

LEGISLATIVE COUNCIL BRIEF

IMPORTATION OF LABOUR

INTRODUCTION

At the meeting of the Executive Council on 13 June 2023, the Council ADVISED and the Chief Executive ORDERED that a dual-track approach of the following should be adopted to address acute manpower shortages across various sectors –

- (a) introducing labour importation schemes for the construction and transport sectors¹ under section 14(3) of the Employees Retraining Ordinance² (Cap. 423) (“ERO”) that afford greater flexibility and adopt more streamlined procedures than those of the existing Supplementary Labour Scheme (“SLS”); and
- (b) enhancing the coverage and operation of SLS.

Proposed sector-specific labour importation schemes

2. We propose that the construction sector scheme and the transport sector scheme be introduced under section 14(3) of ERO with the following common features –

- (a) subject to the specific parameters of individual schemes, employers of the two sectors should in general be allowed to apply for quotas for importation of labour under the sector-specific labour importation schemes;

¹ The Labour Importation Scheme for the Construction Sector (“construction sector scheme”) intends to cover importation of technicians and workers. The Labour Importation Scheme for the Transport Sector (“transport sector scheme”) intends to cover the aviation industry and drivers of road public transport trade while excluding all other trades such as the sea transport trade. For driver importation, amongst various road public transport trades, the transport sector scheme aims to import drivers to serve the public light bus (“PLB”)/coach trade.

² Section 14(3) of ERO stipulates that “...(T)he Chief Executive in Council may, from time to time, approve a scheme (‘labour importation scheme’) under the terms of which a levy shall be payable by employers ...”.

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(b) applications should be decided by the designated officers of the concerned bureaux/department(s)³, with the authority delegated by the Secretary for Labour and Welfare (“SLW”) under section 14(4) of ERO⁴, according to the approval parameters detailed in paragraphs 13 to 20 below, **Annex A and Annexes A1-A3**;

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(c) the total quota number of imported labour approved under each sector-specific labour importation scheme should not exceed the number set out in **Annexes A1-A3**;

(d) employers who successfully import labour under the sector-specific labour importation schemes should pay the Employees Retraining Levy in the same manner as required under SLS; and

(e) if the prospective imported workers are Mainland residents, employers must recruit the imported workers through the foreign labour service cooperation enterprises approved by the relevant Mainland authorities.

Proposed enhancements to SLS

3. We propose to enhance the coverage and operation of SLS by –

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(a) suspending the general exclusion of the 26 job categories listed at **Annex B** as well as unskilled/low-skilled posts from SLS for two years; and

(b) streamlining the procedures for processing SLS applications and refining the workflow of consultation with the Labour Advisory Board (“LAB”).

³ For the construction sector, the designated officer will be the Permanent Secretary for Development (Works). As for the transport sector, the designated officers will be the Permanent Secretary for Transport and Logistics for the aviation industry and the Commissioner for Transport (“C for T”) for the PLB/coach trade.

⁴ Under section 14(4) of ERO, SLW or persons with his authority may allocate quotas to the concerned importation scheme under which employers may apply to the Director of Immigration for employing the imported employees and their visas. SLW is specified as a public officer under section 43 of the Interpretation and General Clauses Ordinance (Cap. 1), who may delegate the power under section 14(4) of ERO to any other public officer.

JUSTIFICATIONS

The shrinking labour force

4. Hong Kong faces a structural labour force shrinkage due to population ageing. The local labour force (excluding foreign domestic helpers) decreased from the peak of 3.68 million in 2018 to 3.46 million in 2022. The low-skilled workforce shrank by about 160 000. The declining workforce will not be able to meet Hong Kong's long-term development needs.

Labour demand in the construction and transport sectors

5. Having reviewed the labour shortage situation in individual sectors taking into account the views of stakeholders, relevant bureaux have identified two sectors with an urgent need to import labour⁵ to address the pressing manpower demand as elaborated below.

Construction sector

6. According to the latest manpower forecast of the Construction Industry Council published in February 2023, there will be notable shortage of skilled construction workers and technicians for the period of 2023 to 2027. The projected shortage of skilled workers will increase from 15 000 in 2023 to 40 000 in 2027 while that of technicians will increase from 4 500 in 2023 to 8 500 in 2027. The shortage is expected to increase in the years beyond 2027. We need to take a multi-pronged approach including importation of labour to address the imminent manpower shortage to support the Government's infrastructural investment. In this connection, we propose to introduce a sector-specific labour importation scheme, the details of which are set out at **Annex A1**.

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Transport sector

Aviation industry

7. As Hong Kong resumes normalcy from the pandemic, the Airport Authority Hong Kong ("AAHK") projects that passenger throughput at Hong Kong International Airport ("HKIA") will recover to 80% by end-2023, and will return to pre-pandemic level by end-2024. HKIA will require additional manpower, which sustained a 30% loss during the pandemic. According to AAHK's estimate, the current manpower level at HKIA (i.e. 53 000 headcount) can only manage to

⁵ The construction sector scheme will cover importation of technicians and workers. For the transport sector scheme, PLB/coach trade will cover drivers whereas the aviation industry will take up frontline non-supervisory positions in the airport.

efficiently handle passenger traffic at 50% of pre-pandemic level, which was reached in April 2023. The manpower gap is expected to widen thereafter, and by end-2024, an additional 16 000 headcount will be required and the majority of such vacancies are frontline non-supervisory roles. Given the importance of aviation to not just the industry itself but also other sectors and Hong Kong's economy, labour importation is necessary for ensuring there is sufficient manpower to sustain traffic recovery at HKIA. We propose to introduce a sector-specific labour importation scheme, the details of which are set out at **Annex A2**.

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PLB/coach trade

8. Among different road public transport trades, the PLB trade (including Green Minibus (“GMB”) and Red Minibus (“RMB”)) has long been suffering from shortage of drivers. The coach trade (including local and cross-boundary coaches) is also facing driver shortage, as the prolonged COVID-19 pandemic together with the associated boundary control and social distancing measures have resulted in significant loss of incumbent drivers. It is estimated that there is a manpower gap of some 3 600 drivers for these two trades. The provision of safe, efficient, and quality public transport services is closely related to people's livelihood and pivotal to supporting the recovery of our economy. Timely importation of drivers is vital to sustaining the stability of our public transport workforce, and thus reliability of our public transport services. We propose to introduce a sector-specific labour importation scheme, the details of which are set out at **Annex A3**.

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Labour demand in other sectors

9. Importation of labour pursuant to the sector-specific labour importation schemes above will also help relieve labour shortage in other sectors, as manpower supply for different sectors are in reality not totally separate but to some extent inter-connected. Enhanced availability of imported labour for some sectors will thus also relieve pressure for other sectors which will, in turn, enjoy better access to local labour. To allow Hong Kong to better tackle labour shortage affecting different sectors of our society in general, we propose to refine the current arrangements under SLS, with details set out in paragraphs 28 to 30 below.

PROPOSED SECTOR-SPECIFIC LABOUR IMPORTATION SCHEMES

10. The proposed sector-specific labour importation schemes will

adopt a streamlined process with greater certainty in approval and bring significantly more flexibility as compared to SLS. We propose the following key parameters for the sector-specific labour importation schemes.

Coverage and quotas

11. Subject to fulfilment of the specified parameters, the sector-specific labour importation schemes should allow employers of the two sectors to apply for quotas for importation of labour. The total quota for the two sector-specific labour importation schemes is 20 000, comprising 12 000 for the construction sector and 8 000 for the transport sector, of which 6 300 are for the aviation industry and 1 700 for the PLB/coach trade. SLS will not accept applications from sectors covered by sector-specific labour importation schemes, i.e. the construction sector, the aviation industry and drivers of road public transport⁶.

12. The coverage and quotas of the proposed sector-specific labour importation schemes are outlined below –

(a) Construction sector – The proposed scheme applies to the eligible scope of construction works (with priority accorded to larger-scale public sector construction works) for importation of skilled workers and technicians of the construction industry. The overall total quota ceiling is proposed to be initially set at 12 000 having regard to the anticipated manpower shortfall. Details are set out at **Annex A1**.

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(b) Aviation industry – A maximum of 6 300 workers are proposed to be imported to assume frontline non-supervisory positions in airport operations categorised into 10 job types, with sub-quotas to be determined on the basis of the recruitment difficulty of each job type. Details are set out at **Annex A2**.

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(c) PLB/coach trade – Operators (i.e. passenger service licences holders) of fixed PLB routes⁷ should be allowed to apply for

⁶ It is envisaged that driver importation for PLB/coach trade could in turn relieve driver shortage situation in road public transport sector, thus in general the relevant sector should not be covered under SLS.

⁷ For GMB, fixed route refers to the scheduled routing set out in the Schedule of Services as approved by C for T while serving on fixed RMB route means operation on the same origin and destination with fixed routing and terminal points.

quotas for importation of PLB drivers; while existing operators (i.e. passenger service licences holders) of coaches should be allowed to apply for quotas for importation of coach drivers driving on fixed routes⁸. We propose that the total quota ceiling for importation of drivers approved for the PLB/coach trade under the sector-specific labour importation scheme should not exceed 1 700 (i.e. 900 for PLB trade and 800 for coach trade in general)⁹. Details are set out at **Annex A3**.

