

ITEM FOR FINANCE COMMITTEE

HEAD 90 – LABOUR DEPARTMENT

Subhead 700 General other non-recurrent

New item “Skills Enhancement Project”

New item “Incentive allowance for local domestic helpers”

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General other non-recurrent

New item “Special cleaning and minor repair/maintenance service for the elderly and the needy”

HEAD 49 – FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT

Subhead 700 General other non-recurrent

New item “Special improvement in environmental hygiene”

Members are invited to approve -

- (a) a new commitment of \$150 million under Head 90 Labour Department to launch the Skills Enhancement Project;
- (b) a new commitment of \$30 million under Head 90 Labour Department to provide incentive allowance to local domestic helpers;
- (c) a new commitment of \$102 million under Head 170 Social Welfare Department to launch a special cleaning and minor repair/maintenance service for the elderly and the needy; and
- (d) a new commitment of \$150 million under Head 49 Food and Environmental Hygiene Department to provide special improvement in environmental hygiene.

/PROBLEM

PROBLEM

The outbreak of Severe Acute Respiratory Syndrome (SARS) has severely affected a number of industries and notably the catering, tourism, hotel and retail sectors. We need to provide temporary relief for the affected employees in these sectors and, at the same time, to create more short-term job opportunities to ease the growing pressure on unemployment and to improve personal and environmental hygiene.

PROPOSAL

2. As the Government's proposed employment relief measures in response to the outbreak of SARS, we propose to

- (a) launch the Skills Enhancement Project to upgrade the skills of serving/displaced employees in various industries which have been hard hit by SARS, notably the catering, tourism, hotel and retail industries;
- (b) provide incentive allowance to local domestic helpers (LDHs) to promote their employment;
- (c) launch a special cleaning and minor repair/maintenance service for the elderly and the needy; and
- (d) provide special improvement in environmental hygiene to reinforce the Government's efforts to clean up Hong Kong.

JUSTIFICATIONS

3. Since the outbreak of SARS in March this year, businesses in various sectors, notably hotel, tourism, retail and catering have been seriously affected. Quite a number of operations in these sectors have been closed down or suspended temporarily or are facing financial hardship. Many employees have been retrenched or are taking no-pay leave. As a result, the unemployment rate is expected to rise in the short term. For the unemployed workers in the hotel, tourism, retail and catering industries, the Government sees the need to provide them with special assistance and to implement measures to turn adversity into opportunity by equipping them with improved skills for future challenges in their career.

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4. In parallel, there has been rising awareness in the community on the importance of personal and environmental hygiene. With a soaring demand for household cleaning service, there is room for expansion of the LDH market. Furthermore, while the Government is making every endeavour to improve the environment for the public, there has been increasing concern on the ability of the vulnerable groups, especially the elderly, in maintaining a clean and safe living environment. We intend to take this opportunity to mobilise community resources to offer help to the disadvantaged group, through which jobs can be created in the cleaning, repair and maintenance and domestic service fields. This is also conducive to uplifting the public mood and fostering community co-operation and social cohesion.

5. We are therefore proposing a number of initiatives which together will create over 21 000 temporary employment and training opportunities at a cost of \$432 million. They are outlined below.

(a) Skills Enhancement Project

6. The Project will have two components, namely trade-specific skills enhancement training and complementary generic training. The two components are proposed to be delivered by the Skills Upgrading Scheme Secretariat (SUSS) and the Employees Retraining Board (ERB) as training agents of the Government. The training will last for two months. Some 10 000 training places will be provided for unemployed workers previously engaged or workers on temporary no-pay leave in the catering, retail, hotel and tourism industries. The training includes specialised trade-specific skills enhancement courses to be provided by SUSS and soft skills such as work ethics, occupational safety and health hygiene, language and IT to be offered by ERB. Each participant attending the full-time course will receive a special monthly allowance of \$4,000 during the training period. If circumstances warrant and funding is available within the commitment, we would consider providing skills enhancement to serving/displaced workers in other industries affected by SARS and other forms of more flexible shorter term training for employees in the trade to bolster their professional knowledge on specific topics.

