

**Subcommittee on Employees Retraining Ordinance
(Amendment of Schedule 3) Notice 2008**

**Administration's Response to Issues
Raised at the Meetings on 28 October 2008 and 1 November 2008**

Purpose

This paper sets out the Administration's response to the following issues raised by Members at the meetings of the Subcommittee on 28 October 2008 and 1 November 2008 –

- (a) “labour importation schemes” designated under the Employees Retraining Ordinance (ERO) since 1992;
- (b) whether the Administration plans to designate the admission scheme under the General Employment Policy, the Admission Scheme for Mainland Talent and Professionals and the Quality Migrant Admission Scheme as “labour importation schemes” under the ERO;
- (c) deployment of foreign domestic helpers (FDHs) for performing driving duties and the enforcement figures against illegal work of FDHs; and
- (d) financial condition and training bodies of the Employees Retraining Board (ERB).

“Labour importation schemes” designated under the ERO

2. Since the enactment of the ERO in 1992, the Chief Executive-in-Council has approved the following four “labour importation schemes” under Section 14(3) of the ERO –

- (a) General Labour Importation Scheme;
- (b) Special Labour Importation Scheme for the New Airport and Related Projects;

- (c) Supplementary Labour Scheme; and
- (d) Importation of Foreign Domestic Helpers.

To date, only (c) and (d) above are still in operation.

General Employment Policy, Admission Scheme for Mainland Talent and Professionals and Quality Migrant Admission Scheme

3. It is the Government's established policy that employers hiring low-skilled imported labour should contribute towards the training and retraining of the local workforce. In line with this policy, all employers of imported labour under "labour importation schemes" designated under the ERO are required under the ERO to pay the Employees Retraining Levy (levy). The levy goes to the Employees Retraining Fund (ERF), which is administered by the ERB for providing training and retraining services to eligible local workers.

4. The Government's policy towards skilled workers wishing to come to Hong Kong is different as they possess skills, knowledge or experience of value to and sought after by Hong Kong. They bring substantial economic benefit to Hong Kong, not only by meeting the manpower needs of the local market, but also by improving the quality of the population as a whole and enhancing the competitive edge of Hong Kong. Such employees, with their expertise or experience in their professionals, can contribute towards upgrading the quality of the local workforce through skill transfer.

5. It is against this policy premise that the Government has in place the admission scheme under the General Employment Policy (GEP) and the Admission Scheme for Mainland Talent and Professionals (ASMTTP) seeking to facilitate the entry of overseas and Mainland professionals to meet the local demands; and the Quality Migrants Admission Scheme (QMAS) seeking to attract highly skilled or talented entrants to settle in Hong Kong.

6. Under the GEP and ASMTTP, overseas and Mainland professionals who possess special skills, knowledge or experience of value to and not readily available in Hong Kong, or who are in a

position to make substantial contributions to the economy, may apply to work in Hong Kong. Applicants must have a confirmed offer of employment, the remuneration package of which must be broadly commensurate with the prevailing market rate of Hong Kong. As to the QMAS, it is quota-based and operates on a points-based system. Successful applicants are not required to secure an offer of local employment before taking up residence in Hong Kong.

7. In sum, the above-mentioned schemes aim to attract professionals and talented people from outside Hong Kong to work and settle in Hong Kong with a view to enhancing our economic competitiveness in the global market. Given the differences in the nature and objectives of the schemes as well as the economic contribution of the imported persons, the Government has no plan to designate the GEP, ASMTP and QMAS as “labour importation schemes” under Section 14(3) of the ERO.

Deployment of FDHs for performing driving duties and the enforcement figures against illegal work of FDHs

8. With effect from 1 January 2000, FDHs are not permitted to take up any motor driving duties. Any individual employers who have genuine need for their helpers to perform driving duties incidental to and arising from domestic duties may apply to the Director of Immigration for exceptional permission. As at October 2008, there were 2 440 FDHs who were given permission to take up driving duties. Statistics on FDHs approved to perform driving duties from 2006 to 2008 are at **Annex A**.

