

ITEM FOR FINANCE COMMITTEE

**HEAD 159 – GOVERNMENT SECRETARIAT:
DEVELOPMENT BUREAU (WORKS BRANCH)
Subhead 700 General non-recurrent
New Item “Enhancing the Skill Level of Construction Manpower”**

Members are invited to approve a commitment of \$100 million to support the Construction Industry Council in launching a pilot scheme for training semi-skilled construction workers to become skilled workers.

PROBLEM

There is a need to increase the supply of skilled construction workers to meet the rising demand in the coming years and uphold the quality of construction works.

PROPOSAL

2. The Secretary for Development proposes to create a commitment of \$100 million to support the Construction Industry Council (CIC) in launching a pilot scheme for training semi-skilled construction workers to become skilled workers.

JUSTIFICATION

3. While the supply of semi-skilled workers has steadily and substantially increased in recent years, the construction industry is still facing shortage of skilled workers. Quite a number of contractors and sub-contractors are competing for skilled workers in the market. According to CIC’s manpower

/projection

projection which has taken into account the latest forecast of construction output, number and age distribution of existing workers and current training arrangements, the industry needs about 10 000 to 15 000 additional skilled workers in the coming years. Sufficient supply of skilled workers is essential to the timely delivery of various major infrastructure and public housing projects. Industry stakeholders advise that semi-skilled workers need to nurture their skills through working on construction sites in order to become skilled workers. Depending on individual trades, this usually takes about three to four years.

4. In the 2015 Policy Address, the Government announced that \$100 million would be provided for CIC to strengthen their efforts in training skilled workers for the construction industry. In the past few years, CIC launched collaborative training with (a) contractors and sub-contractors to provide on-site training; and (b) labour unions to provide in-house training to build up a pool of semi-skilled workers. Built on the above successful experience, CIC suggests that a similar approach be adopted as a trial to train up skilled workers in a structured manner.

NEW MEASURES FOR TRAINING OF SKILLED WORKERS

The pilot scheme

5. CIC plans to launch a pilot scheme, which will provide about 1 000 training quota, in the second half of 2015 for training semi-skilled workers to be skilled workers. In the past few months, CIC has conducted intensive consultations with relevant industry stakeholders including trade associations and labour unions in devising details of the pilot scheme. Making reference to previous successful experience in training semi-skilled workers, it is proposed to adopt the collaborative training mode for training skilled workers. Under this model, contractors and sub-contractors will provide on-the-job training on construction sites while labour unions will provide skills enhancement courses for in-service workers. Semi-skilled workers successfully completing either on-the-job training or skills enhancement course may register as skilled workers.

On-the-job training

6. For workers who graduated within one year from CIC's semi-skilled workers training programme, the industry considers on-site training the most suitable approach for enhancing their skill level to that of skilled workers. CIC will work with contractors and sub-contractors to provide on-the-job training for

/semi-skilled

semi-skilled workers with about 800 to 900 training quota. Similar to the existing Contractor Cooperative Training Scheme (i.e. first-hire-then-train) administered by CIC for training semi-skilled workers on construction sites, eligible semi-skilled workers will be employed by the contractors or sub-contractors and then undergo on-the-job training. Depending on the requirements of individual trades, the training period will range from one to two years. The training content will be tailor-made for individual trades and trainees are encouraged, during the training period, to acquire skills of other relevant trades as well. This would help equip trainees with multi-skills, build competence and enhance the employability of the trainees as well as encouraging them to stay in the industry for career development. In the long term, the industry aims to build up a certain number of multi-skilled local workers for the sustainable development of the construction industry.

7. CIC will provide participating employers (namely contractors and sub-contractors) a training subsidy which comprises a monthly training allowance of \$5,000 or \$6,000 per trainee (depending on the average daily wages of individual trades) and a trainer subsidy. The monthly training allowance subsidises employer's training costs arising from administration, lower productivity of the trainee, materials, tools, equipment, etc. while the trainer subsidy is to compensate for the loss of productivity of the skilled workers who are engaged as trainers. The trainees, on the other hand, will receive a minimum monthly salary from the participating employers. If the trainees pass the trade tests and are registered as skilled workers upon completion of training, they will also receive a bonus of \$8,000 for passing the trade test (of the core trades) and \$4,000 for passing each intermediate trade test or trade test of other skills (up to three trades of other skills).

