

立法會
Legislative Council

LC Paper No. CB(1)860/14-15(05)

Ref: CB1/PL/DEV

Panel on Development

Meeting on 26 May 2015

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 and skills for the workforce of the construction industry as well as a summary of the major views and concerns expressed by Members during past discussions on related issues since the 2009-2010 session.

Background

2. The construction workforce is facing an acute ageing problem, particularly for workers. According to the statistics of the Construction Industry Council ("CIC"), as at 31 December 2014, of the some 341 600 registered workers in the construction industry, about 44.4% are aged over 50 whereas those aged below 30 account for only about 13.7%. On skills distribution, about 64.5% of the registered construction workers are general workers without specialized skills¹.

3. Starting in March 2013, CIC provides forecasts of overall construction expenditure, covering both public and private construction works over a 10-year horizon on a rolling basis. Based on CIC's forecast released in 2014, the overall construction expenditure forecast for the period from 2014-2015 to 2018-2019 would be in the range of \$175 billion to \$210 billion (in September 2013 prices) per year². CIC has also forecast that there will be a shortage of about 10 000 to 15 000 skilled

¹. Source: Website of the Construction Industry Council (<http://cwr.hkcic.org/information/total.asp>)

². Source: Website of the Construction Industry Council
(http://www.hkcic.org/eng/info/expenditureGraphic_2014.aspx)

workers in the construction industry in the coming few years. While CIC has trained up more than 13 000 semi-skilled workers between 2009 and end-2014, there is still an acute demand for skilled workers in the construction industry³.

Initiatives to strengthen the construction workforce

Funding proposal made in 2010 to support the training programmes and publicities of the Construction Industry Council

4. The Financial Secretary ("FS") announced in the 2010-2011 Budget Speech that \$100 million had been earmarked to support 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. The Finance Committee ("FC") approved on 28 May 2010 the relevant funding proposal submitted by the Administration. 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 industry⁴.

Funding proposal made in 2012 to support the training programmes of the Construction Industry Council

5. FS further announced in his 2012-2013 Budget Speech a proposal to earmark an additional \$220 million to support CIC in enhancing manpower training in order to bring fresh blood into the industry to meet the demand of future infrastructure developments. The funds were to be used to enhance the two key initiatives launched under the funding proposal approved in 2010, namely, the Enhanced Construction Manpower Training Scheme ("ECMTS")⁵ and the Enhanced Construction Supervision/Technician Training Scheme⁶ ("ECSTS"), by way of increasing the training quota, duration and allowance⁷. FC approved the

³. Source: Speaking note of the Secretary for Development for the special meeting of the Finance Committee on 1 April 2015.

⁴ A summary of the details and progress (as at end February 2012) of the initiatives launched under the approved funding is available in Enclosure 2 to FCR(2012-13)13

⁵ Under ECMTS, a certain amount of training allowance will be provided to a trainee attending the training courses of selected trades for acquiring the required skills and obtaining the registration qualification as semi-skilled workers.

⁶ Under ECSTS, a certain amount of training allowance will be provided to a trainee attending the training courses for becoming construction supervisors/technicians.

⁷ A comparison between the measures for ECMTS and ECSTS under the funding proposals made in

funding proposal on 20 April 2012. According to the Administration, up to end-2014, more than 6 000 graduates had graduated from ECMTS, while about 300 trainees had undertaken training courses under ECSTS⁸.

Measures to increase construction manpower taken by the Administration in 2014 and 2015

6. In mid-2014, the Administration implemented enhancement measures to the Supplementary Labour Scheme⁹ ("SLS") to expedite the preparatory works for applications of importing workers for 26 shortage trades submitted by contractors for public sector works projects. In January 2015, the Chief Executive announced in his Policy Address that in order to fully address the keen demand of the industry for skilled workers, the Administration would launch further enhancement measures to SLS having regard to the unique characteristics of the construction industry. For example, imported skilled workers would be allowed to work across various public sector works projects so as to enhance the flexibility of deployment and maximize the productivity of skilled workers as well as to control costs more effectively. FS announced in his 2015-2016 Budget Speech that he proposed to provide a funding of \$100 million to support CIC's new training initiatives in the next few years to upgrade the skill levels of semi-skilled workers to those of skilled workers so as to meet the acute manpower demand of the construction industry.