9. FDHs shall only perform domestic duties for their employers. They shall not take up, and shall not be required by the employers to take up, any other employment with any other person. Any breach of condition of stay will render the helper and/or any aider and abettor liable to criminal prosecution. The enforcement figures against illegal work of FDHs are at **Annex B**.

Financial condition of the ERB and its training bodies

Financial condition of the ERB

10. As at 14 September 2008, the total levy income, comprising the levy payable by employers of FDHs collected since October 2003, and levy payable by employers of other imported labour collected since 1992 amounted to some \$5.1 billion. The breakdown is set out at Annex C.

11. When the ERB was first established in 1992, the Government injected \$300 million into the ERF as the initial set-up grant. In 1996-97, a total of \$800 million (\$300 million plus \$500 million) was injected on two occasions into the ERF. In 1998-99, the Government injected another \$500 million into the ERF. The total amount of capital block grants made by the Government since the establishment of the ERB was \$1.6 billion. In the past few years, with the levy collected from employers of FDHs being put aside in view of the legal proceedings arising from the judicial review, the ERB's major source of income was Government's recurrent subvention of about \$400 million per year. Between 2001-02 and 2007-08, an annual recurrent subvention of about \$400 million was granted to the ERB.

12. The financial position of the ERB remained fairly stable over the past five years, with the difference in income and expenditure at the margin of about 5% or below per annum. Deficits of 5.2%, 1.9% and 1% were recorded in 2003-04, 2004-05 and 2005-06 respectively. This was mainly attributable to the strong demands for retraining services during economic downturn. In 2006-07 and 2007-08, surplus of 4.1% and 1.6% were recorded respectively consequent to the recovery in the economy and a correspondingly smaller demand for retraining services than originally planned for.

13. In 2007-2008, the ERB offered about 87 000 training places and the total expenditure for the year amounted to around \$400 million. To meet the increasing training demands from the original and new target groups, the ERB plans to offer over 120 000 training places in 2008-09 and the budget for the year is around \$900 million. The ERB will endeavour to provide multi-faceted placement-tied courses as well as generic skills courses to assist its trainees in acquiring the necessary vocational skills as well as recognised

qualifications under the Qualifications Framework. It will also introduce the element of “sustainability” into the training courses to enhance its trainees’ competitiveness in the job market and to sustain their employment. To better understand the training needs and aspirations of its service targets and to ensure that they are suitably met, the ERB has strengthened its market research and other work relating to the development of new courses. With about 160 new courses developed, together with the revamping of about 120 existing courses, the ERB’s training portfolio has been extensively enhanced with the total training hours almost doubled (increased by 95%) when comparing with that of 2007-08.

14. Apart from the provision of training courses, the ERB operates two Training Resource Centres, a Practical Skills Training and Assessment Centre (PSTAC), the Integrated Scheme for Local Domestic Helpers and the Healthcare Massage Integrated Service (HMIS) as part of its training and support services. One of the Training Resource Centres located in Sham Shui Po has been converted into a one-stop Training cum Employment Resource Centre to provide more integrated services and better support to the ERB’s trainees and others in need. On PSTAC, the ERB is making efforts to upgrade its assessment facilities and equipment, and to streamline the assessment procedures. In order to enhance the employment opportunities of its trainees, the ERB will expand the Integrated Scheme for LDHs and rebrand it as a one-stop integrated household referral services. The HMIS will also be expanded to develop the home-based massage market. With all the latest developments and changes, an overall rebranding exercise for the ERB is undertaken to better reflect its new positioning and to facilitate the promotion of its training services to the service targets.

Training bodies of the ERB

15. As a funding and co-ordinating body, the ERB partners with its approved training bodies (TBs) (currently 67 in number) in offering training courses at over 260 training centres throughout the territory. The 67 TBs include statutory bodies, non-governmental organisations, continuing education arms of universities and

post-secondary institutions, and professional training organisations. A list of the 67 TBs and the funding allocated to them in the past two years is at **Annex D**.

