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Panel on Development

Meeting on 28 February 2012

Updated background brief on construction manpower in Hong Kong

Purpose

This paper provides background information on the Administration's initiatives on enhancing the supply of manpower for the construction industry and the views and concerns expressed by Members during past discussions on related issues.

Background

2. The construction workforce is facing an acute ageing problem, particularly for workers. According to the statistics of the Construction Workers Registration Authority, as at end-December 2011, of the 287 100 registered workers in the construction industry, about 44% are aged over 50 whereas those aged below 25 account for only about 6%. On skills distribution, about 60% of the registered construction workers are general workers without specialized skills¹.

3. With the various major works projects coming on stream, and estimated capital works expenditure increased from \$45.1 billion in 2009-2010 to \$ 62.3 billion in 2011-12, there would be a significant increase in the demand for construction workers and site supervisors in the coming years. The Administration estimated that in 2010-2011, the public sector major and minor projects would sustain 62 500 full year jobs in the construction industry, comprising 6 600 job opportunities for professional/technical staff and 55 900 job opportunities for workers.

¹ Source: Website of the Construction Workers Registration Authority (<http://www.cwra.org.hk>)

4. Despite the great demand for skilled construction workers, the construction industry has encountered difficulties in recent years in attracting young people and in retaining those who have already joined the workforce.

Initiatives to strengthen the construction workforce

Funding of \$100 million

5. The Financial Secretary ("FS") announced in the 2010-11 Budget Speech that \$100 million had been earmarked to support Construction Industry Council ("CIC") for strengthening its work to attract more people, especially young people, to join the construction industry and to upgrade workers' skills, through training and trade testing.

6. When seeking the approval of the Finance Committee ("FC") for the funding of \$100 million on 28 May 2010 to support the latest effort of the CIC to enhance training and trade testing for the trade and to enhance publicity activities to attract more people to join the industry, the Administration indicated that CIC faced increasing recruitment difficulties for trades such as bar bending and fixing, formwork carpenter (civil construction), metal formwork erection and drainlaying. According to the FC paper, not less than \$80 million out of the \$100 million would be allocated for reimbursing CIC of the training allowances, trade testing and course fees for trainees and workers; not more than \$20 million would be used by the Development Bureau ("DEVB") to enhance the promotion and publicity activities in conjunction with CIC and other stakeholders to attract more people to join the construction industry. Progress of these initiatives is summarized below².

Enhanced Construction Manpower Training Scheme for selected trades

7. Under the initiative described in the FC paper, CIC would provide trainees in selected trades (those with problems of acute ageing, labour shortage and difficulties in recruiting new trainees) with an average monthly training allowance of about \$5,000 (against \$90 a day which amounted to about \$2,000 a month before). When the trainees complete their training and are employed by firms participating in the initiative, they may receive a wage of no less than \$8,000 a month which will be further

² Source: The Administration's paper provided in February 2011 on construction manpower in Hong Kong (LC Paper No. CB(1)1308/10-11(05). The progress refers to that as at February 2011.

increased to no less than \$10,000 a month after six months from their employers. CIC will use the funding received to provide the \$5,000 allowance to about 3 000 additional trainees.

8. The first phase of the Scheme was rolled out in September 2010 covering four trades³. The second phase was launched in January 2011, covering three more trades⁴.

9. On 24 January 2011, the Hong Kong Construction Association announced that employers participating in the Scheme would offer graduates of selected trades a monthly income of no less than \$10,000 a month which would be further increased to no less than \$15,000 a month after six months.

Advanced training course for senior construction workers

10. Starting from 2011, a completely new course is provided free of charge to in-service senior workers to equip them with necessary language and basic management skills. This is to facilitate the building up of a career ladder for senior workers to advance to the frontline supervisory/management level. Upon gaining sufficient experience, they may take further supervisory level training courses to acquire higher qualifications or start their own business in the trades. CIC will use the funding received to provide about 1 500 training places.

Enhanced construction supervisor / technician training

11. CIC plans to attract more people to join its Construction Supervisor/Technician Programme by offering trainees an enhanced daily training allowance of \$150 (against the previous amount of \$105 a day). CIC intends to use the funding received to provide about 600 training places.

³ The four trades are bar bender and fixer, carpenter (formwork), rigger/metal formwork erector and concreter, and drainlayer.

⁴ The three additional trades are site surveyor, leveller and metal worker.

