

**For discussion
on 28 May 2019**

Legislative Council Panel on Development

Proposed Enhancements for Training of Construction Workers

PURPOSE

This paper seeks Members' views on proposals to strengthen the training of skilled workers to meet the demands of the construction industry.

BACKGROUND

2. The construction sector is Hong Kong's sixth largest employer, with a workforce of about 352 000¹ contributing to 5.1% of our Gross Domestic Product². In support of Hong Kong's continuous economic development and social betterment, construction activities generated from major infrastructure and building projects have been on the rise and will remain high in the years to come. According to the Construction Expenditure Forecast conducted by the Construction Industry Council ("CIC") in February 2019, the overall construction expenditure in Hong Kong in the coming five years will exceed \$300 billion per year.

3. To cope with the continuous strong demand for construction services, the Government allocated a total of \$320 million (\$100 million in 2010 and \$220 million in 2012) for CIC to train Semi-skilled Workers. To meet the increasing demand for Skilled Workers for major infrastructure and public housing projects, in 2015 a further funding of \$100 million was allocated to support CIC's training scheme for upskilling Semi-skilled Workers to Skilled Workers through structured on-the-job training. The additional funding has achieved positive outcomes. With the collaborative efforts among the Government, CIC and the industry, the number of

¹ Quarterly Report on General Household Survey (Fourth Quarter 2018), Census and Statistics Department.

² Gross Domestic Product (Quarterly) (Fourth Quarter 2018), Census and Statistics Department.

registered construction workers has increased from about 265 000 to 483 000 (increased by 82%) from December 2010 to March 2019. In this period, the number of skilled workers increased from about 103 000 to about 234 000 (increased by 127%). A summary of the training measures launched with Government funding is at **Annex**.

Continued shortage of construction manpower

4. These efforts notwithstanding, the construction industry is still facing manpower shortage as a result of the ageing workforce. From 2014 to 2018, the industry has lost more than 11 000 skilled workers (4%) to retirement and the trend will continue. As at 31 March 2019, about 40% of the skilled workers are aged 55 or above. Taking into account the training capacity, retention rates, retirement pattern of individual trades, construction volume, etc., CIC projects that there will be a manpower shortfall of 5 000 to 10 000 in the next five years.

5. To attract new blood and to train a new generation of skilled workers, CIC established the Hong Kong Institute of Construction (“HKIC”) in 2018 to provide structured and holistic training programmes with clear career advancement pathways. Nevertheless, due to the decline in secondary student population and the demanding working environment in construction sites, HKIC has difficulties in recruiting youngsters into its one-year full-time training programmes. We need to step up our efforts in attracting and retaining new recruits, and enhancing the quality and competencies of the construction workforce to meet the demands of the industry.

PROPOSAL

6. In the 2019-20 Budget, the Financial Secretary has set aside \$200 million for enhancing the training of construction workers in trades in keen demand. The proposed allocation will support the following enhancement measures —

- (a) enhancing the training allowance for new trainees of HKIC’s one-year full-time programmes to entice more youngsters to embark on structured construction training;
- (b) expanding the CIC Approved Technical Talents Training Programme (“CICATTTP”) to cover seven more trades; and

- (c) providing additional incentives to encourage in-service general workers to upskill to Semi-skilled Workers.

Enhancing Training Allowance

7. At present, trainees pursuing HKIC's one-year full-time certificate or diploma training programmes, who are mostly secondary school leavers, are given a monthly training allowance of \$3,600, similar to the training allowance provided by the Employees Retraining Board for Placement-tied courses. With this rate, nonetheless, HKIC has encountered difficulty in recruiting new trainees, mainly because of competing short-term job opportunities and perceived hardship of construction work. We propose to increase the training allowance by \$1,200 to \$4,800 per month, bringing it on par with that offered by HKIC for its adult short courses for job-changers. These trainees will become Semi-skilled Workers after completing the one-year course. After graduation, they can engage in full-time work, proceed to the Earn and Learn Scheme offered by the Vocational Training Council ("VTC") or join CICATTTP to become Skilled Workers after two years' on-the-job training. The increase in training allowance and clear career options will help attract new trainees, especially youngsters, and retain them in the industry.

Expanding CICATTTP

8. Currently, graduates of HKIC's one-year full-time certificate or diploma programmes can either enter the job market as Semi-skilled Workers or pursue VTC's Earn and Learn Scheme (which comprises on-the-job training and classroom reinforcement) to obtain diploma or higher diploma qualification. For graduates who want to advance their skill level to Skilled Workers rather than pursuing academic qualification through the VTC route, CIC will introduce a new CICATTTP for six trades, namely painter & decorator, joiner, carpenter (formwork), bricklayer, plasterer and tiler. Under CICATTTP, which will commence in September 2019, each trainee will be given a monthly allowance of \$5,000 for the first year and \$6,000 per month for the second year (with the participating employers undertaking to pay a minimum monthly salary of \$10,000 for the first year and \$14,000 for the second year). Besides, to encourage the trainees to complete the programme, a mid-term bonus of \$20,000 will be given upon entering the second year and \$30,000 will be given upon satisfactory completion of the programme.

9. Given that Skilled Workers in other trades (including bar bender & fixer, metal worker, general welder, plumber, leveller, electrical fitter and construction plant mechanic) will be in keen demand in the coming years, we propose to invite CIC to extend CICATTTP to these trades. The additional trades to be included will take into account the actual manpower shortage situation and the capability of employers in those trades to provide on-the-job training. These additional training places will be funded by the Government.

