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Panel on Development

Meeting on 28 May 2019

Updated background brief on construction manpower in Hong Kong

Purpose

This paper provides background information on the Administration's initiatives on enhancing the supply and training of construction manpower 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 has been facing an acute ageing problem, particularly for workers. According to the statistics of the Construction Industry Council ("CIC"), as at 31 March 2019, of the some 482 900 registered construction workers, about 43.8% are aged over 50 whereas only about 14.7% are aged below 30. On skills distribution, about 51.5% of the registered construction workers are general workers without specialized skills.¹

3. Based on CIC's forecast released in February 2019, the overall construction expenditure forecast for the period from 2018-2019 to 2027-2028 would be in the range of \$245 billion to \$340 billion (in September 2018

¹ Source: [Total Number of Valid Registered Workers in Designated Trades - Age Distribution \(by applicants and by principle trades\) \(Quarterly Update\)](#) published by CIC

prices) per year.² CIC also forecasts that there will be a shortage of about 5 000 to 10 000 skilled workers in the construction industry up to 2022.³

4. In view of the above challenges and the keen demand for skilled workers arising from infrastructure development projects, the Administration had implemented various initiatives to boost the construction manpower.

Provision of funding support for training of construction practitioners and promotion activities

5. Over the years, the Administration had provided funding support for implementing multi-pronged measures to enhance training of construction practitioners and taking forward promotion activities to attract more people to join the industry, as set out below:

Year	Amount of funding allocated (date of approval by the Finance Committee)	Scope
2010	\$100 million (28 May 2010)	(a) For reimbursing CIC of the training allowances, trade testing and course fees for trainees and in-service workers. Two key initiatives launched were the Enhanced Construction Manpower Training Scheme ("ECMTS") ⁴ and the Enhanced Construction Supervision/Technician Training Scheme ("ECSTS") ⁵ ; and (b) for the Development Bureau to enhance the promotion and publicity activities in

² Source: [Construction expenditure forecast for public and private sectors \(2018-2019 to 2027-2028\) – updated in February 2019](#) published by CIC

³ Source: [Report of CIC Manpower Forecasting Model 2017 \(Skilled Construction Workers\) \(December 2017\)](#) published by CIC

⁴ Under ECMTS, a certain amount of training allowance would 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.

⁵ Under ECSTS, a certain amount of training allowance would be provided to a trainee attending the training courses for becoming construction supervisors/technicians.

Year	Amount of funding allocated <i>(date of approval by the Finance Committee)</i>	Scope
		conjunction with CIC and other stakeholders to attract more people to join the construction industry.
2012	\$220 million <i>(20 April 2012)</i>	For enhancing ECMTS and ECSTS, by way of increasing the training quota, duration and allowance. ⁶
2015	\$100 million <i>(17 July 2015)</i>	For supporting CIC in launching the Advanced Construction Manpower Training Scheme – Pilot Scheme ("ACMTS") ⁷ for upgrading the skill levels of semi-skilled workers to those of skilled worker. Semi-skilled workers successfully completing either the structured on-the-job training or skills enhancement courses under ACMTS might register as skilled workers.

6. According to the Administration,⁸ the above initiatives were in general effective: 9 200 semi-skilled workers were trained under ECMTS as of end 2015, and CIC continued to offer ECMTS using the Construction Industry Levy ("the Levy")⁹ and had trained about 4 700 semi-skilled workers from

⁶ A comparison between the measures for ECMTS and ECSTS under the funding proposals made in 2010 and 2012 is available in [Enclosure 4 to FCR\(2012-13\)13](#).

⁷ CIC budgeted \$217 million for ACMTS, which included the amount of \$100 million funded by the Government to cover part of the training allowances for structured on-the-job training. CIC funded the other costs and the outstanding balance for the training allowances.

⁸ Source: Annex II to the Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2017 Policy Address and Policy Agenda" (LC Paper No. [CB\(1\)57/17-18\(01\)](#))

⁹ At present, contractors are required under the Construction Industry Council Ordinance (Cap. 587) and the Construction Workers Registration Ordinance (Cap. 583) to pay levies at 0.5% and 0.03% of the value of the construction operations respectively to support the work of CIC and the administration of the construction workers registration regime.