Subsidy for fees of trade tests, specified training courses⁵ and skills enhancement courses

12. Some of the general workers may possess pre-requisite trade skills or experience to be registered as skilled workers or semi-skilled workers, subject to passing the respective trade tests or attending the Specified Training Courses ("STCs"). For trades with problems of acute ageing, shortage and difficulties in recruiting new trainees, CIC intends to provide a fee subsidy capped at \$500 for workers to attend trade tests or STCs, and to arrange skills enhancement courses in order to attract or facilitate them to become registered skilled workers. A total of about 18 000 places will be provided, i.e. about 6 000 places each for trade tests, skills enhancement courses and STCs under the initiative. As at January 2011, this initiative covered five trades⁶.

Publicity

13. DEVB will provide seed-money to support CIC to set up a Resource Centre as a one-stop platform where potential new entrants and job-seekers can gain easy access to information, including training opportunities, types of trades available and career development related to the construction industry. An intensive publicity campaign was launched in 2011 to uplift the image of the construction industry and enhance communication with key target audience. In addition to involving CIC, the Administration will work in collaboration with other relevant stakeholders, such as employers, professional institutes, trades unions and labour unions, in rolling out more publicity activities.

14. According to the FC paper, the above measures will be implemented from 2010 to 2013. The Administration has committed to closely monitoring the response to the proposed measures, and has adopted a flexible approach in allocating funds to the various proposed measures according to the prevailing labour market situation.

15. CIC will also increase its investment correspondingly to cover the core expenses on instructing staff, workshop training and operating expenses, training sundry expenses, capital expenses in furniture and equipment, overheads etc. required for providing the additional training

⁵ Pursuant to s.41 of the Construction Workers Registration Ordinance (Cap. 583), experienced construction workers satisfying certain registration requirements may attain registered skilled workers qualification through attending a specified training course designated by CWRA and passing the corresponding skill assessment.

⁶ The five trades are bar bender and fixer, carpenter (formwork), rigger/metal formwork erector and concretor, drainlayer, and leveller.

places under the various new initiatives. In 2011, CIC has budgeted to spend about \$238 million on training and trade testing related activities, an increase of almost 20% over its previous year's budget.

Measures to enhance the working conditions at construction sites and reduce manpower demand in the construction industry

16. The working conditions in the construction industry are often perceived as dangerous and unpleasant, and these are barriers in attracting new blood to the industry. The Administration will include provisions in public works contracts requiring contractors to implement measures to improve the site operating environment, enhance construction site safety, and uplift site cleanliness and tidiness. The Administration will also require contractors to provide uniform for site personnel to help build a clean and tidy image of construction workers, minimize accidents caused by improper attire, as well as enhance efficient communication through easy identification of site personnel.

17. The Administration has launched new initiatives to enhance construction site safety, including the Behaviour Advancement Programme to nurture work safe behaviour and culture among workers, and Site Safety Model Workers Award Scheme to recognize the contribution of workers. Besides, the Administration has strengthened the contractual measures to ensure site cleanliness and tidiness by requiring contractors' supervisory staff to conduct daily inspection.

18. Advancement of technology will help enhance productivity and quality of the construction workforce, as well as improve the overall competitiveness of the industry. In this respect, the Administration is collaborating with CIC in conducting local construction research and development ("R&D") activities with financial support from the Innovation and Technology Fund, the Research Grants Council and resources from CIC. As a start, R&D efforts will be channelled to review the design and construction practices with a view to reducing manpower demand for trades with anticipated shortages. The Administration will also encourage contractors to adopt more widely mechanized method for trades with anticipated labour shortage.

Members' views on enhancing manpower supply for the construction industry

19. On 30 March 2010, the Administration briefed the Panel on Development on its initiatives to enhance manpower supply for the construction industry. Following FC approval of the funding of \$100 million for implementation of the initiatives, the Administration updated the Panel on 22 February 2011 on the progress made.

20. Some Panel members suggested that the Administration should work out a projection of construction manpower supply in Hong Kong for the next ten years with information on the age distribution and respective skill levels of the workers. It was also necessary for the Administration to examine how the forecasted manpower supply could cater for the workforce demand of major construction projects to be implemented.

21. While some members were of the view that the Administration should consider adjusting the immigration policy to cope with the shortage of skilled construction workers if recruitment efforts in the industry eventually failed to meet the manpower demand, some other members opined that the Administration should import the technology rather than skilled workers from other places.