Approval parameters

Manning ratio

13. Applications under SLS are in general subject to a manning ratio of 1:2 of imported labour to full-time local staff (“manning ratio”)¹⁰. We propose setting the manning ratio for the sector-specific labour importation schemes on a par with that of SLS, i.e. 1:2¹¹ in general, subject to exceptions for individual sectors/posts as justified by the concerned bureaux.

Wage level of imported labour

14. In line with the requirements of SLS and the special scheme to import care workers for residential care homes, the wage levels of imported labour under the proposed sector-specific labour importation schemes must be no less than the median monthly wages of relevant posts in Hong Kong.

Flexibility in local recruitment

15. The sector-specific labour importation schemes should allow more flexibility in local recruitment and deem the requirement as fulfilled if, at the time of application, the applicants submit proof of recruitment

⁸ For coach, fixed route refers to the service with pre-assigned routing.

⁹ To allow more flexibility and optimise quota allocation when demand so justifies, the quota allocation between the PLB trade and the coach trade may be adjusted provided that the overall quota ceiling of 1 700 is not exceeded at any time.

¹⁰ Exceptions include applications for public works projects with the support of the relevant bureaux/departments, and those involving farm workers, with the manpower requirement yardsticks set by the Agriculture, Fisheries and Conservation Department.

¹¹ SLS applications for public works projects with the support of the relevant bureaux/departments are currently “waived” from the requirement for complying with the 1:2 manning ratio. To ensure employment priority for local workers, we propose to re-instate in general the manning ratio requirement for all applications approved under the construction sector scheme (including those involving public sector construction works as well as any private sector construction works approved on special considerations), subject to exceptions having regard to the special circumstances of individual applications.

conducted within four months preceding an application (as set out in **Annex A**) through channel(s) specified by the concerned bureaux/department(s). The positions under local recruitment must offer a salary no less than the median monthly wages of the applied posts. This is a more streamlined arrangement when compared to that of SLS, where employers may only commence the required four-week local recruitment after the employment terms offered have passed the Labour Department (“LD”)’s preliminary screening.

Accommodation arrangement

16. As specified in the Standard Employment Contract (“SEC”) under SLS, employers are required to provide their imported labour with suitable and furnished accommodation of a standard as stipulated in the Schedule to SEC. The employers may provide the accommodation free of charge. If not, the maximum amount of deduction for the provision of accommodation is 10% of the wages payable to the imported worker in respect of the period that the worker occupies the accommodation, or the actual cost of accommodation, whichever is less. While SEC is silent on the locations of the accommodation, in practice all imported workers under SLS live in Hong Kong.

Accommodation in designated locations as special requirement for the construction sector scheme

17. It is proposed that employers applying for importation of labour under the sector-specific labour importation schemes should assume the same duty of provision of accommodation for their imported labour as in the case of SLS. Considering the quota ceiling of 12 000 under the construction sector scheme and the special nature of the construction industry, accommodation requirements should be suitably addressed in order to avoid putting additional pressure on local supply of living space and other infrastructural facilities. Being a labour-intensive industry with operations undertaken within clusters of construction sites and with centralised worker registration system, the construction sector is better placed to provide accommodation for its imported labour under a more coordinated arrangement. We propose, as an approval condition specific to importation applications for the construction sector, that accommodation in Hong Kong provided by employers should be at designated locations (details are set out in **Annex A1**), instead of freely sourcing accommodation in the private market. We do not propose applying the above construction-specific accommodation requirements to other sectors given their very different modes of operation (e.g. workplaces for imported labour for other sectors are very diverse).

Cross-boundary accommodation for imported labour

18. While it is envisaged that most imported labour will reside in Hong Kong due to operational reasons, we consider that flexibility may be allowed so that some imported labour coming from the Mainland may reside outside Hong Kong whilst commuting to Hong Kong to work on a daily basis. We propose allowing the employers to opt for accommodation for their imported labour from the Mainland, either (a) employers providing accommodation for imported labour on the Mainland; or (b) imported labour residing in their residential premises on the Mainland. The accommodation standard under SLS is proposed to apply generally to (a) but not (b). Employers will be required to provide the relevant bureaux/department(s) with the accommodation information of imported labour. The option of cross-boundary accommodation will apply to the proposed labour importation schemes for the construction and transport sectors, the special scheme to import care workers for residential care homes and SLS.

Other conditions

19. For the avoidance of doubt, each of the sector-specific labour importation scheme is to be regarded as a Government importation of labour scheme as defined in section 14(3) of ERO. Pursuant to section 2(4)(a)(v) of the Immigration Ordinance (Cap. 115), a person so imported under a Government importation of labour scheme shall not be treated as ordinarily resident in Hong Kong while employed as a contract worker, who is from outside Hong Kong.

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20. Further details about the common parameters and those specific to individual sectors are set out at **Annex A and Annexes A1-A3**.

Scheme administration

21. In general, applications received within the application periods under respective sector-specific labour importation schemes will be assessed by the concerned bureaux/department(s) in consultation with LD, provided that the overall quota for each sector is not exceeded. The actual mode of implementation may vary as specified in the respective annexes having regard to the circumstances of particular sectors. Relevant bureaux/department(s) will be responsible for implementing the sector-specific labour importation schemes under their purview, while LD will continue to take actions on matters related to labour laws.

22. The concerned bureaux/department(s) will conduct desktop checks on the applications received, and collect information from LD and the Immigration Department (“ImmD”) on adverse records (if any) of the applicant employer¹² for consideration. Similar to SLS, employers may submit visa/entry permit applications to ImmD after receipt of the supporting notice of application result from the relevant approving authority.

23. To protect the rights of imported labour, similar to the arrangement under SLS, it will be mandatory for employers to enter into an SEC with each imported labour and make arrangements for them to attend briefings on employment rights within eight weeks of arrival. A copy of his/her employment contract will be given to the imported worker.

24. Under the existing arrangement for SLS, an imported worker is granted an initial 12-month visa/entry permit and the imported worker needs to apply for extension of stay in the middle of the employment contract to cover the rest of a 24-month tenure. To further streamline the procedures, it is proposed that the visas/entry permits to be issued by ImmD for imported labour under the sector-specific labour importation schemes will be valid for a period of 24 months upfront or the full term of the employment contract, whichever is shorter. We propose extending the same validity period of visas/entry permits for labour to be imported under the enhanced SLS as elaborated in paragraphs 28 to 30 below. Employers need to apply for fresh quotas should they wish to retain the imported labour in employ. We also propose that, similar to the arrangement of SLS, under the sector-specific labour importation schemes, employers shall pay the Employees Retraining Levy in respect of each imported worker to the Director of Immigration¹³.

¹² For the construction sector, applications for importation should be submitted by the principal contractors of eligible construction works projects for themselves or on behalf of their sub-contractors. As a result, the employer of the imported personnel may not be the applicant for importation. In case where the employer is the sub-contractor instead of the principal contractor-applicant, an undertaking is required from the subcontractor-employer to confirm that he would undertake all the obligations of an employer (including those under SEC). The submission of the duly signed undertaking and the compliance with it would form part of the approval conditions for importation applications.

¹³ At present, the Employees Retraining Levy is set at \$400 per imported employee per month. Only SLS for importation of labour at technician level or below falls under the above provision. Other talent admission schemes (e.g. Technology Talent Admission Scheme and General Employment Policy) and importation of foreign domestic helpers, etc., are not subject to the charging of any levy.

PROPOSED ENHANCEMENTS TO SLS

Key parameters of SLS

25. Administered by LD since 1996, SLS allows employers with genuine difficulties in local recruitment to apply for importation of labour at technician level or below. SLS sets no quota. However, applications in the 26 job categories mentioned at paragraph 3(a) as well as unskilled/low-skilled workers are normally not considered.

26. Employers of SLS applications are required to launch a four-week local recruitment exercise after screening in¹⁴ of the applications. The wages offered by the employers must be no less than the prevailing median monthly wages of local workers in comparable positions.

27. Under SLS, applications are circulated to LAB members for views before the Commissioner for Labour (“C for L”) approves or refuses the applications as appropriate. In recent years, the processing of most SLS applications has taken about five months upon the receipt of applications¹⁵.

Coverage

28. The manpower shortage facing different sectors of Hong Kong clearly suggests that it is no longer appropriate to generally exclude the 26 job categories (**Annex B**) from applications under SLS. With a view to striking a balance between ensuring employment priority for local labour and allowing employers with greater flexibility in applying for labour importation under SLS, we propose to suspend the aforesaid exclusion for two years¹⁶. The other key requirements of SLS, including the four-week local recruitment requirement and consultation with LAB for each screened-in application, will remain unchanged.

