

主旨: Public Submissions of SCPP
附件: Letter d.d. 11.3.2014 from HKCIC.pdf

Dear All:

Please find the enclosed file for latest received public submission of SCPP.

Thanks!



CONSTRUCTION
INDUSTRY COUNCIL
建造業議會

Our ref 本會檔號 (531) in E/ADM/COR/EXN (6)
Your ref 來函檔號:

11 March 2014

Secretariat of the Steering Committee on Population Policy
26/F, Central Government Offices,
2 Tim Mei Avenue, Tamar,
Hong Kong

Dear Sir / Madam,

Feedback on Public Engagement Exercise on Population Policy

We refer to the captioned public engagement exercise, inviting the society and stakeholders to provide views and suggestions to the Steering Committee on Population Policy (SCPP), with the aim to develop and nurture a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city.

The Construction Industry Council (CIC), being an organisation overseeing the development and regulation of the construction industry in Hong Kong, has submitted our initial feedback dated 21 February 2014 with strategic directions and measures to tackle the population challenges faced by the Hong Kong construction industry.

We hereby submit a full paper to elucidate the strategic directions and measures with an aim to strengthen the workforce to be capable of delivering high quality construction services and products for sustaining Hong Kong as Asia's world city for SCPP deliberations and consideration.

Should you have any enquires please do revert to the undersigned or my colleague Manager
for assistance.

May we wish you every success with this public engagement exercise.

Yours sincerely,

Christopher TO
Executive Director

Construction Industry Council

Feedback on Public Engagement Exercise on Population Policy

1. Background

- 1.1 The Steering Committee on Population Policy (SCPP) chaired by the Chief Secretary for Administration, Mrs Carrie Lam, released its consultation document on population policy on 24 October 2013 entitled “Thoughts for Hong Kong” and launched a four-month public engagement exercise. The public engagement exercise aims to deepen the public’s understanding of the demographic challenges and facilitate extensive public deliberation and discussion on issues related to population policy with a view to forging consensus on policy directions.
- 1.2 The SCPP proposes that the objective of the Hong Kong’s population policy as “To develop and nurture a population that will continuously support and drive Hong Kong’s socio-economic development as Asia’s world city, and to engender a socially inclusive and cohesive society that allows individuals to realise their potential, with a view to attaining quality life for all residents and families.” To tackle the population challenges ahead, including ageing population, skills mismatch, lack of job diversity, as well as low birth rate for achieving the above-stated objective, the SCPP has proposed five policy strategies:
 - (a) Increase the quantity of the labour force by drawing more people into the labour market;
 - (b) Enhance the quality of the labour force by improving education and training and minimising skills mismatch;
 - (c) Build up human capital with a more proactive policy and targeted approach to attract more talent from overseas and the Mainland. Consider a more effective importation of labour system without jeopardising the interests of local workers;
 - (d) Foster a supportive environment for childbearing for young couples; and
 - (e) Build an age-friendly environment, promote active ageing and develop the “silver hair market”.
- 1.3 As the leading organisation overseeing the development and regulation of the construction industry in Hong Kong, The Construction Industry Council (CIC) is accountable and responsive to the Hong Kong Population Policy. On this basis, the objective of this paper is to explore areas within the construction industry for SCPP’s deliberations and consideration. The key challenges related to the construction workforce in Hong Kong are first identified, then a series of

strategies and measures are proposed and summarised in **Annex A**, with the view of strengthening construction workforce to be capable of delivering high quality construction services and products for sustaining Hong Kong as Asia's world city. Views from Council Members have been consolidated and incorporated into this paper.

