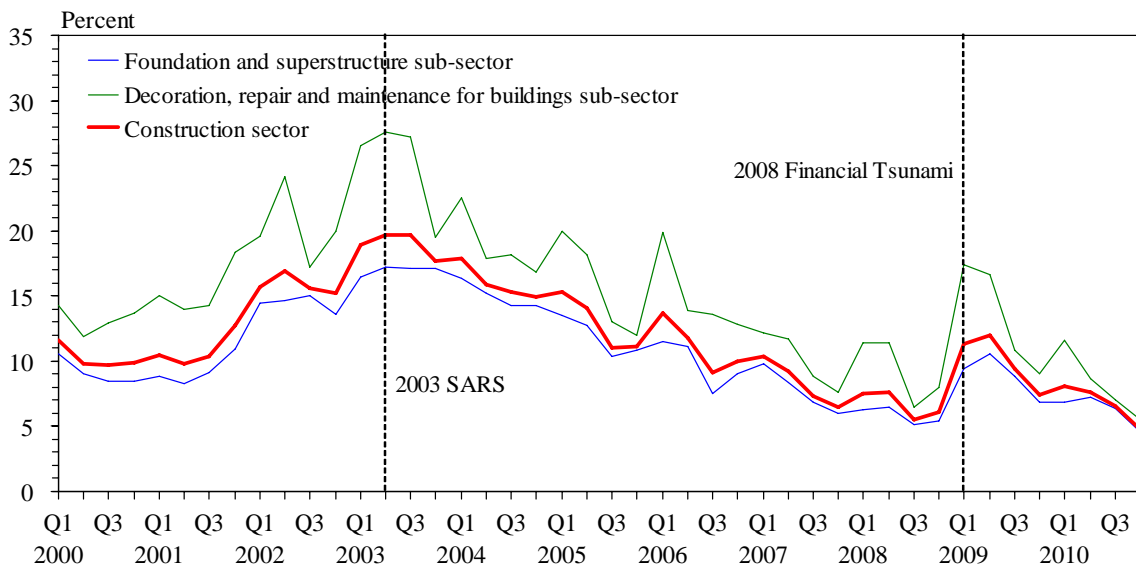


Box 6.1: Recent employment trends and measures for construction workers

Relative to most other sectors, construction is a major provider of jobs for workers in the lower segment especially those at older age and with lesser educational attainment. In 2010, about 289 900 persons or 7.9% of the total labour force were engaged in this sector. Among them, around 74% were in the foundation and superstructure sub-sector and 26% in the decoration, repair and maintenance for buildings sub-sector. Over the years, the employment situation of these workers has been affected to a large extent by building activities in the private sector and also construction projects implemented by the Government, apart from changes in the overall economic conditions.

As *Chart 1* shows, construction employment moved along a rather erratic path over the past decade. For a prolonged period up to the outbreak of SARS, the sector was mired in stagnation, due to the dearth of large-scale public works projects and slack activities at private sector building sites. Reflecting this, the overall building and construction expenditure shrank from \$170 billion in 2000 to \$140 billion in 2004. The size of construction employment contracted in tandem, from 310 400 in November 2000 - January 2001 to a low of 251 400 in early 2004. As a result, the number of unemployed construction workers soared to a peak of 64 600 in February - April 2003, as did the corresponding unemployment rate to a peak of 20.1% in August - October 2003.

Chart 1 : Unemployment rate of the construction sector



This was followed by a period of recovery up to the latter part of 2008, driven mainly by a rebound of the real estate sector and renewed government spending on capital works projects. The numbers unemployed and the unemployment rate in the construction sector both fell back to lower levels of 15 300 and 5.3% in August - October 2008.

However, the outbreak of the global financial tsunami in late 2008, together with the ensuing recession, led to contractions in output and employment in virtually all sectors in the economy. Construction was no exception, for which the unemployment rate rose sharply within a short span of time to 12.8% in early 2009. In absolute terms, the unemployment numbers likewise leapt to 37 200.

Box 6.1 (Cont'd)

To tackle the unprecedented crisis situation, the Government has implemented a series of measures with a view to stabilising the financial system, easing liquidity squeeze in the corporate sector especially that faced by the small and medium-sized enterprises, and creating jobs for the entire workforce. As one of the major job-creation initiatives, several large-scale infrastructure projects were rolled out or advanced.

More specifically, the launch of 10 major infrastructure projects was expedited to the extent possible. Among them, construction works on the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Kai Tak Development Plan Stage I have already commenced. For the MTR Sha Tin to Central Link, planning, design and consultation are well in progress, paving the way for implementation of the project in the near term. A similar state of development is observed for the South Island Line (East).