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¹⁴ In consultation with the bureaux/departments/organisation(s) concerned, LD will screen in an SLS application after ascertaining that the wage level of the applied post is no less than the median monthly wages of relevant post(s) in Hong Kong, the skill level is at technician level or below, and the entry requirements and duties are reasonable.

¹⁵ If the applied posts involve novel job titles or special skills, LD will need more time to seek advice from relevant bureaux/departments, training bodies, professional bodies, etc. for setting the reasonable wages, entry requirements, scope of duties, etc. In case of concerns over the need for labour importation, more time for consultation with LAB will be required.

¹⁶ For the avoidance of doubt, SLS will not accept applications for imported labour of job categories and posts covered by the sector-specific labour importation schemes.

Operation

29. In tandem, we propose streamlining the processing of SLS applications through the following measures –

- (a) Enhance dissemination of application information to employers – The time required for processing SLS applications is affected by such factors as whether the applicant employers have provided the required information expeditiously. To minimise the processing time, LD will launch new briefings for employers to explain the information needed for submitting applications. The entry requirements, duties and median monthly wages of commonly applied posts will be publicised for the reference of employers.
- (b) Streamline verification of application information – At present, after each application is screened in, Labour Inspectors of LD will liaise with the applicant employer to arrange an inspection of its office premises and intended workplaces of the imported labour to verify relevant information (referred to as “pre-entry visit”). LD will replace pre-entry visits with desktop checks, telephone or written inquiries with the applicant employers as appropriate, which were proven effective during the suspension of pre-entry visits amidst the fifth wave of the pandemic. LD will redeploy relevant resources to strengthen the investigation of complaints from imported labour about suspected breaches of employment rights.
- (c) Fine-tune the workflow of consultation with LAB – At present, recommendations supplemented by a case write-up on each SLS application are circulated to LAB members each month for views before C for L approves or refuses the applications as appropriate. To fine-tune the workflow of consultation, LD will present key points of the recommendations in tabulated form in place of providing case write-up, increase the frequency of circulation of applications to LAB as and when required and shorten LAB’s scrutiny period for each batch of applications from the present seven working days to four working days.

30. In recent years, the processing of most SLS applications has taken about five months upon the receipt of applications. In tandem with the implementation of the proposed enhancements, LD will promulgate a key performance indicator of completing the processing of an application

to SLS within three months after the screening in of the application. This will give applicant employers a better idea of the processing time for applications. SLS will also be renamed as “Enhanced Supplementary Labour Scheme” (“ESLS”) (“補充勞工優化計劃”) to reflect its enhanced features.

MEASURES FOR ENHANCING THE TRAINING AND EMPLOYMENT OF LOCAL LABOUR

31. To alleviate the manpower shortage, the Government has implemented various measures through training and employment services to increase the local labour supply for various sectors. The Employees Retraining Board (“ERB”) provides eligible employees with over 700 training courses covering 28 industries. It now offers over 100 000 training places a year, with service targets being people aged 15 or above with an educational attainment at sub-degree level or below. To encourage and support more employees to receive training so as to enhance their employability, we plan to increase the maximum monthly amount of retraining allowance for trainees of specific ERB courses.

32. To enhance the employability of employees, the Vocational Training Council (“VTC”) provides industry-specific pre-employment and in-service training courses of short duration, covering industries such as electrical machinery, automobiles, maritime services, hotels, catering and tourism. Over 100 000 training places are provided annually. VTC also provides other vocational training services such as the Apprenticeship Scheme and the Engineering Graduate Training Scheme, etc. to meet the industries’ needs for professionals and technicians.

33. Moreover, we will undertake the following measures to enhance the training and employment of local labour in the construction and transport sectors –

- (a) Construction sector – We have been implementing a package of measures to enhance training and employment of the local workforce of the construction sector, including providing a total of \$1.6 billion funding since 2010 to support about 40 000 training places and implementing measures to provide a comprehensive study and career development pathway, alongside other efforts including driving technology adoption to reduce manpower requirements, enhancing promotional efforts

to attract new blood, etc. More efforts will be made in addressing manpower needs of the sector. Details are set out at **Annex A1**.

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- (b) Aviation industry – The Government will continue to support training of local airport workers, provide internship opportunities for young people and promote the opportunities in the aviation industry to the local workforce through the Maritime and Aviation Training Fund and the Hong Kong International Aviation Academy. AAHK will also continue to facilitate local recruitment efforts for the aviation industry and explore the expansion of the current airport staff pooling scheme to address manpower shortage at the airport. Details are set out at **Annex A2**.

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- (c) PLB/coach trade – The Transport Department (“TD”) has taken forward various initiatives to facilitate and boost local recruitment, such as relaxing driving licence application requirement for commercial vehicles, coordinating the trade’s participation in different employment schemes, introducing training courses with allowance, promoting diversified local recruitment channels, etc. In future, the training provided for imported drivers with a view to obtaining the relevant local driving licences will be offered to local drivers as well. TD will also work with ERB to promote the training programme for local drivers who are interested in joining the relevant trades. Details are set out at **Annex A3**.

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OTHER OPTIONS

34. Despite the Government’s continued efforts in enhancing training to increase the local supply of skilled workers and technicians, local recruitment results still fall behind the growth of manpower demand for various sectors in Hong Kong, notably the construction sector and transport sector. Technically, we may perhaps adjust sector-specific parameters of SLS. However, such adjustments to SLS are unlikely to streamline the procedures and shorten the processing time to the extent required by the two sectors, given the relatively large number of imported personnel required by them.

35. “Driver” is currently one of job categories normally excluded from SLS, and such exclusion will be suspended for two years under ESLS.

We have also considered the applicability of ESLS. For the PLB/coach trade, given the driver shortage long faced by the PLB trade, and the increasing demand of drivers from the coach trade in tandem with the economic recovery, we consider the proposed sector-specific labour importation schemes a more effective course to help address the acute shortage of drivers of these two trades.

IMPLEMENTATION TIMETABLE

36. The implementation timetable will be –

Consultation with LAB	19 June 2023
Consultation with the Legislative Council (“LegCo”) Panel on Manpower	20 June 2023
Launching the sector-specific labour importation schemes	July 2023
Implementing ESLS	Q3 2023

37. We target to launch the sector-specific labour importation schemes for the construction sector, the aviation industry and the road public transport trade, i.e. commencing the receipt and processing of applications, in July 2023. We will engage LAB periodically on the implementation of the sector-specific labour importation schemes. We will review the implementation of these schemes within six months after their launch, i.e. in around the first quarter of 2024, with a view to fine-tuning the design and implementation details of the sector-specific labour importation schemes.

38. We aim at launching ESLS in Q3 2023. We will review the enhanced scheme, including the two-year suspension of the general exclusion of the 26 job categories and unskilled/low-skilled posts, in good time prior to lapse of the two-year period of the enhancements.

IMPLICATIONS OF THE PROPOSALS

39. The proposals have economic, financial, civil service and sustainability implications set out at **Annexes C1-C4**. As regards financial and civil service implications, the bureaux/department(s)

involved in the administration of the proposed sector-specific labour importation schemes, the processing of visa/entry permit applications and implementing ESLS will seek additional resources with justifications in accordance with the established mechanism.

C1 40. The proposed construction sector scheme has family and social implications set out at **Annex C1**, while the proposed transport sector scheme and ESLS have no such implications. All the proposals have no productivity, gender or environmental implications.

41. The proposals are in conformity with the Basic Law, including the provisions concerning human rights.

PUBLIC CONSULTATION

42. We will consult LAB, the LegCo Panel on Manpower, and relevant sectors on the implementation aspects of the sector-specific labour importation schemes and ESLS. The response and feedback gathered will be taken into consideration as appropriate in finalising the implementation and operational details of the sector-specific labour importation schemes and ESLS.

PUBLICITY

43. We will stage a press conference and issue a press release on the same day. A spokesperson for each sector-specific labour importation scheme and ESLS will be available to handle media and public enquiries.

ENQUIRIES

44. Enquiries relating to this brief can be addressed to Ms Catherine LAW, Assistant Commissioner for Labour (Development), at 2852 4148.