2016 to end-August 2017; 884 trainees had undertaken the training courses under ECSTS, of whom 641 had graduated as of end-August 2017; and about 340 semi-skilled workers had completed training under ACMTS and become skilled workers as of August 2017.

Enhancement to the Supplementary Labour Scheme

7. In mid-2014, the Administration implemented enhancement measures to the Supplementary Labour Scheme ("SLS")¹⁰ to expedite the preparatory work for applications of importing workers for 26 shortage trades submitted by contractors for public sector works projects. In January 2015, the then Chief Executive ("CE") 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.

Measures to enhance productivity of the construction industry

8. CE announced in her 2018 Policy Address that the Administration would collaborate with CIC in leading the "Construction 2.0 - Time to Change" ("Construction 2.0")¹¹ to reform and upgrade the construction industry. According to the Administration,¹² under the three pillars of innovation, professionalization and revitalization, Construction 2.0 aims at uplifting the capacity and sustainability of the industry, enhance productivity and quality assurance, improve site safety and reduce environmental impacts. The Administration has taken the lead in promoting the use of innovative construction methods and the adoption of advanced technologies in construction, such as Building Information Modelling, Modular Integrated Construction, smart construction, etc. It also launched the \$1 billion

¹⁰ 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.

¹¹ Please refer to the dedicated website on Construction 2.0 (<https://www.hkc2.hk/en/index.php>) for the relevant details.

¹² Source: The Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2018 Policy Address and Policy Agenda" (LC Paper No. [CB\(1\)15/18-19\(01\)](#))

Construction Innovation and Technology Fund in October 2018 to promote the use of innovation and advanced technology in the construction industry. The Administration would continue to develop and promote such initiatives to enhance productivity and cost-effectiveness.

Major views and concerns expressed by Members

9. Issues relating to the supply and training of construction manpower in Hong Kong were discussed at meetings of the Development Panel ("the Panel") and meetings of the Finance Committee. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

Efficacy of the training programmes for the construction industry

10. When examining the funding proposal to support CIC's training programmes in April 2012, some Members enquired whether sufficient trainees could be attracted to join the training programmes, and they noted with concern that the trainee wastage rate (i.e. the percentage of trainees who did not join the construction industry after completion of training) of ECMTS had reached 16% (as of April 2012). CIC advised that with the enhanced measures for ECMTS then to be introduced in 2012 including in particular the increase in the monthly training allowance, it should be able to attract more people to join the training courses and reduce the wastage rate.

11. On the allocation of \$100 million to CIC to launch ACMTS in 2015, some Members enquired about why the funding was provided to CIC but not directly to the construction workers as training allowances, as well as the role of CIC under ACMTS. Some Members expressed concerns about how the training courses to be developed by CIC could meet the needs and expectations of the employers and workers in the industry, and whether CIC would enhance communication with the industry stakeholders, in particular the labour unions, so as to ensure that the training courses were attractive to construction workers in terms of contents, duration of the courses and training allowances.

12. The Administration advised that one of CIC's functions was to provide training courses for the construction industry. CIC had been using the Levy to fund the training courses that it organized and had budgeted \$217 million for ACMTS. The part (with \$100 million) funded by the Administration would cover the training allowances for workers and training subsidies to employers, while CIC would fund the other costs and the outstanding balance for the training allowances/subsidies. The role of CIC was administrative in nature in that it would collaborate with contractors and sub-contractors to provide on-the-job training to semi-skilled workers on site, and would help

ensure that the training syllabuses would be comprehensive and structured. The on-site on-the-job training would be conducted during working hours, whilst the skill enhancement courses would be provided by labour unions which might consider arranging courses during non-working hours or weekends.

Enhancing the working and employment conditions of construction workers

13. Some Members were of the view that a host of issues including wage and welfare problems, a lack of job security, sub-contracting, long working hours, poor working environment and inadequate compensation for industrial accidents had deterred the younger generation from joining the construction industry. 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.