Labour and Welfare Bureau
5 November 2008

Annex A

Number of FDHs approved to perform driving duties

Year	Number of FDHs approved to perform driving duties
2006	1 192
2007	1 191
2008 (up to September 2008)	957

Annex B

Enforcement figures against illegal work of FDHs

Year	Number of FDHs arrested	Number of FDHs prosecuted
2006	118	83
2007	146	88
2008 (up to September 2008)	100	74
Total	364	245

Annex C

Breakdown of Levy Income Since 1992

Financial Year	Levy collected from employers of FDH (HK\$)	Levy collected from employers of other imported labour (HK\$)	Total levy income (HK\$)
1992-93	-	106,736,800	106,736,800
1993-94	-	130,471,200	130,471,200
1994-95	-	97,586,800	97,586,800
1995-96	-	67,372,800	67,372,800
1996-97	-	29,094,800	29,094,800
1997-98	-	37,438,000	37,438,000
1998-99	-	16,123,200	16,123,200
1999-2000	-	5,178,400	5,178,400
2000-01	-	8,577,600	8,577,600
2001-02	-	8,396,800	8,396,800
2002-03	-	4,944,000	4,944,000
2003-04	144,360,400*	4,809,600	149,170,000
2004-05	664,158,800	4,580,000	668,738,800
2005-06	1,055,486,000	5,531,600	1,061,017,600
2006-07	1,111,613,200	5,932,800	1,117,546,000
2007-08	1,174,374,400	6,615,600	1,180,990,000
2008-09 (up to 14 Sep 2008)	432,979,000	3,297,600	436,276,600
Total	4,582,971,800	542,687,600	5,125,659,400

Note : * The imposition of the levy on employers of FDHs took effect on 1 October 2003.

Allocation of Funding to Training Bodies of the Employees Retraining Board (ERB)

Training bodies receiving allocation from ERB for operating training courses (listed in alphabetical order)		2006-07 (Actual allocation) HK\$	2007-08 (Actual allocation) HK\$
1	Association for Engineering and Medical Volunteer Services	12,000	11,513
2	Caritas - Hong Kong	30,372,286	26,701,298
3	Christian Action	27,459,079	25,274,636
4	CityU Professional Services Limited	1,815,407	3,266,090
5	Clothing Industry Training Authority	603,193	35,625
6	College of Nursing, Hong Kong ¹	-	26,061
7	Construction Industry Council	1,267,200	1,451,148
8	Heung To College of Professional Studies	3,834,127	5,112,568
9	Hong Kong and Kowloon Electrical Engineering and Appliances Trade Workers Union	1,592,374	1,427,759
10	Hong Kong Association for Democracy and People's Livelihood	4,917,578	5,619,214
11	Hong Kong Association of Gerontology	856,800	1,023,929
12	Hong Kong College of Technology	32,145,319	28,287,640
13	Hong Kong Employment Development Service Limited	8,812,746	8,562,582
14	Hong Kong Federation of Handicapped Youth	127,389	115,591
15	Hong Kong Federation of Women Limited	584,230	885,488
16	Hong Kong Federation of Women's Centres	1,356,442	1,329,460
17	Hong Kong Productivity Council	66,567	22,566
18	Hong Kong Red Cross ¹	-	-
19	Hong Kong Rehabilitation Power	1,029,313	913,503
20	Hong Kong Sheng Kung Hui Lady MacLehose Centre	6,037,415	5,850,665
21	Hong Kong Sheng Kung Hui Welfare Council	910,060	1,169,575
22	Hong Kong Small and Medium Enterprises Association ²	1,532,647	577,588
23	Hong Kong Society for the Blind	137,177	139,627
24	Hong Kong St. John Ambulance	785,384	726,006
25	Hong Kong Travel & Tourism Training Centre Limited	592,592	798,686
26	Hong Kong Workers' Health Centre Limited	1,408,200	1,443,300
27	Hong Kong Young Women's Christian Association	19,254,590	17,263,982
28	International Social Service (Hong Kong Branch)	16,800	36,120
29	Kwai Chung Hospital - Hospital Authority	914,840	937,710
30	Kwai Chung Residents Association	3,834,027	4,141,598
31	Management Society for Healthcare Professionals	699,495	813,878
32	Methodist Centre	7,337,825	6,468,857
33	Neighbourhood & Worker's Service Centre	4,866,692	6,771,553
34	New Life Psychiatric Rehabilitation Association	63,237	59,499
35	New Territories Association Retraining Centre Limited	12,989,913	15,890,659
36	Princess Margaret Hospital - Hospital Authority	657,600	710,400
37	Queen Elizabeth Hospital - Hospital Authority	1,592,140	1,889,900
38	Richmond Fellowship of Hong Kong	175,530	126,525
39	S.K.H. Holy Carpenter Church Community Centre	2,790,688	2,842,537
40	St. James' Settlement ¹	102,275	-
41	The Baptist Convention of Hong Kong - Baptist Oi Kwan Social Service	166,536	236,432
42	The Boys' and Girls' Clubs Association of Hong Kong	362,793	312,961
43	The Evangelical Lutheran Church of Hong Kong	1,826,208	3,221,372
44	The Federation of Hong Kong and Kowloon Labour Unions	7,670,379	8,921,797
45	The Hong Kong Confederation of Trade Unions	20,316,557	19,481,112
46	The Hong Kong Federation of Trade Unions	5,983,514	5,713,625
47	The Hong Kong Society for Rehabilitation	1,119,282	1,375,395
48	The Hong Kong Society for the Deaf ¹	-	-
49	The Industrial Evangelistic Fellowship Limited	969,312	892,074
50	The Mental Health Association of Hong Kong	45,000	101,325
51	The Neighbourhood Advice-Action Council ³	-	1,501
52	The Scout Association of Hong Kong - The Friends of Scouting	1,125,743	1,561,679
53	The Society of Rehabilitation and Crime Prevention, Hong Kong	137,040	345,745