Registration scheme for construction workers and implementation of the requirement of "designated workers for designated trades"

7. In July 2004, the Construction Workers Registration Ordinance (Cap. 583) ("CWRO") was enacted to implement a mandatory registration scheme for construction workers. CWRO prohibits construction workers from carrying out construction work on construction sites without proper registration ("the Prohibition"). The Prohibition is implemented in phases. With the enactment of the Construction Workers Registration (Amendment) Ordinance 2014 in December 2014, the last phase of Prohibition will come into operation on 1 April 2017. With effect from that day, workers will be prohibited from carrying out construction works of designated trades unless

2010 and 2012 is available in Enclosure 4 to FCR(2012-13)13

⁸. Source: The Administration's paper entitled "Initiatives of Development Bureau in the 2015 Policy Address and Policy Agenda" (LC Paper No. CB(1)447/14-15(03)).

⁹. Launched by the Administration in February 1996, SLS allowed employers with genuine difficulties in finding suitable staff locally to import workers at technician level or below. However, to ensure the priority of local workers in employment, and to safeguard their salaries and benefits, employers must accord priority to filling available job vacancies with local workers, and take active efforts to train local workers for the vacancies.

they are registered against the relevant trades or under the "instruction and supervision" of the relevant trade-registered workers, i.e. the requirement of "designated workers for designated trades". According to the Administration, the registration scheme would, among others, (a) ensure the quality of construction works through assessment and certification of the skill levels of all construction workers; (b) ensure the availability of more reliable data on labour supply to facilitate manpower planning and training; and (c) raise the status of construction workers by statutorily recognizing their skill levels¹⁰.

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

8. 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. According to the Administration, it has stipulated 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 has also launched a number of initiatives to improve site safety in public works projects, including an enhanced merit and demerit system for the safety performance of contractors, enhanced measures for nurturing the safety behaviour of workers and enhanced promotional and training efforts. Moreover, the Administration has been working with CIC to set clear objectives, directions and priorities for local construction research and development activities with a view to reducing manpower demand in the construction industry. The Administration has also been working to develop procurement approaches to promote construction methods with more mechanization and prefabrication in the delivery of public works projects¹¹.

Major views and concerns expressed by Members

9. Issues relating to the supply and training of manpower of the construction industry were discussed at the meetings of the Development Panel ("the Panel") on 30 March 2010, 28 February 2012, 25 February 2014, 27 January 2015, and the meetings of FC on 28 May 2010, 20 April 2012 and 1 April 2015. Members have also raised

¹⁰. Source: Legislative Council Brief on Construction Workers Registration Bill (File Ref. : ETWB(CR)(W)150/101).

¹¹. Source: The Administration's paper on "Further Investment in Construction Manpower" (LC Paper No. CB(1)1116/11-12(05)).

a number of oral and written questions on the subject at various Council meetings¹². The major views and concerns expressed by Members at the aforesaid meetings are summarized in the ensuing paragraphs.

Enhancing the working and employment conditions of construction workers

10. Members were of the view that a host of issues including wage and welfare problems, sub-contracting, long working hours, poor working environment and inadequate compensation for industrial accidents had deterred the younger generation from joining the construction industry. As such, the Administration should take relevant measures to tackle the issues.

11. The Administration advised that, upon the recommendations made in the review of the local construction industry by the former Construction Industry Review Committee in 2001, the Administration had introduced a number of measures to achieve continuous improvement across the industry, including the establishment of CIC, a worker registration scheme and the issuance of guidelines regarding good industry practices, etc.

12. Members considered that apart from enhancement of training, the wage payment arrangements for construction workers should be improved as there were cases of wages in arrears. The Administration advised that since the trial of the measures to ensure the timely payment of wages to construction workers launched in 2003 and its subsequent implementation in 2006, the number of default payment cases had dropped by 85%, and 98% of construction workers had received their wages according to their terms of employment.

Efficacy of the training programmes for the construction industry

13. When examining the funding proposal to support CIC's training programmes in April 2012, some FC members enquired whether sufficient trainees could be attracted to join the training programmes upon the implementation of the proposed improvement measures. They were also concerned about whether the training programmes' wastage rate, i.e. the percentage of trainees who did not join the construction industry after completion of training, could be improved.

