

For information
on 9 March 2016

Legislative Council Panel on Manpower

Importation of labour under the Supplementary Labour Scheme

Introduction

This paper briefs Members on the latest information about the Supplementary Labour Scheme (SLS) and provides relevant information in relation to the concerns expressed in LC Paper No. CB(2)901/15-16(01) as requested by the Legislative Council (LegCo) Panel on Manpower.

Supplementary Labour Scheme

2. The Government operates different schemes whereby employers may apply for importation of workers on account of their actual operational circumstances so as to supplement skills not readily available in the local labour market and to sustain the competitiveness and development needs of Hong Kong. Depending on the skill levels and/or education requirements of the jobs concerned, employers may apply to the Immigration Department (ImmD) for admission of professionals or to the Labour Department (LD) for importation of technician workers or below under SLS.

3. SLS commenced operation in February 1996 and is administered by LD. Under SLS, employers with genuine difficulties in local recruitment may submit applications to import workers at technician level or below. To ensure priority of local workers in employment and safeguard their wages and benefits, employers must accord priority to filling available job vacancies with local workers.

4. There are no overall or industry-specific quota ceilings under SLS. On the premise of upholding priority in employment for local workers, employers who apply under SLS to import workers are required to launch a four-week open recruitment exercise in Hong Kong to accord priority to local workers in employment. Upon completion of the recruitment procedures by

the employer, LD will analyse each application so as to prudently assess whether the employer has sincerity to recruit/train local workers; its genuine need for manpower; size of its local workforce, etc. LD will then make a recommendation for the labour importation application and invite members of the Labour Advisory Board (LAB) to give views. The Commissioner for Labour (C for L) will thoroughly assess various factors (including, inter alia, results of the four-week local recruitment exercise) and the views and justifications provided by LAB members, before approving or refusing the concerned application for importation of labour as appropriate.

5. The employment contract of imported workers under SLS is subject to a maximum span of 24 months. Imported workers are to be paid not less than the median monthly wages of local workers in comparable positions. Imported workers are protected by a Standard Employment Contract prescribed by the Government and enjoy the same rights and benefits as local workers under labour legislation of Hong Kong. Employers are required to pay a levy that goes to the Employees Retraining Board to provide training and retraining for local workers. The levy payable in a lump sum in respect of each imported worker is \$400 multiplied by the number of months covered by the employment contract.

6. In 2013, 2014 and 2015, the numbers of imported workers applied for under SLS were respectively 4 110, 6 613 and 4 689, and the respective numbers of imported workers approved were 1 847, 2 722 and 2 880.

7. According to the latest statistics of the Census and Statistics Department (C&SD), the local labour force in November 2015 to January 2016 was 3 931 800. Based on the latest statistics of ImmD, as at the end of January 2016, there were 4 203 imported workers working in Hong Kong under SLS, representing around 0.1% of the aforesaid local labour force.

An Overview of the Construction Manpower

Construction Output

8. The Government has been investing in Hong Kong's infrastructure to improve people's quality of life, enhance our long-term competitiveness, create

job opportunities and lay a solid foundation for our sustainable development in the future. The Government needs to continue to deliver public sector works projects, including increasing land supply for housing development, traffic and transport infrastructure, hospital development plans and a wide variety of community facilities, etc. so as to meet the diverse needs of social and economic development. We expect that the capital works expenditure will continue to exceed \$70 billion for each of the next few years. The overall construction output covers both the public and private sector works. According to the latest forecast released by the Construction Industry Council (CIC) in January 2016, the overall construction expenditure of the public and private sectors in the next few years will reach a high level in the range of \$210 billion to \$280 billion per annum.

Construction Manpower Situation

9. The supply of local construction workforce is crucial to the sustainable development of Hong Kong. As at the end of 2015, the number of registered construction workers was about 369 000 (the number of in-service workers working in the industry was estimated at some 270 000). In 2015, most of those newly registered were general workers (about 80%). The average age of the newly registered construction workers in 2015 was about 39, reflecting that more young people have joined the industry.