**Development Bureau
Transport and Logistics Bureau
Labour and Welfare Bureau/Labour Department**

13 June 2023

**COMMON KEY APPROVAL PARAMETERS UNDER
THE PROPOSED SECTOR-SPECIFIC
LABOUR IMPORTATION SCHEMES**

- (a) Staff accommodation: We will preserve the established principle that it is the employers' responsibility to provide accommodation for their imported labour. The norm should be to arrange for the imported labour accommodation in Hong Kong but we would allow flexibility for accommodation to be arranged on the Mainland to cater for the circumstances of some imported labour (e.g. those working at construction sites or the airport close to the boundary.) Specifically for the labour importation scheme for the construction sector ("construction sector scheme"), we will impose an additional condition specifying that the accommodation provided in Hong Kong should be at designated locations as specified by the approving authority (details are set out in **Annex A1**). For accommodation on the Mainland, the imported workers are allowed to reside in either accommodation provided by their employers or their own residential premises. All the accommodation arranged by the employers, either within or outside Hong Kong (except for the workers' own residential premises), is required to meet a set of accommodation standards stipulated in a Standard Employment Contract ("SEC") for the sector-specific labour importation schemes.
- (b) Wage level: In line with the requirements of the Supplementary Labour Scheme ("SLS") and the special scheme to import care workers for residential care homes, the wage levels of imported labour under the proposed sector-specific labour importation schemes must be no less than the median monthly wages of relevant posts in Hong Kong.
- (c) Fringe benefits: Free medical treatment in Hong Kong, including medical consultation, maintenance in hospital and emergency dental treatment, and free passage between the imported workers' place of origin and Hong Kong have to be provided. The aforesaid free passage refers to the journey of the worker's first entry to Hong Kong and return to place of origin upon contract completion/termination only. Not less than one rest day in every period of seven days, statutory holidays, and at least seven days of paid annual leave for every period of 12 months' service following completion of the first and of the second year of service have to be provided. Thereafter, the number of annual leave days shall be increased

as stipulated in the Employment Ordinance (Cap. 57).

- (d) Local recruitment requirement: at the time of application for importation quota, submit proof of recruitment conducted within four months preceding an application through channel(s) specified by the designated officers of the concerned bureaux/department(s). In line with the requirements of SLS and the special scheme to import care workers for residential care homes, the positions under local recruitment must offer a salary no less than the median monthly wages of the applied posts.
- (e) SEC and payment of levy: the employer must engage the imported labour under an SEC for the sector-specific labour importation schemes. The maximum term of each labour contract is 24 months. At the start of each contract period, the employer is required to pay the Employees Retraining Levy that goes to the Employees Retraining Board (“ERB”) to augment the provision of training and retraining for local labour. The levy payable in a lump sum in respect of each imported labour is \$400 multiplied by the number of months covered by the employment contract. Imported labour is not treated as ordinarily resident in Hong Kong.
- (f) Conditions of stay: the Immigration Department (“ImmD”) imposes the following restrictive conditions of stay –
 - (i) After entry into Hong Kong, imported labour must remain under the direct employment of the same employer for the specified job and in the specific workplace(s) as stipulated in SEC and cannot be contracted out to other companies or sub-contractors;
 - (ii) Change of employer, post or place of work is in general not permitted, except for the flexibility in workplace arrangement for the construction sector scheme as proposed at **Annex A1**;
 - (iii) Imported labour is not permitted to bring in dependants;
 - (iv) Two-week rule: imported labour is permitted to remain in Hong Kong for two weeks only from the date of termination of contract or for the balance of permitted stay, whichever is the shorter period;
 - (v) Visa/entry permit for imported labour is granted for a period of 24 months or the full term of the employment contract, whichever is shorter; and
 - (vi) Imported labour is required to return to place of origin on completion

or termination of employment contract, whichever is earlier.

- (g) Manning Ratio: Subject to exceptions for individual sectors/posts as justified by the concerned bureaux, the manning ratio for the sector-specific labour importation schemes will be set on a par with that of SLS, i.e. 1:2 in general (i.e. one imported labour to two full-time local staff) to safeguard the interests of local workers.
- (h) Recruitment of imported workers from the Mainland: If the prospective imported workers are Mainland residents, employers must recruit the imported workers through the foreign labour service cooperation enterprises approved by the relevant Mainland authorities.

SPECIFIC PARAMETERS OF THE PROPOSED CONSTRUCTION SECTOR SCHEME

Policy Bureau : Development Bureau (“DEVB”)

Justifications

Cogent manpower demand

The construction sector is one of the most important driving forces for the social and economic development of Hong Kong. It has a workforce of about 336 000¹, contributing to 4.0% of our Gross Domestic Product². The construction industry is facing an acute ageing problem for workers with about 40% of skilled/semi-skilled labour of the age of 55 or above. While continued efforts have been made to address ageing problem³, the construction industry is facing the continued challenge of manpower shortage as a result of the dwindling working population (in particular the younger population) in Hong Kong and the need to support the infrastructural development in the pipeline. According to the latest manpower forecast of the Construction Industry Council

¹ Quarterly Report on General Household Survey (First Quarter 2023), Census and Statistics Department (“C&SD”). The workforce of 336 000 surveyed by C&SD covers employed persons at professional, technician and worker levels who have been engaged in construction work in the last seven days from the date of survey. According to CIC, 390 000 of the 600 000 registered workers have been engaged in construction work in the past three months (and out of these 390 000 workers, about 200 000 are at skilled or semi-skill level and remaining 190 000 are general workers).

² Gross Domestic Product (Yearly) (2023), C&SD.

³ The Government has provided a total of \$1.6 billion funding since 2010 to support about 40 000 training places (paragraph 33(a) of main paper refers.) Of which, the \$620M funding approved during 2010 – 2020 for CIC has supported its training a total of 11 100 new workers and upskilled 940 in-service personnel, compensating the annual wastage during the same period.

(“CIC”)⁴ released in February 2023, the construction industry will face a notable shortage of technicians and site supervisory personnel (“SSP”) and skilled workers for the period of 2023 to 2027 as shown in Table 1 below –

Table 1

	2022 Manpower Forecast – Forecast shortage	
	2023	2027
(a) (i) Technicians	2 500 – 3 000	5 500 – 6 000
(ii) SSP	1 000 – 1 500	2 000 – 2 500
(b) Skilled and Semi-skilled Workers	10 000 – 15 000	35 000 – 40 000

Note: the above forecast shortage has not taken into account the effect of the mitigation measures including enhancing training and driving technology adoption.

2. To address the manpower shortage which is expected to sustain beyond 2027 given the Government’s continuous investment in infrastructural and housing development, we propose pursuing a streamlined importation of construction technicians and skilled workers with a reasonable quota ceiling to support the smooth delivery of the infrastructural developments for Hong Kong.

Coverage

Categories of personnel to be imported

3. The existing SLS targets imported labour at technician level or below. Its scope covers construction workers and construction technicians, only that applications for importing technicians in the past have been uncommon. We suggest that the proposed construction sector scheme should cover the same categories of construction personnel, i.e. **skilled workers and semi-skilled workers** (hereafter collectively referred to as “skilled workers”) and **technicians and SSP** (the entry requirements of most of these technicians/SSP posts are sub-degree qualifications).

⁴ The forecast made reference to the latest construction expenditure forecast as of January 2022 and took into account various public housing and infrastructural projects committed before 2022 Policy Address. These include, among others, the projects under planning in the Northern Metropolis (such as Kwu Tung North/Fanling North New Development Area, Hung Shui Kiu New Development Area, Yuen Long South, etc.), design and early works on Kau Yi Chau Artificial Islands (such early works will only have limited impact on manpower needs in the run up to 2027), the two Ten-year Hospital Development Plans and the Public Housing Programme.

Eligible Works Projects

4. The proposed scheme should primarily apply to public sector construction works exceeding a specified project value. Private sector construction works with special circumstances (e.g. involving construction personnel of special disciplines/trades the local supply of which is very limited; involving projects with exceptional circumstances warranting special consideration and meeting certain threshold in terms of, say, project scale) will also be considered. According priority to larger-scale public sector construction works is justified as these works are to provide public infrastructure serving substantial public interests (e.g. public sector projects substantially addressing housing needs or other infrastructural and social needs of Hong Kong). Moreover, they involve a more substantial number of personnel and could better utilize the proposed scheme to alleviate labour shortage and facilitate timely delivery of the major projects. Addressing part of the manpower needs of larger-scale public sector construction works through importation could help release some of the local workers back to the labour market for recruitment by the private sector.

Overall quota

5. The overall quota ceiling at any one point in time is proposed to be initially set at 12 000 having regard to the anticipated manpower shortfall (see paragraph 1) and the assessment that the efforts in promoting training and innovation will help mitigate the shortfall to a certain extent. The said quota ceiling will apply to workers and technicians taken together.