2. Challenges and Issues

Manpower Shortage and Skill Mismatch

- 2.1 The construction industry of Hong Kong has been playing an important role in meeting the expanding needs of the community. However, after the peak in 1997, the collapse of the property market caused a sharp decline in new construction orders from the private sector. Orders from the public sector also declined significantly due to the completion of massive new airport and related infrastructure at about the same time around 1997. The severe impacts propagated throughout all levels of the construction supply chain (e.g. manpower training) and led to a painful retrenchment of the whole industry for nearly a decade.
- 2.2 Thanks to the ten major infrastructure projects announced in 2007-08 Policy Address, the construction industry of Hong Kong has recently been benefited from robust infrastructure activity. Hong Kong's construction capital expenditure rose from \$124.4 billion in 2009/10 to \$177.8 billion in 2012/13 at constant (2013) market prices, an increase of 43%. The industry is expected to maintain a high level of construction expenditure in the coming ten years, reaching \$200 billion in 2020/2021 based on the upper bound forecast as recently released on the CIC's website¹.
- 2.3 However, these dramatic changes of workload in the industry have resulted in labour and skill shortages. The Construction Manpower Research Team of CIC estimated that there is currently short of about 10,000 workers. Even with training output considered, shortages of skilled labour are still expected during peak periods for specific trades including Bar Bender and Fixer, Drainlayer, Leveler, Carpenter, Rigger / Metal Formwork Erector, etc. Statistics also show that technicians and professionals fall short of the demand moderately. The tight manpower situation has already been reflected by recent dramatic increased salary and drop of unemployment rate of the construction sector.
- 2.4 The increased competition for labour among industries further exacerbated the manpower shortage issue in the local construction industry. This may delay the progress of delivering construction facilities, and may consequently affect the job opportunities of specialised trade workers as construction works are carried out in stages. If the severity of manpower shortages in the construction sector is not addressed promptly and effectively, continued economic growth and prosperity of Hong Kong will be constrained. Industry stakeholders shall also

¹ <http://www.hkcic.org/eng/info/expenditure.aspx>

work together to prevent similar boom and bust cycles in future through better planning and control.

- 2.5 Skill mismatch is another challenge that our industry is striving to conquer, as there have been an increasing proportion of infrastructure development projects whereas building construction used to dominate. In addition, only 35% of the registered construction workers are registered semi-skilled or skilled workers. The industry has to overcome the skill mismatch issue in order to make effective use of its talent and to prevent the waste of its human capital.

Changing Demographics

- 2.6 The construction workforce is facing an acute ageing problem, particularly in the category of workers. According to the statistics of the Construction Workers Registration Board (CWRB), as at end-December 2013, of about 322,000 registered workers in the construction industry, about 44% are aged over 50. A significant number of workers in the construction industry will retire in the next 5 to 10 years, especially those employed in specialized trades. Sourcing skilled workers to replace the ageing group will be a challenge. There are opportunities, however, to draw more people from groups currently under-represented in the construction labour force (i.e. women, underemployed, minority groups, etc.).
- 2.7 The industry has encountered difficulties in recent years in attracting young people and in retaining those who have already joined the workforce, even though reasonably promising remuneration and prospects are offered. Those registered workers aged below 25 account for only about 7% as reflected by the CWRB's statistics. According to the findings from the CIC Retreat held in November 2013, cultural factors and working environment are partially to blame for young people's lack of interest joining the industry. As the rest of society moves towards professional and high-skills work, attracting workers becomes more difficult.

Necessity to Enhance Competitiveness

- 2.8 While construction stakeholders in Hong Kong are exploring and applying innovative ways to enhance efficiency (i.e. adopting new technologies, lean construction practices, etc.), the practices of the local construction industry are still labour-intensive and involve extensive variety of trades on site. Contractors compete intensely on cost reduction rather than on technological improvement, leading to inferior safety and quality performance. With a tight labour supply, one of the solutions necessary is to "work better" by improving productivity and efficiency. The industry is seeking ways to improve productivity by optimizing the scheduling of manpower, materials, and equipment; limiting the amount of rework; adopting prefabrication; building projects in modules, etc. This is crucial in order to stay competitive in the global marketplace.