Apart from infrastructure projects, the Government has also implemented more minor works in the wake of the financial tsunami. The statistics showed that public sector expenditure on minor works has gone up substantially by 28% to \$8.5 billion in 2009-10, from \$6.7 billion in 2008-09. This spending translated into some 13 300 man-years of job opportunity for the construction sector. In 2010-11, the provisions for minor works have been maintained at around \$8.5 billion, which can be expected to generate another 13 600 man-years of job opportunity.

Moreover, in collaboration with the Hong Kong Housing Society (HKHS) and Urban Renewal Authority (URA), the Government has launched the "Operation Building Bright" (OBB) to provide subsidies and one-stop technical assistance to help owners of old buildings to carry out repair and maintenance works. With a total funding of \$2.5 billion approved by the Legislative Council Finance Committee (LegCo FC), the programme is estimated to assist around 2 500 target buildings and create about 50 000 job opportunities for the construction and repair workers as well as related professionals and technicians.

In the 2009-10 LegCo session, the FC has approved a total value of \$101.5 billion, which is expected to create 49 600 new jobs in the construction sector. In that year, the actual capital works expenditure reached about \$45.3 billion, up markedly by 93% over a year ago. As for 2010-11, the capital works expenditure is estimated to increase further to \$49.6 billion. An additional 62 500 job opportunities will be created, including about 6 600 job opportunities for professional/technical staff and 55 900 job opportunities for labourers.

Thanks to these government projects and initiatives and also the distinct rebound in real estate activities, investment in building and construction has resumed positive growth. The employment situation in the construction industry has also improved remarkably, at a faster pace than that seen in the Asian financial crisis. Compared with the peak in 2009, the unemployment rate in the construction sector witnessed a substantial drop of 8.0 percentage points to 4.8% at end-2010, while as many as 22 000 jobs were created. Analysed by sub-sector, the unemployment rate for decoration, repair and maintenance for buildings showed a significant decrease of 16.2 percentage points to 5.5%, whereas the unemployment rate for foundation and superstructure also fell visibly by 6.0 percentage points to 4.6%. Indeed, construction has been one of the star performers among the major economic sectors since the latter half of 2009. All these figures indicate that the Government's efforts to boost employment in the construction sector have progressively taken effect (*Charts 2a and 2b*).

Box 6.1 (Cont'd)

Chart 2a : Real gross value of investment in building and construction

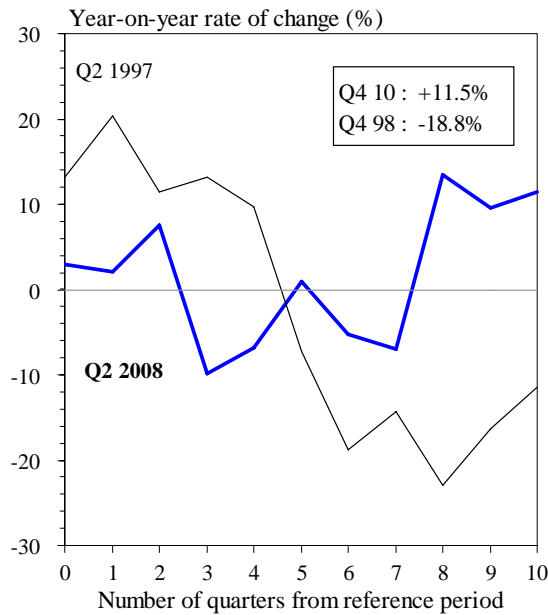
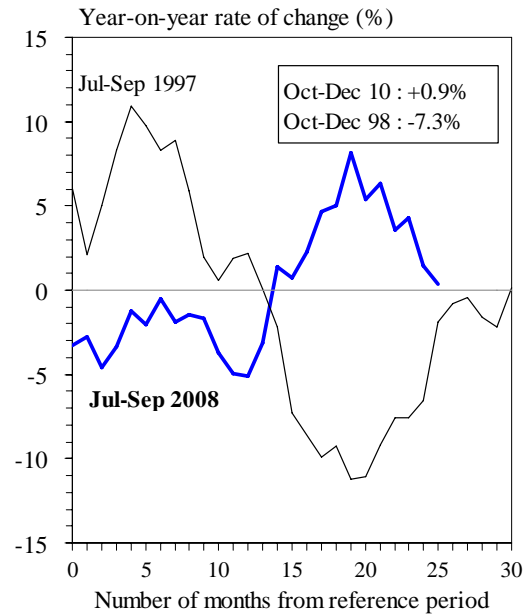


Chart 2b : Employment in the construction sector



With many projects progressively heading towards their construction peaks, the capital works expenditure in each of the next few years is projected to be maintained at an all-time high of over \$50 billion. The unemployment situation in the construction sector is thus expected to improve further in the periods ahead. This notwithstanding, other factors may also come into play to influence the development, such as the state of the property market, supply of construction workers, and vibrancy in the private sector building activity. The Government will continue to monitor the situation closely, and take additional measures if necessary to help relieve the unemployment situation and render assistance to the persons most in need.