Approval parameters and Scheme Administration

6. The parameters under the construction sector scheme are set out below:

- (a) **Permanent Secretary for Development (Works) (“PS(W)”) approves or refuses applications for quota** after considering the advice of **an Inter-departmental Committee** comprising representatives from DEVB and relevant Government departments;
- (b) A **Consultative Committee** comprising representatives from labour unions, contractor associations, training bodies and other stakeholders will be consulted on eligible trades and their respective median wages levels, as well as any proposed refinements to the scheme such as the eligible scope of works projects and quota ceiling;

- (c) We will specify dates of accepting applications on a regular basis (and initially we are proposing to do so on a quarterly basis);
- (d) Applications should be submitted by **principal contractors** of eligible construction works projects for themselves or on behalf of their sub-contractors (both could be employers of the imported labour);
- (e) Consideration will be given to the **genuine importation need of the project** under application based on the manpower forecast of CIC confirming overall shortage of the trades applied for and information submitted by the applicants. To demonstrate the genuine importation need and adhere to the principle of priority of employment for local workers, applicants are required to meet the local recruitment requirement but in a streamlined approach – to submit, at the time of application for importation quota, proof of recruitment carried out within the four months preceding the application through channel(s) specified by DEVB; and
- (f) **A manning ratio of 1:2** (i.e. one imported labour to two full-time local labour) shall apply to all approved applications unless with reasonable justifications (e.g. the application is to import special trades the local supply of which is very limited) and with prior approval by PS(W). For the avoidance of doubt, the ratio applies to all imported labour and all local labour engaged for the applicant for the relevant works project, instead of labour of each individual trade. Currently, the manning ratio requirement is waived for SLS applications involving public works projects with the support of the relevant bureaux/departments. To ensure employment priority for local workers, we propose to re-instate in general the manning ratio requirement for all applications approved under the construction sector scheme (including those involving public sector construction works as well as any private sector construction works approved on special considerations as explained in paragraph 4 above), subject to exceptions having regard to the special circumstances of individual applications.
- (g) **Staff accommodation requirements:** the applicants are required to provide accommodation that meet the requirements as set out in **Annex A** (applicable to all sectors covered by the scheme) and at specified locations (either within Hong Kong or on the Mainland) to be approved as an approval condition of each individual quota application (as set out in paragraphs 17 and 18 of the main paper). For the

construction sector, the norm should be for imported labour to reside in Hong Kong while allowing flexibility for a relatively smaller number of imported labour to reside on the Mainland. For those labour imported for the construction sector who will reside in Hong Kong, we propose that they should be provided with accommodation at designated locations, i.e. either on-site provided by the applicant (i.e. living at the project site in which the imported labour works at or another project site under the same applicant) or at centralised quarter(s) in designated locations arranged by the Government⁵ to serve various eligible works projects. The centralised quarter(s) will be managed by CIC, with rent payable by the employers to be set on a cost-recovery basis. It is likely that it will be at a level comparable to what they need to provide for the imported labour under the existing SLS. Apart from forming part of the conditions for approval of importation quotas, the accommodation requirement should also be stipulated in SEC for importation of labour for the construction sector to allow for project-specific requirements for accommodation, e.g. at a designated location. This provides the legal basis for any necessary enforcement under SEC and DEVB would keep in view the situation and work with relevant departments to follow up on the implementation of such requirement.

- (h) **Specified and pre-approved contract(s) for which an imported construction personnel is allowed to work:** taking into account the special nature of construction works involving multiple trades working in sequence, we propose the construction sector scheme to follow the streamlined process of the existing SLS launched in 2015, i.e. a skilled worker or technician imported for a specified eligible project is allowed to work at other workplace(s) of the same applicant subject to prior approval of the approving authority. It is a common modus operandi of the construction industry for skilled workers and technicians of specific disciplines/trades to work for a short period of time (say a few weeks or months) to complete their part of the construction work for a particular project (thereby allowing work of the trades in the next stage to start). The skilled workers/ technicians will move on to another site to perform work for the next project. Allowing imported skilled workers and technicians to work on more than one works projects

⁵ Pending the completion of preparatory works for the centralised quarter(s) to be arranged by the Government, employers whose importation applications are approved under the sector-specific labour importation scheme will be allowed to source accommodation for his imported labour from the private market as an interim measure. Once the centralised quarter(s) is ready, the applicants have to arrange for his imported labour to move in to the quarters to meet the pre-approved accommodation requirements under the sector-specific labour importation scheme.

during the employment contract period could facilitate better deployment of imported manpower resources and reduce the overall number of imported personnel required. Applicants are required to spell out in their quota applications the works project(s) of the same applicants for which the imported workers and technicians are allowed to work during the contract term for the prior approval of the approving authority.

- (i) **Construction safety:** we would specify the mandatory use of further measures to enhance construction safety, including but not limited to, Smart Site Safety Supervision systems at construction sites irrespective of project scale/value as a condition of approval of importation quota. This would contribute to our continued efforts in enhancing construction safety.

- (j) **Collaborative Training:** with reference to the existing requirements under the SLS, we would impose, as a condition of quota approval, that the applicant for eligible works projects needs to provide additional training places of existing collaborative training programmes for local personnel in a number no less than 10% of the approved quota for importation of personnel. This would contribute to our continued efforts in enhancing local training.

Measures for enhancing training

7. DEVB has liaised with the Education Bureau (“EDB”) and the Vocational Training Council (“VTC”) for increasing the latter’s training capacity for **technicians and SSP** in construction-related higher diploma programmes during 2022/23 to 2026/27 using VTC’s existing resources. Both indicated feasibility to do so, which would help reduce the forecast shortage. In 2022/23 academic year, VTC has increased 110 training places for related full time and part-time day programmes. Also, starting from 2023/24 academic year, EDB has extended the scope of Study Subsidy Scheme for Designated Professions/Sectors to top-up degrees (including those in construction disciplines) and this will help make construction related degree programmes of self-financed tertiary institutions more affordable and attractive to young people. Most recently, we have committed a funding of \$107 million in the 2023-24 Budget for a 2-year pilot scheme to provide on-the-job training subsidy to 1 000 construction related part-time degree students (involving \$100 million with funding sought in the context of the Appropriation Bill 2023) and 300 trainees of Construction Safety Officer courses (involving \$7 million). Together, these measures enhanced the articulation pathway in construction industry and would increase attractiveness of construction related higher

diploma and degree programmes and as a result enriching one of the sources of the technicians and professionals of the construction industry.

8. In 2022 the Government has provided a total of \$1-billion funding to CIC for increasing its capacity for training new blood and upskilling in-service **skilled/semi-skilled workers**. With the support of DEVB, CIC also use its own resources to increase its annual training capacity of collaboration training programmes in partnership with labour unions and trade associations. The additional training places would be allocated to those trades with projected manpower shortage. Together, CIC has increased its training quota from 6 000 to 10 000 for 2022-23 and by end-March 2023, it has already received over 14 000 actual intakes.

9. DEVB has launched a **sustained industry-wide promotion campaign** jointly with CIC, the labour unions and other industry stakeholders such as contractors associations, professional institutes and training bodies, with a view to boosting recruitment efforts. The campaign promotes the professional image and development opportunities of the industry as well as its contribution to the building of our community.

Measures for driving technology adoption

10. Various government measures have been implemented to drive the construction industry to adopt time-saving and manpower-saving technologies more widely. These include the further injection of \$1.2 billion under the 2022-23 Budget to the \$1-billion Construction Innovation and Technology Fund (i.e. a total of \$2.2 billion), the mandatory requirement for specified public works projects to adopt Building Information Modelling and Modular Integrated Construction (“MiC”), formation of the Cross-departmental Steering Committee for coordinating the development of high productivity construction such as MiC and streamlining of related approval process, allocation of \$75 million⁶ under 2023-24 Budget with funding sought in the context of the Appropriation Bill 2023 to study various institution set-up and supporting measures for technology adoption in construction industry, etc.. The Government would continue to do more on driving technology adoption to reduce manpower requirements. We would also continue our efforts in enhancing technology-related training for construction personnel to enable the local labour to benefit from increased productivity and upskilling opportunities.

⁶ For conducting studies on (i) establishing the Building Testing and Research Institute (\$30 million); (ii) the construction of the first advanced construction industry building (\$30 million); and (iii) strengthening the supply chain of the Modular Integrated Construction modules (\$15 million).

**SPECIFIC PARAMETERS OF
THE PROPOSED SECTOR-SPECIFIC LABOUR IMPORTATION
SCHEME
FOR THE AVIATION INDUSTRY OF THE TRANSPORT SECTOR**

Policy Bureau : Transport and Logistics Bureau (“TLB”)

Justifications

Hong Kong’s air traffic was severely impacted by the pandemic, during which many airport workers left the aviation industry as a result either by lay-off or resignation for better job prospects elsewhere in town. According to the estimate of the Airport Authority Hong Kong (“AAHK”), the aviation industry experienced a 30% loss in manpower during the period. The loss was particularly acute for frontline airport staff.

2. With Hong Kong’s inbound control measures gradually removed since July 2022, Hong Kong’s air traffic has been steadily recovering. As of mid-April 2023, passenger throughput at the Hong Kong International Airport (“HKIA”) attained 50% of the pre-pandemic level, which is according to AAHK the highest level the current staffing level at HKIA can efficiently support. AAHK projects that passenger throughput will further improve to 80% by end-2023. This entails a significant increase in manpower level in the aviation industry in tandem in order for such recovery to be sustained.

3. To address this issue, recruitment efforts by the aviation industry have been stepped up under facilitation by the Government and AAHK. For instance, on top of the recruitment efforts of individual companies, AAHK has co-organised with the Labour Department (“LD”) and/or trade unions eight large-scale online and offline job fairs since 2022, and seven more have been planned for 2023. To date, a total of nearly 10 000 vacancies have been on offer at such events. However, only less than 2 000 applications were received.