3. Short-term Measures

Attract, Retain and Nurture

- 3.1 To ensure smooth, effective and timely delivery of various planned construction work, it is imperative to attract and retain an adequate, skilled workforce that is capable of delivering high quality construction. Existing career information and promotional resources are essential to encourage youth pursuing training and employment in construction-related fields. We agree with the SCPP that more efforts are needed to inspire interest in vocational education among the young generation and, equally important, their parents to help them better understand the progression prospects that a vocational job in construction can offer and to counter negative perceptions about construction as a career.
- 3.2 It is proposed to expand opportunities for students to get exposure to and gain work experience in the construction industry and become familiar with the nature of construction work (i.e. high school vocational training, post-secondary placements, internships, high school work experience placements, etc.). Promotion and publicity of the CIC's training programmes shall be continued and strengthened. Additional incentives may be effective to attract more trainees and employers to enhance the programmes. Promotional campaign can also be explored, targeted at general workers and those underemployed to advance to semi-skilled / skilled level to meet the shortage.
- 3.3 In addition, employers are recommended to adopt progressive employment practices that support the continued contribution of mature workers in the industry (i.e. part-time or flexible work arrangements, phased retirement, mature workers engaged in mentoring and training, etc.). This could not only replenish the shrinking workforce, but also ensure the retention of technical and corporate knowledge in the Hong Kong's construction industry. Clearly, provision of better social welfare benefits, improving work-life balance for construction workers and improving working and safety conditions in construction sites are imperative to attract new blood and retain the existing workforce.
- 3.4 To tackle the skill mismatch in the industry, adaptation of education and training to the changing requirements of the industry by increasing transparency and recognition of skills supply is a prerequisite for preventing current and future labour market imbalances. This will be supported by a more robust manpower forecasting and planning.

Complement with Foreign Workforce by Supplementary Labour Scheme (SLS)

- 3.5 While CIC and other counterparts have been stepping up to attract local workers to boost the labour supply and to advocate the use of prefabrication and mechanical equipment for tackling manpower issues, this was still insufficient to satisfy the market demand in the foreseeable future. In the long term, we expect that the construction manpower demand can be largely met by

training of local workers and attracting new entrants to the industry. In the immediate years to come, the industry may make full use of the prevailing Supplementary Labour Scheme (SLS) to effect timely import of skilled workers to cope with the tight manpower situation. This helps ease the pressure on the demand for local in-service skilled workers so that they can be available to nurture the semi-skilled workers through in-service training with an aim to advancing their skill levels to meet demand of the market, fulfilling the proficiency levels of skilled workers.

- 3.6 The industry is recommended to devise measures to streamline the process of SLS applications for the contracts of the public works. A list of shortage trades with the recruitment requirements should be prepared including prevailing wage levels at required working experience and others which will incorporate the views from relevant stakeholders including trade associations and labour unions. It can serve as a benchmark reference for contractors when submitting their SLS applications. If this list is accepted in principle by Labour Advisory Board (LAB), this will substantially streamline the early preparatory work and subsequently, reduce the time for Labour Department to process applications. This information should be regularly reviewed, say once every six months, to duly reflect the prevailing manpower situation.

4. Long-term Strategies

Develop and Sustain a Strong Core Workforce

- 4.1 Not only to develop and implement labour attraction and retention strategies, CIC shall continue to work with industry stakeholders to review and strengthen various training programmes and trade tests functions to meet the market needs. Additional incentives can be considered to attract new blood if deemed appropriate and necessary. In addition, to expand the construction workforce, training and mentoring programmes can be developed aimed at increasing the participation of under-represented groups in Hong Kong's construction industry (i.e. immigrants, persons with disabilities, underemployed persons and women).
- 4.2 To sustain competency and competitiveness in the global market, construction workforce needs to constantly upgrade and refresh their knowledge and expertise. In correspondence to the Qualifications Framework (QF), focus of training should be on improving the construction safety and the upward mobility of low-skill workers so as to supply the industry with skilled labour. A combination of automation and workers moving to higher-skilled jobs would reduce the demand for labour and make the jobs that emerge more appealing to youth.
- 4.3 To sustain a strong workforce and to enhance the industry's competitiveness, existing policies and incentives should be re-examined and revamped to attract foreign talents. We concur with the SPP that foreign talents not only help

meet the strong demand for talent in the local market, but also bring diverse skills, knowledge and experience which will benefit the local workforce and contribute to our industry and economic development. Proactive and effective policies and means (e.g. through incentives, higher education, “headhunt”, etc.) should be explored to attract talents and professionals.

- 4.4 To attract talents and Hong Kong emigrants, Hong Kong must continue to be one of the best global cities, with great opportunities and living environment comparable to other leading global cities around the world. For construction, the industry’s image needs to be enhanced in a number of areas in order to develop a strong core of workforce, including safety, working environment, social status, and corporate culture. Industry stakeholders should continue to explore new technology and creative ideas to help us expand and develop our industry, and transform the construction industry of Hong Kong to a new level.