14. The Administration advised that to attract the younger generation to join the construction industry, the Administration had collaborated with CIC to step up promotion and publicity work (e.g. "Build Up" publicity campaign). It had also discussed with CIC ways to attract women and ethnic minorities to join the industry. Given the huge demand for skilled workers in the construction industry, it was expected that those who had completed training under ACMTS and registered as skilled workers would attain a wage higher than the amount they received during the training period. Also, the requirement of "Designated Workers for Designated Skills" under the Construction Workers Registration Ordinance (Cap. 583)¹³ would help build up the image and hence raise the status of construction workers by statutorily recognizing their skill levels.

15. With regard to the working conditions in the construction industry, the Administration advised that it had 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 had 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.

Manpower planning for the construction industry

¹³ 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.

16. Some Members expressed concerns about whether there would be sufficient construction works projects in future and job opportunities for the trained construction workers, given that the number and expenditure of infrastructure projects would fluctuate over the years.

17. The Administration advised that apart from public infrastructure projects, construction workers were also engaged in private construction projects. The Administration would continue to conduct relevant reviews regularly 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) into account in a timely manner.

Importation of construction workers

18. Some Members expressed opposition 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.

19. The Administration said that the Labour Advisory Board and it attached great importance to safeguarding reasonable income levels for local workers. 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. If there were individual works projects with genuine manpower shortage in certain trades, the contractors might consider applying for importation of the required skilled workers on a temporary time-limited and targeted basis.

Council Questions

20. Members have also raised a number of oral and written questions on the subject at various Council meetings.¹⁴

¹⁴ Hyperlinks to relevant questions raised within the current legislative term are given in the **Appendix**.

Latest developments

21. The Financial Secretary announced in the 2019-2020 Budget Speech that \$200 million has been earmarked to expand CIC's apprenticeship scheme for the construction industry to cover more trades with manpower shortage, and increase the allowances for new trainees pursuing one-year full time programmes to encourage and attract in-service workers to pursue continuing education.

22. In the Administration's replies to the initial written questions about the details of the above initiative raised by Members on the 2019-2020 Estimates of Expenditure, the Administration advised that CIC would set up a new apprenticeship programme covering six trades (i.e. painter and decorator, joiner, carpenter (formwork), bricklayer, plasterer and tiler) commencing in September 2019, of which the Administration proposed to extend the coverage to seven additional trades (i.e. bar bender and fixer, metal worker, general welder, plumber, leveller, electrical wireman, and construction plant mechanic) facing a labour shortage with the proposed \$200 million fund allocation. The allocation would also be used for increasing the training allowances provided to trainees of the one-year full-time programmes of the Hong Kong Institute of Construction¹⁵ from \$3,600 per month in 2018-2019 to \$4,800 per month in 2019-2020.

23. The Administration will brief the Panel on 28 May 2019 on the proposal to allocate \$200 million to expand construction workers training to meet the manpower demand of the construction industry.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
21 May 2019

¹⁵ CIC has revamped its programmes since 2017, and set up the Hong Kong Institute of Construction in 2018 to offer well-structured and advanced programmes accredited by the Qualification Framework.

**Construction manpower in Hong Kong
List of relevant papers**

Committee	Date of meeting	Paper
Panel on Development	30 March 2010	Administration's paper — Budget-related initiatives of Development Bureau (LC Paper No. CB(1)1447/09-10(03)) Minutes of meeting (LC Paper No. CB(1)1920/09-10)
Finance Committee	28 May 2010	Administration's paper on "Head 159 — Government Secretariat: Development Bureau (Works Branch); Subhead 700 — General non-recurrent; New Item "Investing in Construction Manpower" (FCR(2010-11)20) Minutes of meeting (LC Paper No. FC16/10-11)
Panel on Development	22 February 2011	Administration's paper — An Update on the Construction Manpower in Hong Kong (LC Paper No. CB(1)1308/10-11(05)) Minutes of meeting (LC Paper No. CB(1)2138/10-11)
Panel on Development	28 February 2012	Administration's paper — Further Investment in Construction Manpower (LC Paper No. CB(1)1116/11-12(05)) Minutes of meeting (LC Paper No. CB(1)1874/11-12)
Finance Committee	20 April 2012	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)