Skills enhancement courses

8. For semi-skilled workers with one to three years' experiences, the industry considers it appropriate to provide training in the form of skills enhancement courses to upgrade their skills to the level of skilled workers. CIC plans to collaborate with labour unions to launch such courses and aims to provide about 100 to 200 training quota. Participating semi-skilled workers will attend value-added learning activities in weekday evenings or at weekends. CIC will provide a training subsidy of about \$25,000 per trainee to the labour unions for their training costs which include administration cost, tutors, training equipment, material, insurance and workshop, etc. It will also provide a bonus of \$8,000 to each of the trainees who passes the trade tests and is registered as a skilled worker upon completion of the training. The key features of the pilot scheme are set out in Enclosure 1.

Encl. 1

/Promotion

Promotion and publicity activities for the pilot scheme

9. We, together with CIC, will formulate a promotion and publicity plan for the pilot scheme with emphasis on the enhanced professional development for construction workers. This will also complement CIC's on-going publicity efforts in projecting a positive image of the construction industry and attracting aspiring new entrants, especially young people, to join the construction workforce.

Monitoring and review

10. CIC is working with industry stakeholders and labour unions on the detailed syllabus of the on-the-job training and skills enhancement courses. CIC will implement control measures such as conducting on-site visits on a regular basis to ensure that on-the-job training is provided to the trainees in accordance with the training syllabus; effecting payments on a reimbursement basis for the training allowances, subsidies and bonus upon verification of the supporting documents required and compliance with the training requirements; conducting interim assessment on the trainees to ensure satisfactory training progress; and rendering support to the participating contractors, sub-contractors and labour unions as necessary.

11. CIC will closely monitor the number of applications for the scheme and flexibly allocate the training quota amongst trades and between the two approaches of on-the-job training and skills enhancement courses.

12. Together with CIC and the relevant industry stakeholders, we will closely monitor the operation and progress of the pilot scheme taking into account various performance indicators with reference to relevant data such as attendance records, percentage of trainees who have passed the interim assessment and the trade tests, retention rate of trainees, etc. CIC will conduct an interim review on the effectiveness of the pilot scheme in the first and second years respectively, and a final review at the end of the scheme. If the scheme is found effective in training skilled workers, we will explore with CIC and industry stakeholders on how best to continue with the scheme.

Estimated expenditure

13. CIC has budgeted \$217 million for the pilot scheme which includes \$100 million to be funded by the Government. The proposed commitment of \$100 million will cover part of the training allowance for the on-the-job training while CIC will fund the other costs including promotion and publicity as well as the outstanding balance for training allowance. A breakdown of CIC's cost estimates is set out in Enclosure 2.

Encl. 2

/PUBLIC

PUBLIC CONSULTATION

14. In collaboration with CIC, we briefed the Panel on Development of the Legislative Council (LegCo) on the proposal on 26 May 2015. Members supported the proposal. We have also engaged trade associations including the Hong Kong Construction Association, the Hong Kong Construction Sub-Contractors Association, etc. and labour unions. They all expressed support for the proposal to enhance the training of semi-skilled construction workers to become skilled workers.

FINANCIAL IMPLICATION

15. The estimated cash flow requirement for the commitment of \$100 million from 2015-16 to 2018-19 is as follows –

Year	\$ million
2015-16	2
2016-17	23
2017-18	46
2018-19	29
Total	100

BACKGROUND

16. The Finance Committee of LegCo approved a commitment of \$100 million and then an increase in the commitment by \$220 million to \$320 million on 28 May 2010 and 20 April 2012 respectively to support the efforts of CIC to enhance training and trade testing for prospective fresh blood and in-service construction personnel as well as promotion and publicity activities to attract more people to join the industry. With such funding, about 6 900 trainees have graduated from the Enhanced Construction Manpower Training Scheme which is one of the key measures targeting at trades with projected labour shortage, acute ageing or recruitment difficulties with enhanced training allowances. A summary of measures launched and the respective funding earmarked under the commitment of \$320 million for various initiatives is in Enclosure 3. With a steady supply of semi-skilled workers, there is now a need to focus efforts on training skilled workers.