4. The airport community is also working to enhance the well-being of airport staff for staff recruitment and retention. Apart from instituting a staff pooling scheme for ramp operations and adopting automation to relieve manpower pressure in general, AAHK has developed the HKIA Community Building to provide leisure, catering and nursery facilities for all airport staff. Aviation companies are also reviewing their remuneration policy to compete for

human resources. In terms of staff transport, the Government has been encouraging public transport operators to offer concessions to airport staff. AAHK has also provided subsidy to bus companies to improve transport connectivity for more convenient commuting to / from the airport by airport staff. In addition, the Government has been supporting training of new blood and upgrading of skills by existing practitioners through the Maritime and Aviation Training Fund and through its support for the Hong Kong International Aviation Academy.

5. Despite such efforts, local recruitment results still fall far behind the growth of manpower demand. According to AAHK and the industry, major reasons include the remote location of HKIA with high commuting cost in terms of both monetary value and time to the lower-skilled labour, the perceived vulnerability of the aviation industry exemplified by the pandemic, and competing manpower resources with reviving businesses in town against a backdrop of shrinking labour force territory-wide.

6. AAHK expects that the manpower demand in the aviation industry will rise from the current staffing level of 53 000 to 69 000 by end-2024 when the Three-Runway System (“3RS”) is completed, but it is impossible for such manpower gap to be plugged by local recruitment alone, notwithstanding that local recruitment efforts will definitely continue. The industry is therefore suggesting, and we agree, that labour importation under a streamlined approach is necessary to support the continual recovery of Hong Kong’s aviation industry, as well as to realise the full potential of the increased capacity brought by 3RS further down the road.

Coverage

7. According to AAHK, for the vacancies at HKIA, about 75% are frontline non-supervisory positions, which due to the high commuting cost relative to their salary are most difficult to recruit. These frontline positions are vital to sustaining the efficient and orderly operation of HKIA, which is a critical infrastructure connecting Hong Kong with the world, supporting multiple pillars industries which are the key drivers for Hong Kong’s economy. We are mindful that reserving supervisory roles for local workers would be in their interest in terms of career progression opportunities with more attractive remuneration packages. We therefore propose that labour importation for the aviation industry be limited to such frontline non-supervisory airport workers¹.

¹ Such positions fall into 10 different job types: (i) passenger services officers; (ii) ramp services agents; (iii) cabin workers; (iv) aircraft maintenance mechanics / technicians; (v)

Overall quota

8. We propose that at any given time the overall quota ceiling for importation of frontline non-supervisory airport workers be 6 300. This accounts for about 50% of the relevant vacancies, with the rest to be addressed through local recruitment.

Approval parameters and scheme administration

9. The parameters under the sector-specific labour importation scheme to import airport workers are essentially the same as those under SLS, with the following trade-specific features.

- (a) Applications will be assessed by **an inter-departmental liaison group** chaired by the **Permanent Secretary for Transport and Logistics** (“PSTL”), with membership comprising representatives from TLB, LD and AAHK. AAHK will provide secretariat support to the liaison group;
- (b) The job types whose demand is hardest to be met through local recruitment will be accorded a higher priority in quota allocation and sub-quotas will be assigned to individual job types for planning purpose. PSTL will decide on each application based on the advice of the liaison group having regard to, amongst other things, the sub-quotas assigned and the applicants’ operational needs, and on the condition that the imported labour is to support business growth from the current level and that the overall quota ceiling of the sector-specific labour importation scheme (i.e. 6 300 at any time) is not exceeded. The administration procedures of the proposed scheme are the same as those set out in paragraphs 21 to 24 of the main paper;
- (c) **Eligibility and inspection requirement:** All applicants under the sector-specific labour importation scheme for the aviation industry are licensees, franchisees or holders of operating permits issued by AAHK. AAHK will conduct desktop checks on the applications received and collect information from LD and ImmD on adverse records (if any) of the applicant employers when applications are being considered; and

tractor drivers; (vi) warehouse operators / cargo handlers; (vii) equipment / loader operators; (viii) customer services agents; (ix) aircraft tug drivers; (x) maintenance technicians.

- (d) **Accommodation arrangement:** We expect that the majority of the imported workers will reside in the Mainland. AAHK will centrally arrange cross-boundary transportation for daily commute by the imported workers.

Measures for enhancing training and employment of local workers

10. In order to facilitate and boost local recruitment, the Government, AAHK and the airport community will continue to step up local recruitment efforts, and continue to improve the working conditions for airport workers to attract more local workers to join the aviation industry, such as by encouraging local transport operators to provide concessions to airport workers by the Government, expanding the staff pooling scheme at HKIA and increasing adoption of automation technologies in airport operations by AAHK, as well as exploring room for further enhancement of salary package by aviation companies.

11. As to local workers' concern about high commute costs, employers participating in the sector-specific labour importation scheme for the aviation industry will be required to pay to AAHK an additional sum of \$400 per month for each imported worker for a duration of the employment contract concerned (or actual employment period concerned, whichever shorter). Each year, AAHK will separately contribute a lump sum in an amount of the same magnitude as the total amount paid by employers. AAHK will make use of the said payments from participating employers and its own contribution to alleviate the fare burden on local frontline airport staff.

12. The Government will also strengthen its support for training of new blood for the aviation industry and upgrading the skills of existing practitioners through various incentive schemes and scholarships under the Maritime and Aviation Training Fund, for which an additional \$200 million injection has been injected. In addition, the Hong Kong International Aviation Academy will continue to offer different training courses that cater for the skillsets needed by the industry for the sustained growth of the aviation industry.

**SPECIFIC PARAMETERS OF
THE PROPOSED SECTOR-SPECIFIC LABOUR IMPORTATION
SCHEME
FOR THE PUBLIC LIGHT BUS (“PLB”)/COACH TRADE
OF THE TRANSPORT SECTOR**

Policy Bureau : Transport and Logistics Bureau

Justifications

As announced in the 2022 Policy Address, TLB will review the labour shortage situation in the transport sector to draw up relevant solutions. Insofar as the road public transport trades are concerned, we have been taking a multi-pronged approach to improve the manpower situation, including some trade-specific targeted measures. As part of the Traffic and Transport Strategy Study, with the assistance from an external consultant, the Transport Department (“TD”) has conducted a study of the manpower issues in various public transport trades (“Manpower Study”).

2. Among different road public transport trades, the PLB trade¹ has a long standing issue of driver shortage with increasing ageing problem, coupled with comparatively greater difficulty to compete with other public transport trades for drivers given a worsening financial situation. There is thus an imminent need for labour importation. According to the preliminary findings of the Manpower Study as well as ongoing discussions with the PLB associations, it is roughly estimated that the existing strength is about 6 290 GMB drivers, with a shortage of about 24% (about 1 980 GMB drivers) and an average age of over 60. At the same time, around 16% of PLBs (some 700 PLBs including GMBs and RMBs) are left idle. Labour importation is thus required to maintain a stable workforce for PLB trade, and thus reliability of PLB services.

¹ Green Minibuses (“GMBs”) operate scheduled services on fixed routes and their service levels and fares are regulated and monitored by TD. Red Minibuses (“RMBs”) operate non-scheduled services and their route, headway and fare are not subject to any regulation. At present, there are a total of 3 375 GMBs (about 78% of the PLB fleet) which operate on 355 scheduled main routes and a total of 974 RMBs (about 22% of the PLB fleet) which operate on about 120 RMB routes.

3. As for the coach² trade (including the local coach and cross-boundary coach (“CBC”) trade), it has been facing driver shortage since resumption of normal travel between Hong Kong and the Mainland gradually from 8 January 2023. The cross-boundary passenger transport trade and the tourism industry have been severely affected by the COVID-19 pandemic over the past three years, resulting in significant loss of incumbent drivers. With the business resumption, there have been increasing demand of drivers especially for tour coaches and CBCs. As CBC drivers aged over 60 could not renew their Mainland coach driving licences³, the imminent need for CBC drivers has also resulted in shortage of local coach drivers as some eligible coach drivers have been attracted to fill the vacancies. According to the preliminary findings of the Manpower Study as well as ongoing discussions with the coach trade, it is roughly estimated that the total driver requirement is about 9 000 drivers for the coach trade, with a shortage of about 1 620 drivers (amongst which a shortage of around 320 are CBC drivers), representing shortage of about 18%. Currently, there are about 500 coaches left idle at the Kwai Chung temporary holding site for coach parking. Labour importation is thus required to expedite the gearing up of the trade in line with the economic recovery after the prolonged pandemic.

4. The provision of safe, efficient and quality public transport services is closely related to people’s livelihood and is pivotal to supporting the recovery of our economy. In view of the foreseeable population intake in several new development areas in Kowloon and the New Territories (e.g. Kai Tak Development Areas, Kwu Tung North and Fanling North New Development Areas, and Hung Shui Kiu/Ha Tsuen New Development Areas, etc.), it is anticipated that there will be increasing demand for public transport services, and thus commercial vehicle drivers, in the coming years. We also expect similar demand for service enhancement in respect of public transport services connecting to the boundary control points and airport given the rising cross-

² “Coach” means local non-franchised bus (“NFB”) providing a wide range of services, including residents’ services, student services, employees’ services, tour services, hotel services, contract hire services, as well as CBCs. CBCs include long-haul CBCs with destinations in Guangdong, short-haul CBCs with destinations in the vicinity of Shenzhen, and cross-boundary shuttle buses operating between Lok Ma Chau Control Point and Huanggang Port (i.e. the Yellow Bus), as well as the cross-boundary shuttle buses operating between Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and Zhuhai Port / Macao Port (i.e. the Gold Bus).