Committee	Date of meeting	Paper
		Minutes of meeting (LC Paper No. FC182/11-12)
Panel on Development	25 February 2014	Administration's paper — Challenges to Delivery of the Capital Works Programme (LC Paper No. CB(1)925/13-14(03)) Minutes of meeting (LC Paper No. CB(1)1457/13-14)
Panel on Development	27 January 2015	Administration's paper on "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)
Panel on Development	26 May 2015	Administration's paper on "New Measures for the Training of Skilled Workers for the Construction Industry" (LC Paper No. CB(1)860/14-15(04)) Minutes of meeting (LC Paper No. CB(1)1212/14-15)
Finance Committee	17 July 2015	Administration's paper on "Head 159 — Government Secretariat: Development Bureau (Works Branch) — Subhead 700 General Non-recurrent — New item "Enhancing the Skill Level of Construction Manpower"" (FCR(2015-16)27) Minutes of meeting (LC Paper No. FC67/15-16)
Panel on Development	24 October 2017	Administration's paper on initiatives of Development Bureau in the Chief Executive's 2017 Policy Address and Policy Agenda (LC Paper No. CB(1)57/17-18(01))

Committee	Date of meeting	Paper
		Minutes of meeting (LC Paper No. CB(1)615/18-19)
Panel on Development	23 October 2018	Administration's paper on initiatives of Development Bureau in the Chief Executive's 2018 Policy Address and Policy Agenda (LC Paper No. CB(1)15/18-19(01)) Minutes of meeting (LC Paper No. CB(1)455/18-19)
Finance Committee	11 April 2019	Speaking notes of the Secretary for Development for the Special Finance Committee Meeting (Session on Works) Administration's replies to Members' initial written questions (Session on Works)

Hyperlinks to relevant Council questions and the Administration's written replies:

Date	Council question
9 January 2013	Question raised by Ir Dr Hon LO Wai-kwok on " Manpower supply in construction industry "
6 February 2013	Question raised by Hon CHAN Yuen-han on " Importing foreign labour and Employees Retraining Levy "
9 October 2013	Question raised by Hon KWOK Wai-keung on " Manpower situation of the retail, construction and catering industries "
12 February 2014	Question raised by Hon Abraham SHEK on " Construction manpower training "
16 April 2014	Question raised by Hon James TIEN on " Importation of construction workers "
7 May 2014	Question raised by Hon KWOK Wai-keung on " Labour supply in the construction industry "
9 July 2014	Question raised by Hon James TIEN on " Importation of construction workers "
5 November 2014	Question raised by Hon WU Chi-wai on " The demand of public works projects for construction manpower "
20 November 2014	Question raised by Hon Abraham SHEK on " Problem of Rising Construction Costs "
17 December 2014	Question raised by Ir Dr Hon LO Wai-kwok on " Importation of workers of the construction industry "
28 January 2015	Question raised by Hon James TIEN on " Measures to tackle the problem of shortage of skilled workers in the construction industry "
25 March 2015	Question raised by Hon James TO on " Supply of construction workers "

Date	Council question
25 November 2015	Question raised by Hon KWOK Wai-keung on " Training for construction workers " Question raised by Hon Jeffrey LAM on " Manpower shortage in the construction industry "
16 December 2015	Question raised by Hon James TIEN on " Impact of labour shortage in the construction industry on the progress of infrastructure projects "
22 February 2017	Question raised by Hon KWOK Wai-keung on " Manpower situation of the retail, construction and catering industries "
22 March 2017	Question raised by Ir Dr Hon LO Wai-kwok on " Manpower of the construction industry "
3 April 2019	Question raised by Hon HO Kai-ming on " Manpower situation of the construction industry "