Safety at construction sites

22. Panel members stressed the importance to inculcate the knowledge of industrial safety among new entrants/young trainees and in-service personnel of the construction industry. In this respect, the Administration should safeguard construction workers' safety, and in particular strengthen safety measures for construction activities on high ground. Some members also suggested that contractors be required to set aside a certain percentage of the project budget for implementing measures to enhance safety at construction sites.

Wage and welfare issues

23. Panel members urged the Administration to step up efforts in improving the working conditions of construction workers and addressing the various problems, such as wage arrears, evasion of Mandatory Provident Fund contributions by employers, and problems associated with the sub-contracting system in the construction industry.

24. Recognizing that the Labour Relations Officer arrangement would help ease the tension between contractors and workers in construction sites, some members considered that such officers should be recruited by the Administration instead of contractors so to ensure their independence. Moreover, the Administration should appeal to enterprises or developers to support the establishment of relief funds for providing immediate relief to families of victims of serious construction accidents.

25. To promote the career prospect of construction workers, members suggested that the Administration should consider developing with the construction industry a mechanism for promoting workers to supervisors and offering workers long-term employment contracts when they gained more skills and experience.

Recruitment campaigns

26. To attract young people to join the construction industry, some members considered it necessary for the Administration to impress upon youngsters the important role and contribution of construction workers to Hong Kong society. These members suggested that, in addition to collaborating with trade unions and trade organizations in launching recruitment campaigns in areas such as Tung Chung and Tin Shui Wai where the unemployment situation was more serious and implementing measures to assist ethnic minorities in joining the industry, the Administration should also explore with relevant stakeholders the feasibility of introducing a tailor-made retirement scheme for construction workers.

Recent developments

27. FS announced in his 2012-2013 Budget Speech that the measures to increase construction manpower supply had started to deliver results. The construction workforce was on the growth, easing the problem of an ageing workforce and the succession gap in the industry. The press release issued by CIC on 2 February 2012 stated that among 935 trainees enrolled in CIC's Enhanced Construction Manpower Training Scheme by end-January 2012, nearly 60% were under the age of 35, reflecting that more young people were willing to join the construction industry after the implementation of various new training schemes. According to the Construction Workers Registration Authority, the total number of

registered construction workers as at 3 February 2012 has reached 287 948⁷.

28. To ride the wave, FS proposed to earmark another \$220 million in 2012-13 to support CIC in enhancing manpower training to bring fresh blood into the industry to meet the demand of future infrastructure developments. The Administration will brief the Panel on 28 February 2012 on its further investment in construction manpower.

Relevant papers

29. A list of the relevant papers with their hyperlinks is at the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
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⁷ Source: Website of the Construction Workers Registration Authority
(http://www.cwra.org.hk/download/total_number.pdf)

Construction manpower in Hong Kong

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Development	30 March 2010	<p>Administration's paper -- Budget-related initiatives of Development Bureau (LC Paper No. CB(1)1447/09-10(03)) http://www.legco.gov.hk/yr09-10/english/panels/dev/papers/dev0330cb1-1447-3-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1920/09-10) http://www.legco.gov.hk/yr09-10/english/panels/dev/minutes/dev20100330.pdf</p>
Finance Committee	28 May 2010	<p>Administration's paper -- HEAD 159 -- Government Secretariat: Development Bureau (Works Branch); Subhead 700 -- General non-recurrent; New Item "Investing in Construction Manpower" (FCR(2010-11)20) http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-20e.pdf</p> <p>Minutes of meeting (LC Paper No. FC16/10-11) http://www.legco.gov.hk/yr09-10/english/fc/fc/minutes/fc20100528a.pdf</p>

Council/ Committee	Date of meeting	Paper
Panel on Development	23 November 2010	Administration's paper -- An Update on the Work of the Construction Industry Council and the Construction Workers Registration Authority and the Way Ahead (LC Paper No. CB(1)467/10-11(03)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev1123cb1-467-3-e.pdf Minutes of meeting (LC Paper No. CB(1)1053/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20101123.pdf
Panel on Development	22 February 2011	Administration's paper -- An Update on the Construction Manpower in Hong Kong (LC Paper No. CB(1)1308/10-11(05)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0222cb1-1308-5-e.pdf Minutes of meeting (LC Paper No. CB(1)2138/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110222.pdf