Enhance Industry’s Productivity

- 4.5 Under the situation of tight manpower supply, anticipated declining workforce, and competitive global environment, elevating productivity and promoting innovation for the Hong Kong construction industry is the key for its sustainable development. Modern construction methods and techniques as well as information technology (IT) should be extensively adopted in the industry. Prefabrication, coupled with the use of standardised and modular components, will contribute to improved buildability and should be widely promoted. Innovative procurement approaches and provision of incentives are recommended to those who adopt high labour productivity construction practices.
- 4.6 IT technologies such as Building Information Modelling (BIM) will help to improve construction efficiency through better information flow among project participants, improved design capability and enhanced project logistics management. To harness this potential, we need to secure the commitment of senior management to invest in IT and to build up a critical mass of IT users within the industry. Currently, CIC is working together with various industry stakeholders to set common standards and develop a common data infrastructure to facilitate seamless electronic communication among industry participants. Financial incentives would be effective to help firms to adopt IT technologies into their work processes to improve their productivity by defraying part of the cost incurred in training, consultancy, software or hardware. In Singapore, the Building and Construction Authority (BCA) launched a funding support (The BIM fund) aiming to assist construction companies to adopt BIM technology into their work processes. SMEs in the local construction industry can capitalize existing supporting schemes (e.g. SME Loan Guarantee Scheme promulgated by the Trade and Industry Department (TID); the New Technology Training Scheme and Small Entrepreneur Research Assistance Programme initiated by the Innovation and Technology Commission (ITC)) for the adoption of BIM.

- 4.7 Research and development (R&D) is a key driver to steadily improve the overall competitiveness of the construction industry through innovation and technology upgrading. Investment in construction research should be increased to promote an innovation culture in the industry. CIC shall liaise with the Innovation and Technology Commission (ITC) to explore additional funding programmes so as to drive forward innovation and technological development in the industry. The industry and the local research community should work in collaboration to set clear objectives, directions and priorities for local construction research, to raise awareness of research results and to facilitate their practical application for enhancing the productivity of the industry.

Feedback on Public Engagement Exercise on Population Policy by Construction Industry Council

Challenges and Issues	Strategies and Measures
<u>Short-Term</u>	
<ul style="list-style-type: none"> ▪ MANPOWER SHORTAGE & SKILL MISMATCH ▪ CHANGING DEMOGRAPHICS (i.e. ageing; lack of new blood) 	<ul style="list-style-type: none"> ▪ ATTRACT, RETAIN & NURTURE <ul style="list-style-type: none"> ✓ Promote and inform (e.g. inspire interest among the young generation and their parents; strengthening the promotion of CIC's training programmes) ✓ Career promotional campaign ✓ Expand opportunities for students to get exposure in the industry ✓ Adopt progressive employment practices to support continued contribution of mature workers ✓ Provide better social welfare benefits (e.g. improve work-life balance) ✓ Improve working conditions ▪ COMPLEMENT WITH FOREIGN WORKFORCE BY SUPPLEMENTARY LABOUR SCHEME (SLS) <ul style="list-style-type: none"> ✓ Flexibly import workforce through the prevailing SLS for specific trades facing shortages ✓ Identify trades with short-term manpower shortage and compile standard recruitment requirements including the prevailing market wage levels for the shortage trades
<u>Long-Term</u>	
<ul style="list-style-type: none"> ▪ NECESSITY TO ENHANCE COMPETITIVENESS (i.e. labour intensive practices, large pool of unskilled labour, low productivity) 	<ul style="list-style-type: none"> ▪ DEVELOP & SUSTAIN A STRONG CORE WORKFORCE <ul style="list-style-type: none"> ✓ Review and enhance various CIC's training programmes ✓ Enhance manpower forecasting and planning ✓ Expand workforce by increasing the participation of under-represented groups (e.g. immigrants, underemployed persons and women) ✓ Attract foreign talents ✓ Uplift industry's image and improve work environment ▪ ENHANCE INDUSTRY'S PRODUCTIVITY <ul style="list-style-type: none"> ✓ Improve the upward mobility of low-skill workers ✓ Promote the use of new technologies (e.g. pre-fabrication, modularization, BIM, etc.) with proper incentives to achieve high efficiency in construction processes ✓ Advocate innovation by increasing support for applied research related to new technologies and innovative construction practices to enhance productivity of the industry.