³ There is an age limit, i.e. not over 60, for CBC drivers in the Mainland as stipulated under article 9(2) of 中華人民共和國道路運輸條例.

boundary passenger traffic. Timely importation of drivers will help sustain the stability of our public transport workforce, and thus reliability of public transport services.

Coverage

5. Existing operators (i.e. passenger service licences holders) of fixed PLB routes⁴ should be allowed to apply for quota for importation of PLB drivers; while existing operators (i.e. passenger service licences holders) of local coaches and CBCs should be allowed to apply for quota for importation of coach drivers for provision of services on fixed routes⁵. From the road safety perspective, it would be desirable for imported drivers who take time to familiarise with the road network and traffic system in Hong Kong to serve on fixed routes. Such arrangement would also facilitate effective monitoring of the sector-specific labour importation scheme.

Overall quota

6. We propose that at any one time the overall quota ceiling for importation of drivers approved for the PLB and coach trades under the sector-specific labour importation scheme should not exceed 1 700 (i.e. 900 for PLB trade and 800 for coach trade in general)⁶. This should be on one hand reasonably address the known manpower shortage in the PLB and coach sectors, and on the other hand still leave sufficient vacancies for the local workforce.

Approval parameters and scheme administration

7. The parameters under the sector-specific labour importation scheme to import PLB and coach drivers are essentially the same as those under SLS, with the following trade specific features –

⁴ For GMB, fixed route refers to the scheduled routing set out in the Schedule of Services as approved by the C for T while serving on fixed RMB route means operation on the same origin and destination with fixed routing and terminal points.

⁵ For coach, fixed route refers to the service with pre-assigned routing.

⁶ The general overall quota ceiling of 900 PLB drivers and 800 coach drivers accounting for about 11% of the establishment of PLB trade and about 9% of the pre-pandemic size of the local manpower required for coach trade are considered adequate to cater for the imminent need to address the issue of driver shortage meanwhile safeguarding the employment opportunities of local drivers. That said, C for T based on the advice of the inter-departmental liaison group may adjust the quota allocation between the PLB trade and the coach trade provided that the overall quota ceiling of 1 700 is not exceeded at any time.

- (a) **An inter-departmental liaison group** chaired by **the Commissioner for Transport (“C for T”)**, with membership comprising representatives from TLB, TD and LD, will assess each application. C for T may approve or refuse application, and decide on the quota on imported drivers under each application based on the advice of the liaison group, provided that the overall quota ceiling of the relevant sector-specific labour importation scheme is not exceeded at any time. TD will provide secretariat support to the liaison group. The administration procedures of the proposed scheme are the same as those set out in paragraphs 21 to 24 of the main paper;
- (b) **Eligibility and inspection requirement:** All PLBs / coaches are issued with passenger service licences. TD will conduct desktop checks on the applications received and collect information from LD and ImmD on adverse records (if any) of the applicant employers when applications are being considered;
- (c) **Requirement of imported driver:** The imported driver should hold a recognised non-local driving licence for driving motor vehicles of the class equivalent to private car (“PC”) / light goods vehicle (“LGV”) for one year or more;
- (d) **Training and licensing requirements upon arrival:** Successful employers (i.e. passenger service licences holders) should make arrangements to (i) arrange for qualified driving instructors to provide practical driving training to the imported drivers before attending the driving test for PLB (for PLB drivers) or Public Bus (for coach drivers); and (ii) arrange imported drivers to attend and complete the Pre-service Course with the course certificates obtained, as a pre-requisite, for application for the full driving licence for PLB or Public Bus.

TD will assist in (i) direct issue of full driving licence for PC / LGV (with entitlement of Classes (1) and (2)) to eligible imported drivers; (ii) granting exemption to the eligible imported drivers on the requirements (I) to hold a permanent Identity Card of Hong Kong or an identity card (other than a permanent identity card) and is not subject to any condition of stay other than a limit of stay as defined in section 2(1) of the Immigration Ordinance (Cap.115) and/or; (II) to hold a valid PC or LGV driving licence for at least one year immediately preceding the application (the applicants have to provide their non-local driving licences for driving motor vehicles of the class

equivalent to PC / LGV of one year or more in order to waive the requirement); and (iii) issue of relevant test form and learner's driving licence to the imported drivers upon application for attending practical driving training and the driving test for PLB or Public Bus.

Upon passing the driving test by the imported drivers, TD will arrange to issue PLB or Public Bus driving licence to the eligible imported drivers who have also successfully completed the Pre-service Course for PLB or Public Bus Drivers with the course certificates obtained. It is estimated that the time required for the imported drivers to complete the practical driving training and Pre-service Course and take the driving test is about one month; and

- (e) **Accommodation arrangement:** we expect that majority of the imported CBC drivers will reside on the Mainland, while other relevant PLB/coach operators will arrange accommodation for the imported drivers in the vicinity of their servicing areas.

Measures for enhancing training and employment of local workers

8. For imported drivers, TD will assist the successful employers (i.e. passenger service licences holders) to provide practical driving training to relevant drivers before attending their driving test as well as pre-service qualification course as prerequisite for their application of the full driving licences for PLB or public bus. It is suggested that in future, similar training with an objective to facilitating the drivers concerned to obtain the relevant local driving licenses, should be provided to local drivers who are interested in joining the relevant trades. In the meantime, TD has taken forward various initiatives to facilitate and boost local recruitment, including –

- (a) Lowering barrier to entry: TD relaxed the requirement for applying for commercial vehicle driving licence since October 2020⁷. Following the relaxation, we have indeed observed an increase in young holders (aged 29 or below) of valid full driving licence of public transports, which should help maintain an adequate pool of young qualified

⁷ Since October 2020, the period required for an applicant for a commercial vehicle driving licence to hold a "PC or LGV full driving licence has been shortened. For an applicant who has completed the one-year probationary driving period for a PC or LGV, he/she is eligible to apply for a learner's or full driving licence to drive a commercial vehicle immediately upon obtaining a full driving licence for the corresponding vehicle type (i.e. PC or LGV), instead of having held the full PC or LGV (as applicable) licence for at least two years as required previously.

drivers in the long run. With sufficiently attractive remuneration and conditions of employment, these qualified drivers could be turned into active drivers;

- (b) Participation in different employment schemes: TD has been collaborating with the relevant public transport trades to encourage them to participate in various employment schemes, such as the Employment Programme for the Elderly and Middle-aged administered by LD, which aims at encouraging employers to engage unemployed job seekers aged 40 or above in full-time or part-time long-term job vacancies, and provide them with on-the-job training through the provision of training allowance;
- (c) Diversification of local recruitment channels: TD, together with the relevant public transport trades, have stepped up local recruitment efforts through more diversified channels, such as making use of the job matching and recruitment services provided by LD, and reaching out to non-profit making organisations providing support service to ethnic minorities; and
- (d) Working conditions: TD will further review and enhance the existing guidelines on working hours and rest time arrangements for GMB and coach drivers⁸, as well as step up compliance check to ensure that the drivers' well-being is duly protected.

9. Besides, ERB has joined hands with the Hong Kong Federation of Trade Unions and the Hong Kong School of Motoring Ltd. to provide the pre-service course for PLB drivers and will subsidise the course fees for eligible trainees who have successfully passed the test after completion of the course. TD will continue to work with ERB and relevant training bodies to promote the training programme funded by the Employee Retraining Levy for local drivers who are interested in joining the relevant trades.

⁸ According to the guideline on working hours and rest time arrangements for GMB drivers promulgated by TD, the employer must not require the imported worker to perform driving duties (excluding rest time and meal breaks) for more than 11 hours, overtime work included, in a continuous period of 24 hours. According to the working hour guidelines for NFB drivers, the employer must not require the imported worker to perform driving duties (excluding rest time and meal breaks) for more than 11 hours, overtime work included, in a continuous period of 24 hours. The above guidelines will be subject to review by TD.