(b) Incentive Allowance for LDHs

7. Many LDHs prefer to work in the vicinity of their residence to avoid high transport cost and long travelling time. They are also more willing to work during the day time so that they may take care of their own families in the evening whereas many employers would like LDHs to prepare the evening meal and do the washing of dishes afterwards. Such geographical and time mismatch has resulted in a large number of LDH vacancies unfilled and hindered the expansion of the LDH market.

8. To address the mismatch, we propose to offer incentive allowance to LDHs who are willing to work farther away from their residence or during unsocial hours. We propose to earmark \$30 million for providing incentive allowance to ERB retrainees who have received LDH retraining and have obtained the competency card, and are successfully placed into a LDH job through the referral of ERB's Integrated Scheme for LDHs. We expect 4 000 retrainees to benefit from the scheme.

(c) Special Cleaning and Minor Repair/Maintenance Service for the Elderly and the Needy

9. The initiatives to be undertaken by the Social Welfare Department (SWD) are intended to provide a total of 4 500 jobs for a period of three months, broken down as follows :

- (a) 2 500 non-skilled worker jobs at a monthly salary of \$5,500 to provide free household cleaning service to elderly and people with disabilities living alone. These workers will provide service to over 100 000 clients, including 47 000 vulnerable elders currently networked by the Support Teams for Elders operated by non-government organisations (NGOs), people with disabilities currently waitlisting for day or residential services and others to be identified through various sources; and
- (b) 2 000 semi-skilled jobs for unemployed construction workers at a monthly salary of \$7,000 to provide minor repairs and other patching up work for elders, people with disabilities and other vulnerable families.

All the workers will be directly employed by NGOs commissioned by SWD to undertake the operation.

(d) Special Improvement in Environmental Hygiene

10. The Food and Environmental Hygiene Department (FEHD) will create 3 000 temporary jobs for six months to reinforce the Government's efforts in cleaning up Hong Kong. The expenditure is estimated at \$150 million according to our operational experience. The additional service will be introduced gradually from May 2003 and will include enhanced cleaning and washing of public places and environmental blackspots; clearing and cleaning of private lanes and common parts of old tenement buildings; minor repair works including limewashing; intensified rodent and pest control work including anti-mosquito measures; more frequent cleaning of markets, cooked food centers and hawker sites; and enhanced collection of refuse at on-street dumping spots.

11. FEHD plans to contract out these work, thereby providing, additional to employment, also business opportunities in the private sector. To protect the interest of the workers, FEHD will require the contractors to specify in their proposals the wages and working hours of their staff, in accordance with existing guidelines on the engagement and monitoring of Government service contracts. The Department will monitor closely contract compliance by contractors and follow up on any complaints from workers. FEHD will also require the contractors to provide adequate protective gears, such as face masks and gloves, to the workers to ensure work safety. The Department will also engage temporary staff for contract management/monitoring purposes.

FINANCIAL IMPLICATIONS

12. The proposals will require additional non-recurrent expenditure totaling \$432 million, as follows -

	2003-04 \$ million	2004-05 \$ million	Total \$ million
(a) Skills Enhancement Project	150	-	150
(b) Incentive allowance for LDHs	22.5	7.5	30.0
(c) Special cleaning and minor repair/maintenance service for the elderly and the needy	102	-	102
(d) Special improvement in environmental hygiene	150	-	150
	Total	7.5	432.0

13. As regards paragraph 12(a), the expenditure is for payment of the special allowance to participants of the Skills Enhancement Project, provision of generic courses and administration of the Project. The cost of the trade-specific skills enhancement training of the Project will be charged to the existing commitment approved under the Skills Upgrading Scheme. A detailed cost breakdown is at Enclosure 1.