Allocation of Funding to Training Bodies of the Employees Retraining Board (ERB)

Training bodies receiving allocation from ERB for operating training courses (listed in alphabetical order)		2006-07 (Actual allocation) HK\$	2007-08 (Actual allocation) HK\$
54	The Young Men's Christian Association of Hong Kong	1,883,721	1,513,179
55	Vocational Training Council ¹	-	-
56	Yan Oi Tong Limited	4,463,005	4,685,408
57	Yang Memorial Methodist Social Service	227,836	210,423
58	School of Professional And Continuing Education, The University of Hong Kong ¹	-	-
Total⁴		229,941,237	227,483,880
Admitted as ERB's training bodies after 1 April 2008			
59	Hong Kong Institute of Technology	-	-
60	Hong Kong Outlying Islands Women's Association Limited	-	-
61	Li Ka Shing Institute of Professional and Continuing Education, The Open University of Hong Kong	-	-
62	Lingnan Institute of Further Education, Lingnan University	-	-
63	School of Continuing and Professional Education, City University of	-	-
64	School of Continuing and Professional Education, The Hong Kong Institute of Education	-	-
65	School of Continuing and Professional Studies, The Chinese University of Hong Kong	-	-
66	School of Continuing Education, Hong Kong Baptist University	-	-
67	The Chinese University of Hong Kong – Tung Wah Group of Hospitals Community College	-	-
68	The Hong Kong Federation of Youth Groups	-	-

Note 1 The training bodies received no allocation for the financial year(s) because they had not submitted any application for provision of training courses for the year.

Note 2 Hong Kong Small and Medium Enterprises Association was removed from the list of ERB's training bodies in March 2008.

Note 3 The Neighbourhood Advice-Action Council was admitted as a training body in November 2007 and launched its first ERB course in March 2008.

Note 4 The total amount also includes reimbursements made to some training bodies for expenses such as insurance premium paid for trainees while undertaking work experience placements. The figures were \$93,133 and \$184,518 for 2006-07 and 2007-08 respectively.