. For employees made redundant in closure or retrenchment exercises, LD rendered them with priority referral and job matching services.

9. The Administration advised that in providing support to job seekers of different background who encountered difficulties in their job search, LD had put in place various employment programmes to enhance their employability

and to help them find suitable jobs.

Measures to boost employment

10. At the Council meeting on 10 December 2008, Hon Starry LEE raised a question on -

- (a) the numbers of temporary posts lasting less than one year which had been created and would be created by various government departments in the current and the next financial years;
- (b) whether funding would be allocated for the creation of more short-term or temporary posts; and
- (c) whether more resources would be allocated for expediting rehabilitation projects and works for buildings and facilities in old districts as well as the removal of unauthorised building works in those areas, thereby creating more job opportunities.

11. The Administration responded that in the 2008-2009 financial year, all bureaux and government departments had created altogether some 1 100 temporary positions lasting less than one year, involving expenditure of about \$68 million. These included Non-Civil Service Contract and hired service contracts positions. The job nature of these positions was mainly related to the purview of the bureau and/or government department concerned, such as statistical assistants, survey interviewers and translation officers. Other positions included those who provided executive and information technological support, such as information technology assistants.

12. The Administration advised that it would aim to provide more than 60 000 employment positions next year through expediting major and minor infrastructure projects, advancing the recruitment of civil servants and creating temporary positions. In expediting major and minor works projects, the Administration would collaborate with the Housing Authority and raise the project funding in 2009 to some \$40 billion, thereby creating some 55 000 positions.

13. The Administration also advised that it would advance the recruitment of civil servants to fill the 7 700 vacancies available till 2009-2010 as soon as possible. In addition, government departments would, through various measures, help creating some 4 000 temporary positions, the number of which would be adjusted in the light of the market needs. These 4 000 temporary positions would be mainly provided by the Hospital Authority, non-governmental organisations and service contractors. The relevant government departments were working on the details of creation of these

positions. Since the expenditures concerned fall under the Heads of Expenditure of the 2009-2010 financial year and the details would be disclosed in the 2009-2010 Budget.

14. The Administration stressed that in face of the financial tsunami and economic downturn, it was actively considering measures in a multi-pronged manner to create employment opportunities. It had been collaborating closely with its partner organisations, namely the Urban Renewal Authority (URA) and the Hong Kong Housing Society (HKHS), to promote building safety and timely maintenance. The two organisations had already mapped out new measures to further assist building owners to carry out building maintenance works. URA had earmarked some \$250 million to enhance the level of subsidies provided under its building rehabilitation schemes and to carry out 10 community beautification works projects. HKHS planned to allocate \$1.5 billion in the coming five years to renovate its housing estates including carrying out building structure repairs, face-lifting of external walls, replacement of lifts. It also planned to increase the level of subsidies to eligible building owners to encourage building maintenance works. In addition, the Government and the two organisations were jointly working out further special measures to encourage and facilitate building maintenance works in Hong Kong, and would announce the proposed measures in due course.

Job opportunities created by infrastructure projects

15. At the Council meeting on 29 October 2008, Hon Federick FUNG raised a question on how the Administration would ensure that the employment opportunities for local workers to be created by infrastructure projects would not be lost as a result of contracting out work processes and prefabricated components produced on the Mainland being used.

16. The Administration advised that as a number of projects would enter the construction stage, more job opportunities would be created in the construction industry. It was expected that local workers would benefit from these projects. Under the prevailing policy, contractors had to give priority to local workers in filling job vacancies. Only under very exceptional circumstances could workers be imported and such case was very rare. Thus, local workers would benefit from the implementation of infrastructure projects no matter whether the work processes were contracted out or not.

17. The Administration stressed that its procurement policy was to maintain fair and open competition, transparency as well as cost-effectiveness. However, it had not imposed restrictions on the sources of the services or products to be procured. The use of imported prefabricated components was driven by the market force. Apart from cost savings, some of these components were just too enormous in size to be produced locally. Moreover, Hong Kong was bound by

the Agreement on Government Procurement of the World Trade Organization. It could not impose any local production requirement on the procurement of prefabricated components.

Further measures to create job opportunities announced after the meeting of the Task Force on Economic Challenges on 8 December 2008

18. On 8 December 2008, the Chief Executive announced after the second meeting of the Task Force on Economic Challenges that -

- (a) over 60 000 jobs were to be provided through expediting infrastructure projects, advancing recruitment of civil servants and creating temporary positions;
- (b) the Administration would make the best use of funds approved to create jobs while promoting innovation and technology, promoting environmental awareness and encouraging citizens to enhance their competence and skills;
- (c) the Administration would complement the efforts of a number of non-government organisations (NGOs) in their expansion or removal projects, such as the redevelopment of Tung Wah Group of Hospitals David Trench Home for the Elderly, the construction of a new headquarters of the Hong Kong Girl Guides Association, and the redevelopment of the regional headquarters of the Scout Association of Hong Kong on Hong Kong Island into a centre for training and performing arts. This would promote the development of these NGOs while increasing employment opportunities in the medium term;
- (d) Policy Secretaries would personally oversee licensing and approval procedures to better meet the needs of the market, so as to facilitate job creation; and
- (e) the Financial Secretary was consulting the public on the 2009-2010 Budget and hopes to introduce further measures to create jobs, stimulate the economy and alleviate the burden of the public.