10. Nevertheless, the construction industry is facing an acute ageing problem. According to CIC, as at the end of 2015, more than 40% of registered workers were aged 50 or above. In addition, Hong Kong is facing an ageing population and dwindling labour force. C&SD has estimated that nearly one-third of Hong Kong's population will be aged 65 or above by 2041, while our labour force will decline after reaching its peak by around 2018. The construction industry is facing considerable challenges in attracting new blood.

11. As the forecast construction output will maintain at a high level in the next few years, there will be a keen demand for construction personnel in Hong Kong. According to the report on manpower forecast for construction workers released by CIC in December 2015, the shortage of skilled construction workers will continue in the coming years. In addition, since mid-2013, CIC has conducted telephone surveys on a regular basis to collect and analyse data relating to registered workers. The survey findings have revealed that skilled

workers engaged in trades with manpower shortages continue to work about five days a week on average. Given that construction work is physically demanding, these workers are therefore considered to be fully engaged. CIC will continue to closely monitor the employment situation of construction workers.

Increasing the Supply of Construction Workers

12. Regarding Members' concern about training skilled construction workers, attracting new entrants as well as improving site safety and site working environment, the relevant measures are as follows:

(i) Training Initiatives

13. The Development Bureau (DEVB), in collaboration with CIC, has been actively adopting a multi-pronged approach to promoting development. DEVB obtained a total of \$420 million from LegCo in 2010, 2012 and 2015 to support CIC in strengthening its role in training local construction personnel and organising promotion and publicity activities.

14. The overall number of training places offered by CIC for training semi-skilled workers surged from about 2 000 per annum in 2009 to over 8 000 per annum in 2015. In 2010, DEVB further collaborated with CIC in launching the "Enhanced Construction Manpower Training Scheme" for training semi-skilled workers with enhanced training allowances, targeting trades with projected manpower shortages and recruitment difficulties. Moreover, CIC has implemented collaborative training schemes in conjunction with the industry, under which trainees are hired and then trained by the contractors so as to acquire site experience at an early stage. With all relevant training initiatives taken into consideration, CIC trained more than 18 000 semi-skilled workers between 2009 and 2015.

15. To further enhance the skill levels of construction workers, CIC launched two pilot schemes in 2015. One of them aims at upgrading semi-skilled workers' skills to skilled workers' levels. The pilot scheme will provide a total of about 1 000 training places. As at the end of January 2016, CIC has received about 300 applications. The other pilot scheme aims at training in-service ethnic minority general workers to become semi-skilled workers.

(ii) Attracting New Entrants

16. In 2011, DEVB collaborated with CIC in launching the “Build-Up Publicity Campaign” to enhance the image of the construction industry. The results of the image tracking survey conducted by the consultants engaged by CIC in 2015 revealed that over 25% of young people in 2015 were interested in joining the construction industry, as compared with only about 8% before the launch of the campaign.

17. DEVB is fostering collaboration between CIC and the relevant training institutions to provide a clear career ladder for practitioners of the construction industry so that they can be promoted to different positions of the industry (such as professional engineers and sub-contractors, etc.) through upgrading of their skills and continuing education. CIC also keeps in close contact with women organisations to discuss with them and collect their views as to how to encourage more women to join the industry in order to develop suitable training programmes. In addition, DEVB will continue to work with the industry to proactively implement the requirements of “designated workers for designated trades” under the Construction Workers Registration Ordinance, so as to raise the professional status of skilled construction workers and attract more new entrants.

(iii) Improving Site Safety and Site Working Environment

18. As regards site safety, the construction industry continues to implement various safety management measures and foster a caring and safety culture in the industry. In light of the gradual commencement of major infrastructure projects, DEVB has devised a series of enhancement measures, which include introducing a safety performance-tied Pay for Safety Performance Merit Scheme, increasing the successful chances of bidding public works contracts by contractors with good safety records, conducting independent safety audits, and enhancing the publicity and promotion for a better safety culture. From 1999 to 2014, the accident rate in public works projects (per 1 000 workers) dropped from 55.7 to 7.6 incidents, representing a decrease of almost 90%.