14. CIC advised that the measures for enhancement of construction manpower in the funding proposal should be able to ensure adequate

¹². Hyperlinks to relevant questions raised within the current legislative term are given in the Appendix.

manpower to support the implementation of major infrastructure projects. CIC would devise measures like the establishment of an employment service website to facilitate job seeking of construction workers. As regards the wastage rate, CIC advised that it aimed to reduce the wastage rate of ECMTS from 16% to a single digit percentage.

15. On the funding of \$100 million proposed in the Estimates of Expenditure 2015-2016 to support CIC's new training initiatives, some FC members enquired about the number of places to be offered under the new initiatives, whether the amount of funding would be increased so that more local workers could benefit and to what extent the funding would alleviate the manpower shortage problem in the construction industry in the coming five years. The Administration advised that the funding would be used to implement a pilot scheme to speed up the upgrading of the skill levels of semi-skilled workers to those of skilled workers, which currently relied on mentorship. It was envisaged that around 1 000 training places would be provided under the new initiatives. The Administration would assess whether more funds should be sought having regard to the effectiveness of the initiatives.

Manpower planning for the construction industry

16. Some Members expressed concerns about whether there would be sufficient construction works for the increased number of construction workers in future, given that the number and expenditure of infrastructure projects would fluctuate over the years. Construction workers might consequently suffer from unemployment or underemployment. They suggested that the Administration should be prudent in making reference to CIC's predictions of annual overall constructions outputs in forecasting the demand for construction manpower, and take the number of construction workers who were working in Macao and would return to Hong Kong to seek employments into account.

17. The Administration advised that apart from public infrastructure projects, construction workers were also engaged in private construction projects. The Administration had collaborated with CIC to carry out a study to update the forecast models. To keep track of the changes in construction outputs and manpower supply and take relevant new factors (like the additional construction volume arising from the implementation of the new initiatives to increase land and housing supply in the 2014 Policy Address) into account in a timely manner, the Administration would continue to conduct relevant reviews on a half-yearly basis. By adjusting the training programmes, the Administration could regulate the manpower

supply to ensure that changes in the construction volume and the increase of returning workers, such as those from Macao, would not adversely affect the employment situation of in-service workers.

Importation of construction workers

18. Noting the manpower shortage problem encountered by the construction industry, some Members expressed concerns about whether it would be difficult for the industry to handle the large volume of infrastructure works in the next few years, thus compromising the construction quality in Hong Kong. Some Members further suggested that the Administration should study how to distribute the volume of construction works evenly over the next few years so that it would not exceed the delivery capacity of the construction workforce and the increases in the costs of public works projects could be stabilized.

19. The Administration advised that more young people had been attracted to join the industry since the launching of enhanced training programmes and publicity initiatives in 2010. An image tracking survey conducted in 2014 revealed that the percentage of young people interviewed who were willing to join the industry had been increased from about 8% in 2011 to over 27% in 2014. However, it was anticipated that the industry would still suffer from the shortage of skilled workers in the next few years. With due regard to the principle of not affecting the employment and reasonable income levels of local construction workers, the Administration would make full use of SLS.

20. Some Members were opposed to the importation of workers and opined that there was no lack of local construction workers. On the other hand, some Members cast doubt on whether the training programmes conducted by the Administration and CIC could cater for the future demand for construction manpower, and enquired about the number of imported workers required by the industry in the light of the manpower shortage problem.

21. The Administration said that the Labour Advisory Board and it attached great importance to safeguarding reasonable income levels for local workers. As the training places for construction workers would be about 8 000 annually in the period from 2015 to 2018, about 30 000 additional workers could be provided in around 2017 to meet the demand of the construction industry.

22. On the further enhancement measures to SLS proposed in the 2015 Policy Address, some Members expressed opposition and queried that such measures might be followed by other measures including the expansion of importation of labour. They also considered that the Administration should not exaggerate the labour shortage problem in the construction industry. They cast doubt on the accuracy of CIC's manpower forecast that there would be an annual shortfall of around 10 000 to 15 000 skilled workers in the construction industry. On the other hand, some Members suggested that the Administration should solicit the support of Members representing the labour sector for the importation of skilled workers to construct more public rental housing and subsidized housing units for the interest of the public. There was also a suggestion that the Administration should provide facts and data to the public to facilitate public discussion on the subject of importation of skilled construction workers.