Training of In-service General Workers

10. There are currently 483 000 registered workers who can work in construction sites. Of these, 248 000 (51%) are general workers who can only carry out skilled work under the supervision of skilled workers. Despite CIC's efforts to encourage them to upskill, they are reluctant to do so, probably because CIC's training allowance (\$4,000 for a seven-day full-time skill enhancement course) cannot offset their income loss (about \$1,000 a day and \$7,000 for seven days). To remove this impediment, we propose to top up the training allowance by \$2,000 (bringing the total up to \$6,000) and provide a bonus of \$8,000 upon their passing the trade test and registration as Semi-skilled Workers. The additional incentives amounting to \$10,000 per trainee in total will be funded by the Government.

11. A summary of the proposed training incentives and targets is set out in the following table —

Proposed measures	Proposed incentives for trainees	Targets
(a) New recruits undertaking the HKIC one-year full-time certificate or diploma programmes to become Semi-skilled Workers	\$1,200 additional training allowance per month	3 500 Semi-skilled Workers
(b) Graduates of HKIC one-year full-time certificate or diploma programmes joining CICATTTP to become Skilled Workers	<u>First Year</u> \$5,000 per month training allowance \$20,000 mid-term bonus	600 Skilled Workers
	<u>Second Year</u> \$6,000 per month training allowance \$30,000 completion bonus	

Proposed measures	Proposed incentives for trainees	Targets
(c) In-service general workers undertaking CIC's 50-hour full-time skill enhancement course to become Semi-skilled Workers	\$2,000 additional training allowance \$8,000 bonus upon passing the trade test and registration as Semi-skilled Worker	4 000 Semi-skilled Workers

IMPLEMENTATION

12. Subject to funding approval by the Finance Committee (“FC”) of the Legislative Council, we will commission CIC, a statutory body established under the Construction Industry Council Ordinance (Cap. 587), to help dispense the additional training incentives to target beneficiaries and expand its CICATTTP to cover more trades in keen demand.

13. Together with CIC, we will closely monitor the enrolment situation of the training programmes, and will flexibly allocate the training quota amongst different trades and the various proposed measures. We will also monitor the progress and attractiveness of the measures in the course of implementation and make adjustments to the incentives where necessary to suit the manpower demand and needs of the industry.

FINANCIAL IMPLICATIONS

14. To implement the initiatives detailed under paragraphs 7 to 11 above, a total of \$200 million is required from 2019-20 to 2025-26. A tentative breakdown is set out below —

	\$million
(a) Additional training allowance for new trainees under HKIC's one-year full-time certificate or diploma programmes	50
(b) Training allowance and bonus for additional trades to be covered under CICATTTP	110
(c) Training allowance and bonus for in-service general workers to upskill to Semi-skilled Workers	40
Total	<u>200</u>

ADVICE SOUGHT

15. Members' views are invited on the proposal set out in paragraphs 7 to 14 above. Subject to Members' comments, we will seek funding approval from FC.

Development Bureau
May 2019

**Summary of Government Funding from 2010 to 2015
To the Construction Industry Council for
Strengthening Worker Training and Promotion**

Background

The Legislative Council had approved a total funding of \$420 million (\$100 million in 2010, \$220 million in 2012 and \$100 million in 2015) to strengthen the training of construction personnel and to attract new recruits, especially youngsters, to the construction industry. The training programmes and promotion activities organised with the additional funding to the Construction Industry Council (“CIC”) are set out below.

Funding Allocations

A. \$100 million allocated in 2010

Of the \$100 million allocation, \$80 million was used for enhancing training and conducting trade tests to produce more skilled workers. The remaining \$20 million was used for promotion and publicity activities to attract new blood.

(i) Training and Trade Testing of Construction Personnel

- ***Enhanced Construction Manpower Training Scheme (“ECMTS”) for selected trades***: provides enhanced training allowances to train workers up to semi-skilled level for trades with projected acute labour shortage, ageing problem or recruitment difficulties.
- ***Enhanced Construction Supervisor/Technician Training Scheme (“ECSTS”)***: provides top-up training allowance to encourage more people to join the training programme to become construction supervisors or technicians.

- *Advanced training course for senior construction workers:* provides free language and basic management training courses to prepare in-service senior workers for frontline supervisory or managerial roles.
- *Subsidy for trade tests fees, specified training courses and skills enhancement courses:* provides subsidy to encourage in-service workers with the requisite trade skills to take trade tests or attend training courses in preparation for trade tests.

(ii) Promotion Measures

- Launched the “Build-Up Publicity Campaign”¹ to project a positive image of the construction industry.
- CIC set up a Resource Centre to promote the industry to the public.

B. \$220 million allocated in 2012

This fund injection seeks to enhance the ECMTS and ECSTS by increasing training quota, duration of training and training allowance.

C. \$100 million allocated in 2015

This allocation seeks to encourage Semi-skilled Workers to upskill to Skilled Workers. With this funding, CIC introduced a new structured on-the-job training, in collaboration with contractors, under its Advanced Construction Manpower Training Scheme, with Government funding covering the training allowance for the participants.

¹ 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.

Number of Workers Trained

The number of skilled workers trained under the various schemes funded by Government is set out below —

Measures	Funding (\$million)	Quota	Workers Trained*
Funding allocated in 2010 and 2012			
Enhanced Construction Manpower Training Scheme	221.9	7 600	9 200
Enhanced Construction Supervisor/Technician Training Scheme	75	1 000	952#
Advance Training Course for Senior Construction Workers	0.3	164	160
Trade Test Subsidy	2.8	12 400	12 314
Promotion	20	not applicable	
Sub-total	320	21 164	22 626
Funding allocated in 2015			
Advanced Construction Manpower Training Scheme – Structured on-the-job Training	100	800	581#
Total	420	21 964	23 207

* Excluding number of dropouts

Total number of graduates and trainees under training as at 30 April 2019