19. To provide a better working environment for workers, DEVB has stipulated in public works contracts that the contractors are required to provide a series of welfare facilities for workers, which include drinking facilities, toilets, bathrooms, storage compartments, and sheltered rest areas with tables and chairs and so on. Contractors also have to adopt the Guidelines on Site Safety Measures for Working in Hot Weather published by CIC. DEVB also encourages contractors to formalise the existing afternoon tea rest time arrangements for construction workers.

Enhancing Construction Productivity

20. To enhance construction productivity, the Government has modified the procurement procedures for public works to encourage adoption of measures in standardisation and mechanisation, and prefabrication in tender evaluation and performance management for public works consultancies and contracts. The Tsing Yi prefabrication yard for bar bending, which came into operation in the first quarter of 2016, would help relieve the pressure on the demand for workforce in cutting and bending steel reinforcement bars. In addition, the Government has included tender provisions to encourage works consultants and contractors to adopt innovative ideas in design and works execution respectively to deliver quality infrastructure.

Limitations in Training and Attracting New Entrants

21. While various measures for training and attracting new entrants have been implemented smoothly, there are still limitations in this area of work, in terms of for example training capacities given the inadequacy of training venues, facilities and training instructors. There is also problem in wastage of trainees. Overall speaking, the intake rates of CIC's courses are about 70%, with over 10% drop-out rates of trainees, and about 30% of the graduate trainees being new entrants leaving the industry within a year. Furthermore, there is increasing competition for new entrants among different industries, and it takes time for in-service skilled workers to nurture semi-skilled workers to become full-fledged skilled workers. According to the forecast made by CIC, the shortage of skilled construction workers will continue in the coming years.

22. For individual works projects in the construction industry, there may be higher demand for skilled workers of certain trades at particular stages of

work. Training and attracting new entrants may not be able to meet their manpower needs. If there are works projects with genuine manpower shortage, employers may apply for the importation of skilled workers under SLS to meet their manpower needs. The importation of skilled workers is on a temporary, time-limited and targeted basis.

Measures for the Construction Industry

Details of the Measures

23. In January 2015, the Chief Executive announced in the Policy Address that the Government, having regard to the unique characteristics of the construction industry¹, would implement measures under SLS to allow public sector works contractors to enhance flexibility in deploying imported skilled construction workers, and imported skilled workers to work across more than one specified public sector works contract. The resulting synergy effects would lead to more effective utilisation of productivity.

24. Some Members have expressed concern about expanding the scale of importation of workers. Under the above measures, contractors are required to specify in their applications the public sector works projects involved. The contractors are also required to seek the relevant public works departments to review and give support in writing that there is shortage of relevant skilled workers in the local labour market and that these workers are essential to the works projects. These ensure that the concerned trades with manpower shortages and the shortfall as presented in each application are devised on the project needs, while relevant public sector works departments are also required to evaluate synergy effects of the arrangements so as to reduce the total numbers of skilled workers to be imported under different contracts. The measures have given due regard to the protection of local workers.

¹ The characteristics of the construction industry include: there are fine divisions in construction works that involve various trades with diverse skills, and works processes are carried out in sequential order. For certain works processes that take less time to complete, skilled workers may not be able to find work that requires their skills at the same work sites every day. Moreover, the works may be affected by factors such as weather conditions, supply of materials and manpower, progress of upstream work processes, etc.

25. Some Members have also opined that LAB has been bypassed under the measures. It should be stressed that the measures are in line with the prevailing mechanism for processing labour importation applications. New applications submitted by contractors for importation of skilled workers are still required to be forwarded to employer members and employee members of LAB for views, before C for L considers whether to approve or refuse the importation of workers as appropriate. Therefore, there is no question of these applications bypassing LAB.