Annex B**LIST OF JOB CATEGORIES NORMALLY EXCLUDED FROM
THE SUPPLEMENTARY LABOUR SCHEME**

1. Sales Representative	14. Presser
2. Sales Assistant	15. Hair Stylist
3. Waiter/Waitress	16. Warehouse Keeper
4. Receptionist	17. Cutter
5. Cashier	18. Cutting Room Operative
6. Junior Cook	19. Inspection Operative
7. Food Processing Worker	20. Delivery Worker
8. Clerical Worker	21. Driver
9. Teller	22. Demolition Worker
10. Computer/Key Punch Operator	23. Mason
11. Telephone Operator	24. Spray Paint Worker
12. Linen Attendant	25. Drain Layer
13. Washer	26. Leakage Worker

**IMPLICATIONS OF THE PROPOSED SECTOR-SPECIFIC
LABOUR IMPORTATION SCHEME
FOR THE CONSTRUCTION SECTOR
("CONSTRUCTION SECTOR SCHEME")**

Policy Bureau : Development Bureau ("DEVB")

Economic Implications

In view of the rising demand for construction technicians and site supervisory personnel as well as skilled and semi-skilled workers amidst a dwindling local labour force, the proposal is pivotal to alleviating the anticipated manpower shortage for coming years. An ample and stable supply of construction personnel would support the Government's infrastructural investment as a key engine for the revival process to enhance people's quality of life, supporting the long-term development and increasing the competitiveness of Hong Kong.

2. With the greater flexibility and more streamlined procedures of importing labour under the proposed construction sector scheme, the total supply of construction labour would increase. This would help ease some of the anticipated pressure driving up the labour cost of the construction cost as a result of the increase in construction volume in the coming years.

Financial and Civil Service Implications

3. Same as the Supplementary Labour Scheme ("SLS"), the proposed construction sector scheme will require the employers to pay the Employees Retraining Levy at the existing rate of \$400 per imported worker per month. The levy will be collected by the Director of Immigration. Following the prevailing arrangement under SLS, the collected levy will be credited to a deposit account to be established under the Immigration Department ("ImmD"). The collected levy together with the interest accrued, estimated at \$57.60 million per financial year, will then be remitted to the Employees Retraining Board ("ERB"). The administrative fees for the provision of the levy-collecting services by ImmD will be collected from ERB according to a cost recovery approach, and the estimated revenue generated from the administrative fees will be about \$530,000 per financial year (at 2023-24

price level).

4. DEVB will need additional resources in setting up a team to implement the proposal, including processing applications submitted by the principal contractors, desktop checking on compliance with approval parameters and handling enquiries and providing secretariat support to the Consultative Committee and Inter-departmental Committee. The Labour Department (“LD”) will also need additional resources to cope with the increase in workload arising from the proposal, such as taking enforcement actions on matters related to labour laws, handling labour disputes/claims upon complaint, delivering briefings on employment rights for imported workers, etc. Moreover, ImmD will need additional resources for implementing the proposal, including the processing of visa/entry permit applications so arising.

Sustainability Implications

5. The proposal will facilitate the importation of more construction workers and technicians to meet the rising manpower demand from the construction sector for various infrastructural projects and development plans. This is conducive to the sustainable development of the construction sector.

Family Implications

6. The proposal will facilitate the importation of more construction workers and technicians for timely delivery of infrastructural and housing projects. For families with housing need, the proposal will help relieve them from congested household environment, and improve family relationships.

Social Implications

7. The new infrastructural projects and development plans are engines for Hong Kong’s future development providing ample opportunities for the next generation and meeting the infrastructural needs of the community. The proposal will help prevent bottleneck to the supply of workers of an individual trade which could have knock-on effect in disrupting the work process of other trades, causing delay to the entire construction process that would adversely affect project delivery and cost management. Timely delivery of infrastructural projects would help address the social needs of the wider community with the provision of public housing and other community facilities such as hospitals, schools, transport facilities

and leisure and sports facilities, etc. It would also enable Hong Kong to be more economically competitive in the region, and at the same time help keep living cost at a reasonable level to attract more talents to come to Hong Kong.

**IMPLICATIONS OF THE PROPOSED SECTOR-SPECIFIC
LABOUR IMPORTATION SCHEME FOR THE AVIATION
INDUSTRY OF THE TRANSPORT SECTOR**

Policy Bureau : Transport and Logistics Bureau (“TLB”)

Economic Implications

The proposal would increase the labour supply for the aviation industry, which will help the recovery of the air traffic at the Hong Kong International Airport.

Financial and Civil Service Implications

2. Same as SLS, the proposed sector-specific labour importation scheme will require relevant aviation companies to pay the Employees Retraining Levy set at \$400 per imported airport worker per month. The levy will be collected by the Director of Immigration. Following the prevailing arrangement under SLS, the collected levy will be credited to a deposit account to be established under ImmD. The collected levy together with the interests accrued, which are estimated at \$30.24 million per financial year, will then be remitted to ERB. The administrative fees for the provision of the levy-collecting services by ImmD will be collected from ERB according to a cost recovery approach, and the estimated revenue generated from the administrative fees will be about \$430,000 per financial year (at 2023-24 price level).

3. While it will take additional manpower resources within TLB to monitor implementation of the scheme, TLB will absorb them from within its own resources. LD will need additional resources to cope with the increase in workload arising from the proposal, such as taking enforcement actions on matters related to labour laws, handling labour disputes/claims upon complaint, delivering briefings on employment rights for imported workers, etc. Moreover, ImmD will need additional resources for implementing the proposal, including the processing of visa/entry permit applications so arising.

Sustainability Implications

4. The proposal will facilitate the importation of more frontline non-supervisory airport workers to meet the demand of the aviation industry. This is conducive to the sustainable development of the industry.

**IMPLICATIONS OF THE PROPOSED SECTOR-SPECIFIC
LABOUR IMPORTATION SCHEME FOR THE PUBLIC LIGHT
BUS (“PLB”)/COACH TRADE
OF THE TRANSPORT SECTOR**

Policy Bureau : TLB

Economic Implications

The proposal would increase the labour supply for the “PLB”/coach trade, which should be conducive to the provision of safe, proper and efficient public transport services as well as commensurate with our efforts in promoting economic recovery after the prolonged pandemic.

Financial and Civil Service Implications

2. Same as SLS, the proposed sector-specific labour importation scheme will require relevant public transport operators to pay the Employees Retraining Levy set at \$400 per imported driver per month. The levy will be collected by the Director of Immigration. Following the prevailing arrangement under SLS, the collected levy will be credited to a deposit account to be established under ImmD. The collected levy together with the interests accrued, which are estimated at \$8.16 million per financial year, will then be remitted to ERB. The administrative fees for the provision of the levy-collecting services by ImmD will be collected from ERB according to a cost recovery approach, and the estimated revenue generated from the administrative fees will be about \$350,000 per financial year (at 2023-24 price level).

3. The Transport Department will need to require additional resources in setting up a team to implement the proposal, including providing secretariat support to the inter-departmental liaison group, vetting applications submitted by public transport operators, desktop checking on compliance with approval parameters and handling enquiries. LD will need additional resources to cope with the increase in workload arising from the proposal, such as taking enforcement actions on matters related to labour laws, handling labour disputes/claims upon complaint and delivering briefings on employment rights for imported workers, etc. Moreover,

ImmD will need additional resources for implementing the proposal, including the processing of visa/entry permit applications so arising.

Sustainability Implications

4. The proposal will facilitate the importation of more PLB/coach drivers to meet the demand from the relevant public transport trades. This is conducive to the sustainable development of the sectors.

IMPLICATIONS OF THE PROPOSED ENHANCEMENTS TO THE SUPPLEMENTARY LABOUR SCHEME

Policy Bureau : Labour and Welfare Bureau/LD

Economic Implications

The proposal would help employers in various sectors who face genuine difficulties in recruiting suitable staff locally for the 26 job categories and unskilled/low-skilled posts. Also, all employers who see a need to apply for importation of labour under SLS would benefit from the streamlined processing of applications. The proposal is hence conducive to sustaining the competitiveness of Hong Kong.

Financial and Civil Service Implications

2. Under SLS, employers are required to pay the Employees Retraining Levy at the existing rate of \$400 per imported worker per month. The levy is collected by the Director of Immigration and the collected levy is credited to the existing deposit account established under ImmD and then remitted to ERB. We crudely estimate that after implementing the Enhanced Supplementary Labour Scheme (“ESLS”), the annual number of approved imported workers will increase from an average of some 3 700 in the past five years (2018 to 2022) under SLS to some 10 000 under ESLS. The collected levy together with the interests accrued under ESLS are estimated at \$96 million per financial year. The administrative fees for the provision of the levy-collecting services by ImmD will be collected from ERB according to a cost recovery approach, and the estimated revenue generated from the administrative fees will be about \$680,000 per financial year (at 2023-24 price level).

3. LD will need additional resources to cope with the upsurge in the number of imported labour applied under ESLS and to expedite the processing of the applications in tandem. The upsurge in applications will generate significant workload on case processing, taking enforcement/other actions against non-compliance with labour laws and the requirements of ESLS, handling labour disputes/claims, as well as launching new briefings

for employers to explain the information needed for submitting ESLs applications and briefings for imported labour on their employment rights, etc. ImmD will also need additional resources for implementing the proposal, including the processing of visa/entry permit applications so arising.

Sustainability Implications

4. The proposal will facilitate the importation of more labour to meet the manpower demand of various sectors. This is conducive to the sustainable development of the sectors.