Recent development

23. The Administration will brief the Panel on 26 May 2015 on a proposal, as announced in FS's 2015-16 Budget Speech, to provide \$100 million for CIC to launch new training initiatives.

Relevant papers

24. A list of the relevant papers with their hyperlinks is in the **Appendix**.

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))</p> <p>Minutes of meeting (LC Paper No. CB(1)1920/09-10)</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)</p> <p>Minutes of meeting (LC Paper No. FC16/10-11)</p>
Panel on Development	23 November 2010	<p>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))</p> <p>Minutes of meeting (LC Paper No. CB(1)1053/10-11)</p>
Panel on Development	22 February 2011	<p>Administration's paper -- An Update on the Construction Manpower in Hong Kong (LC Paper No. CB(1)1308/10-11(05))</p> <p>Minutes of meeting (LC Paper No. CB(1)2138/10-11)</p>

Council/ Committee	Date of meeting	Paper
Panel on Development	28 February 2012	<p>Administration's paper -- Further Investment in Construction Manpower (LC Paper No. CB(1)1116/11-12(05))</p> <p>Minutes of meeting (LC Paper No. CB(1)1874/11-12)</p>
Finance Committee	20 April 2012	<p>Administration's paper -- Head 159 -- Government Secretariat: Development Bureau (Works Branch); Subhead 700 General non-recurrent; Item 868 Investing in Construction Manpower (FCR(2012-13)13)</p> <p>Minutes of meeting (LC Paper No. FC182/11-12)</p>
Council Meeting	9 January 2013	<p>Hansard -- Oral Question (No. 4) on "Shortage of Construction Workers" (p. 4349 - 4359)</p>
Council Meeting	6 February 2013	<p>Hansard -- Oral Question (No. 2) on "Supply and Retraining of Local Labour and Importation of Foreign Labour" (p. 6461 - 6475)</p>
Council Meeting	12 February 2014	<p>Hansard -- Written Question (No. 19) on "Manpower Shortage of Construction Industry" (p. 6205 - 6209)</p>
Panel on Development	25 February 2014	<p>Administration's paper -- Challenges to Delivery of the Capital Works Programme (LC Paper No. CB(1)925/13-14(03))</p> <p>Minutes of meeting (LC Paper No. CB(1)1457/13-14)</p>
Council Meeting	7 May 2014	<p>Hansard -- Written Question (No. 2) on "Labour Supply in Construction Industry" (p. 10322 - 10329)</p>

Council/ Committee	Date of meeting	Paper
Bills Committee on Construction Workers Registration (Amendment) Bill 2014	24 May 2014 to 5 November 2014	Report of the Bills Committee (LC Paper No. CB(1)334/14-15)
Council Meeting	20 November 2014	Hansard -- Written Question (No. 7) on "Problem of Rising Construction Costs" (p. 2221 - 2230)
Council Meeting	17 December 2014	Hansard -- Oral Question (No. 6) on "Importation of Workers of Construction Industry" (p. 3717 - 3727)
Council Meeting	18 December 2014	Construction Workers Registration (Amendment) Bill 2014 -- resumption of second reading debate and third reading Hansard (p. 4115 - 4155)
Panel on Development	27 January 2015	Administration's paper -- Initiatives of Development Bureau in the 2015 Policy Address and Policy Agenda (LC Paper No. CB(1)447/14-15(03)) Minutes of meeting (LC Paper No. CB(1)753/14-15)
Council Meeting	28 January 2015	Hansard -- Oral Question (No. 1) on "Measures to Tackle Problem of Shortage of Skilled Workers in Construction Industry" (p. 5127 – 5139)
Council Meeting	25 March 2015	Hansard -- Written Question (No. 11) on "Shortage of Technical Personnel Engaged in Electrical and Mechanical Works Under Construction Industry" (p. 7958 - 7968)

Council/ Committee	Date of meeting	Paper
Finance Committee	1 April 2015	<u>Speaking notes of the Secretary for Development for the Special Finance Committee Meeting (Session on Works)</u> <u>Administration's replies to Members initial written questions (Session on Works)</u>