26. The Government briefed LAB in January and April 2015 respectively on the details of the various measures and paid heed to members' views. The Government also collected the views of relevant labour unions of the construction industry and industry representatives. In light of the views gathered, the Government has implemented various regulatory measures, such as the appointment of site Labour Relations Officers by the relevant public sector works departments to check the attendance and wage payment records of imported workers under various works contracts; and the rolling out of a new electronic card reading system by CIC starting from end-2015, allowing same day retrieval of workers' site attendance records to facilitate law enforcement departments to follow up and undertake enforcement actions more effectively. In addition, the contractors will deploy suitable personnel to carry out safety training and site supervision. As requested by LAB members, the Government has provided LAB with supplementary information, setting out detailed arrangements for the relevant regulatory measures.

27. The Government's premise for importing workers is to uphold the priority in employment of local workers and safeguard their wage levels. As pointed out in paragraphs 4 and 5 above, when applying for the importation of workers, contractors are still required to carry out local recruitment exercises and offer salaries not less than the median monthly wages². In addition, the relevant public sector works departments will continue to exercise stringent control, ensuring that each application is made in accordance with the genuine needs of works.

² If the trades concerned are under the 26 manpower shortage trades identified by CIC, the salaries offered should at the same time be not less than the monthly market wages as promulgated by CIC.

28. As at the end of December 2015, LD has received two applications involving the measures above. After completing the assessment and analysis of the two applications, LD has invited LAB members to provide views. Having regard to the principle of confidentiality in processing SLS applications, the Government cannot disclose further details about these applications.

Relevant Statistics on Imported Workers in Construction Industry

29. In 2013, 2014 and 2015, the numbers of imported workers applied for under SLS in the construction industry were 320, 2 716 and 1 250 respectively, and the corresponding numbers of imported workers approved were 566, 342 and 938. The number of imported construction workers working in Hong Kong represents about 0.1% of the overall number of registered construction workers, which is similar to the proportion of total imported workers under SLS to the local labour force as stated in paragraph 7 above.

Construction Industry Recruitment Centre

30. In addition to the two recruitment centres designated for the retail and the catering industries, the newly established Construction Industry Recruitment Centre (CIRC) of LD commenced operation in early January 2016 to further assist local construction workers to find jobs and employers of the industry to recruit workers. CIRC provides venues for employers, contractors and sub-contractors to organise job fairs and conduct on-the-spot interviews with job seekers, thereby enhancing the efficiency of job search and recruitment. Located at the CIC Kowloon Bay Training Centre, CIRC synergises with the services of the Training Centre, which includes referrals for job seekers who are interested to join the construction industry, or workers changing jobs; as well as construction workers to CIC for training or skills upgrading. CIRC also facilitates the search of construction jobs by trainees of CIC. For details of CIRC, please refer to information provided by the Government in LC Paper No. CB(2)859/15-16(06).

Conclusion

31. In administering SLS, LD will continue to uphold the premise of

according priority in employment for local workers whereby approval for importation of workers will be considered only when employers have genuine difficulties in finding suitable staff locally.

32. For the construction industry, the Government is also aware of the issues raised by Members regarding the livelihood of construction workers and the long-term development of the industry. Since 2013, CIC has been assessing the overall construction expenditure of the public and private sectors as well as the supply and demand for construction workers in the next decade. As mentioned above, it is anticipated that the overall construction expenditure of the public and private sectors will remain at a high level in the next few years, which will provide impetus for the continuous development of the construction industry and the Hong Kong economy, as well as offering employment opportunities for the construction industry on a continuous basis. The Government will continue to work closely with the construction industry, the labour sector and LAB. The Government will also continue to strengthen local training, attract more new entrants and enhance construction productivity. The effectiveness of various enhancement measures will be reviewed in a timely manner. Under the overriding premise of according priority in employment for local workers, the Government will allow the importation of skilled construction workers on an appropriate, limited and targeted basis, so as to ensure the sustainable development of the Hong Kong economy and society.

Development Bureau
Labour Department
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