Encl. 3

**Key features of the pilot scheme
for training of skilled workers for the construction industry**

(a) On-the-job training

Training quota	About 800 to 900.
Trainees	Semi-skilled workers graduated within one year from the Construction Industry Council's (CIC) in-house training or collaborative training.
Training mode	Full-time on-the-job training. Collaborative, first-hire-then-train, with contractors and sub-contractors.
Trades involved	Initial list includes 22 trades, but subject to further discussion with stakeholders.
Training period	One to two years, exact duration depends on individual trades.
Training content	<p>Training syllabus covering required skillsets on core trade to become skilled workers and attending classes/seminars/site visits, etc.</p> <p>Detailed syllabus to be formulated by CIC in consultation with industry stakeholders.</p>
Minimum monthly salary	<p>Participating employers will undertake to provide minimum monthly salary as agreed after consultation with relevant industry stakeholders including trade associations and labour unions. Depending on individual trades and taking 25 working days per month, the trainee can receive up to about \$15,000 to \$24,500 per month for the first year of training and about \$16,500 to \$26,500 per month for the second year of training.</p> <p>In addition, participating employers will have to undertake to provide a basic monthly salary of not less than about \$12,000 to \$15,000 depending on individual trades irrespective of unforeseeable delay of construction work or inclement weather which leaves</p>

	the number of working days to less than 20 days in a month.
Training subsidy	<p>(a) <i>Training allowance:</i> With respect to the average daily wages of individual trades, the incentive training allowance to participating employers is set at two tiers, being \$5,000 or \$6,000 per month.</p> <p>(b) <i>Trainer subsidy:</i> Trainer subsidy to participating employers will be set at half of the average daily wages of skilled workers for individual trades taking into account the reduction in productivity of trainer and the ratio of trainer and trainees.</p>
Trainee bonus	\$8,000 for trainees passing the trade test upon completion of training and registration as skilled workers plus additional \$4,000 for passing each intermediate trade test or trade test for other skills (up to three additional skills).

(b) Skills enhancement courses

Training quota	About 100 to 200.
Trainees	Semi-skilled workers with experiences between one and three years.
Training mode	Part-time mode with classroom and workshop training conducted by labour unions which are providing training courses on relevant trades to in-service workers.
Trades involved	Initial list includes bricklaying, plastering, tiling, painting, plumbing, metal scaffolding, etc. but subject to further discussion with labour unions.
Training period	About a total of 90 hours in weekday evening or weekend day-time covering a period of half a year to one year. Exact duration depends on individual trades.
Training content	Training syllabus covering required skillsets for training the trainees to become skilled workers. CIC is collaborating with industry stakeholders to formulate the detailed syllabus.

Training subsidy	CIC is working out the exact amount of training subsidy (about \$25,000 per trainee) to the labour unions for their training costs which include administration cost, tutors, training equipment, insurance, material and workshop, etc.
Trainee bonus	\$8,000 for trainees passing the trade test upon completion of training and registration as skilled workers.

**Cost items for the pilot scheme
estimated by the Construction Industry Council (CIC)**

Items	Funding earmarked (\$ million)
(i) Training allowance	132*
(ii) Trainer subsidy	69
(iii) Trainee bonus for passing trade test and intermediate trade test	14
(iv) Promotion and publicity	2
Total	217

- * The amount includes the proposed funding of \$100 million to be provided to CIC, subject to the approval of the Finance Committee of the Legislative Council. CIC will fund the residual amount with its own resources.
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**Summary of measures to support the efforts
of the Construction Industry Council (CIC)
to enhance training and trade testing for prospective fresh blood and
in-service construction personnel as well as promotion and publicity activities
to attract more people to join the industry**