Encl. 1

14. With regard to paragraph 12(b), the expenditure is for payment of incentive allowance to 4 000 LDHs for a period of up to six months, as well as for administration and publicity of the scheme. As it is possible that some prospective LDHs may come forward to claim the allowance later in the year, we have planned on the basis of a cash flow straddling two years. A detailed cost breakdown is at Enclosure 2.

Encl. 2

15. As regards paragraph 12(c), the expenditure is for payment of wages to 4 500 temporary workers and administrative overheads to NGOs undertaking the operation, as well as provision for protective gears and consumables to workers. A detailed cost breakdown is at Enclosure 3.

Encl. 3

16. As for paragraph 12(d), the expenditure is for expenses on contracting out the operation and employment of temporary staff for monitoring and management purpose. A detailed cost breakdown is at Enclosure 4.

Encl. 4

BACKGROUND INFORMATION

17. The outbreak of SARS in Hong Kong since March this year has brought about a significant slowdown of local economic activities. On 23 April 2003, the Chief Executive announced a package of relief measures amounting to \$11.8 billion to help the community tide over the difficulties and revive the economy. Included in the package of measures are five initiatives to create temporary employment and training places to provide relief at a cost of \$432 million.

18. We consulted the Legislative Council Panel on Manpower on 6 May 2003. Members supported the proposed employment relief measures.

Enclosure 1 to FCR(2003-04)10

Estimated expenditure on the Skills Enhancement Project

	\$ million
(a) Generic skills training (training at a cost of \$30/hour x 120 hours x 10 000 places)	36
(b) Special allowances (\$4, 000/month x 2 x 10 000 places)	80
(c) Administration cost (including enrolment, employing temporary staff, printing and publicity, etc)	3.5
(d) Provision for variation (Note 1)	30.5
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Total	150 (Note 2)

Note -

1. We will consider how to make the best use of the provision for variation to fund additional training activities after taking into account the feedbacks of the participants, the needs of the industries and the employment and training situation of the affected employees.
2. All expenditure will be incurred in 2003-04

**Estimated Expenditure to Provide Incentive Allowance to
Local Domestic Helpers**

	2003-04 \$ million	2004-05 \$ million	Total \$ million
(a) Incentive allowances for 4 000 retrainees (at \$50 per day or a maximum of \$1, 200 per month for a maximum of 6 months for each LDH)	21.6 (Note)	7.2	28.8
(b) Administration	0.75	0.25	1.0
(c) <u>Publicity</u>	0.15	0.05	0.2
Total	22.5	7.5	30.0

Note -

Assuming that 3 000 out of 4 000 retrainees would receive the allowance in 2003-04.

Enclosure 3 to FCR(2003-04)10

**Estimated Expenditure on Special Cleaning and Minor
Repair/Maintenance Service for the Elderly and the Needy**

	Cleaning service	Minor repair/ maintenance service	Total
	\$ million	\$ million	\$ million
(a) Wages, Mandatory Provident Fund contribution and employees insurance	45 (Note 1)	47 (Note 2)	92
(b) Administrative overheads (including the employment of supervisory part-time staff by NGOs)	2	2	4
(c) Provision of protective gears or materials and consumables	3	3	6
Total	50	52	102 (Note 3)

Note -

1. The provision is for engaging 2 500 cleaning workers each remunerated at a monthly wage of \$5, 500 for a period of three months.
2. The provision is for engaging 2 000 construction workers each remunerated at a monthly wage of \$7, 000 for a period of three months.
3. SWD plans to complete the entire operation before December 2003 and hence the required funding will be fully spent within 2003-04.

**Estimated Expenditure on
Special Improvement in Environmental Hygiene**

	\$ million
Contracting out expenses	144
Employment of temporary staff by the Food and Environmental Hygiene Department	6
Total	<hr/> 150 (Note)

Note -

All expenditure will be incurred in 2003-04