(I) Enhanced Construction Manpower Training Scheme

The “Enhanced Construction Manpower Training Scheme” (ECMTS) is the key training initiative targeting to train 6 000 semi-skilled workers for trades with projected labour shortage, acute ageing or recruitment difficulties, and attracting new entrants with enhanced training allowances. To diversify the modes of training and provide more training places, CIC has launched various collaborative training schemes with contractors and sub-contractors, under which trainees are hired and then trained on-site so as to acquire site experience at an early stage. Up to end March 2015, about 6 900 ECMTS trainees have graduated under CIC’s in-house training and collaborative training. About 60% of ECMTS trainees were aged below 35 (versus 47 for all registered workers in late 2014) and most of them were new entrants, indicating that more young people have joined the industry. To address the keen manpower demand, we have redeployed¹ more provisions than those originally earmarked to enhance the training of semi-skilled workers for a higher target of about 7 640 under the ECMTS. The revised earmarked funding and training quota are tabulated in Section (V) below.

(II) Enhanced Construction Supervisor/Technician Training Scheme

To meet the industry’s demand for construction supervisors and technicians, we launched the “Enhanced Construction Supervisor/Technician Training

¹ As stated in the submissions to the Finance Committee of the Legislative Council for creating the commitment of \$320 million to support CIC to enhance training and trade testing for prospective fresh blood and in-service construction personnel and to enhance promotion and publicity activities to attract more people to join the industry, a flexible approach can be adopted under which funds may be redistributed amongst the measures in the light of actual needs and responses, and this would ensure maximum benefits to be accrued to construction personnel and to the construction industry. As such, we have revised the funding earmarked and training quota of individual measures upon consultation with the Construction Industry Training Board under CIC.

Scheme” (ECSTS) in collaboration with CIC in October 2012, with a target for training a total of 1 000 construction supervisors and technicians. As at end March 2015, about 480 trainees had undertaken the training courses. Among them, about 100 trainees graduated. CIC will continue this programme for the coming three years with a view to meeting the above target.

(III) Subsidies to fees of trade tests and training courses for in-service workers

To advance the skill levels of the in-service workers and cope with skills mismatch, subsidies are provided for fees of trade tests, specified training courses, skills enhancement courses and advanced training courses for senior workers. There were about 12 500 in-service workers who have completed the subsidised trade tests and these courses. As the target quota for trade tests has been met, the remaining funding originally earmarked for the trade tests and the courses have been redeployed to ECMTS for training more semi-skilled workers to meet the manpower demand.

(IV) Promotion and publicity activities

In May 2011, we collaborated with CIC to launch the “Build-Up Publicity Campaign”² to project a positive image of the industry. Initial results of the latest image tracking survey in early 2015 have revealed that since the launch of the campaign, the percentage of young people interviewed who are willing to join the industry has increased significantly from about 8% to about 26%. The number of registered construction workers has also increased by about 25% during the same period. The average age of the newly registered construction workers in 2014 is 38 (versus 47 for all registered workers in late 2014). All these indicate that the promotional effort has helped attract more young people to join the industry.

² Major initiatives under the “Build Up Publicity Campaign” included launching two series of RTHK TV drama “Dreams Come True” on the construction industry, launching the Build Up Ambassadors, displaying of selected trade and industry posters, organising roving exhibitions, outreaching to schools, arranging visits to the Construction Industry Resource Centre, etc.

(V) Summary table

Measures	Funding originally earmarked (\$million)	Original training quota	Revised funding earmarked (\$million)	Revised training quota	Achievements*
(i) ECMTS	210.0	6 000	221.9	7 640	6 900
(ii) ECSTS	75.0	1 000	75.0	1 000	480
(iii) Senior worker management course	3.0	1 500	0.3	164	140
(iv) Skills enhancement courses	6.0	6 000	0.1	370	350
(v) Specified training courses	3.0	6 000	0.7	2 380	2 380
(vi) Subsidy for fees of trade tests	3.0	6 000	2.0	9 650	9 650
(vii) Promotion	20.0	--	20.0	--	--
Total	320.0		320.0		

* Status as at 31 March 2015. Achievements measured by number of training places/courses/subsidy quota provided.
