LCQ3: Enhancing labour importation schemes

Following is a question by the Hon Shiu Ka-fai and a reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (July 10):

Question:

Under the Enhanced Supplementary Labour Scheme (ESLS), wages of imported workers should be at least the median monthly wages (median wages) of comparable positions in the market, and employers are required to pay the Employees Retraining Levy (ERL) of $9,600 in a lump-sum in respect of a two-year contract for each worker. The ERL paid is not refundable even if the contract is terminated prematurely. Many members of the industry have pointed out that with the median wages, ERL and accommodation costs, labour importation has become too costly, thus failing to help enterprises reduce operating costs and enhance competitiveness, and it is learnt that Singapore has not set the minimum wage for foreign workers in some industries. In this connection, will the Government inform this Council:

(1) whether it will review the requirement that wages of imported workers should be at least the median wages; if so, of the details; if not, the reasons for that;

(2) given that in the reply to my question on April 10 this year, the Government indicated that it did not have plans to include the retail and catering sectors in the sector-specific labour importation schemes for the time being, of the reasons for that; whether it will, in the light of the latest market situation, consider afresh including such sectors in the Schemes; and

(3) whether it will consider conducting an interim review of the ESLS one year after its implementation, including regularising the arrangement of accepting labour importation applications for the 26 job categories normally excluded from the Supplementary Labour Scheme, as well as revising the ERL as payable monthly and refunding employers for the overcharged ERL; if so, of the details; if not, the reasons for that?

Reply:

President,

To cope with the challenges brought about by manpower shortage, the Government has enhanced the mechanism for importation of workers. Apart from launching sector-specific labour importation schemes for the construction sector, transport sector, and residential care homes for the elderly and residential care homes for persons with disabilities, the Labour Department (LD) has also implemented the Enhanced Supplementary Labour Scheme (ESLS)

since September 4, 2023, to enhance the coverage and operation of the Supplementary Labour Scheme (SLS) in the past, including suspending the general exclusion of the 26 job categories (set out at Annex) as well as unskilled or low-skilled posts from labour importation for two years, with a view to alleviating the manpower shortage of other sectors (including the retail industry and the food and beverage services industry). Nevertheless, any mechanism for labour importation must be operated on the premise of safeguarding the employment priority for local workers.

The reply to the Hon Shiu Ka-fai's question is as follows:

(1) For the purpose of upholding the employment priority for local workers, the applicant employer of the ESLS must undertake a four-week local open recruitment and give priority to employing suitable local workers to fill the vacancies at a salary not lower than the prevailing median monthly wage of a comparable position in the market. In parallel, employers approved to import workers under the ESLS are required to sign a Standard Employment Contract prescribed by the Government with the imported workers, and shall pay a salary not lower than the median monthly wage of a comparable position. These requirements are important measures to prevent the imported workers from becoming cheap labour and undermining the employment opportunities of local workers. As such, the Government has no plan to change the requirements at this stage.

(2) As compared with the SLS in the past, the ESLS provides employers (including establishments in the retail industry, and the food and beverage services industry) with more flexibility in applying for importation of workers. The ESLS sets no quota on imported workers and accepts applications year-round.

In addition, the LD has been continuously improving the workflow of case processing under the ESLS, including introducing an application form for common posts; deploying staff designated to vet applications submitted by employers to expedite the preliminary screening process; exercising flexibility in the handling of recruitment advertisements placed by employers during local recruitment and expediting the follow-up on interview results, and organising briefings for employment agencies involved in labour importation matters. With the implementation of the aforesaid measures, case processing has become more effective and efficient. From April to June 2024, the numbers of imported workers approved to take up posts in the retail industry, and the food and beverage services industry were 1 035 and 5 917 respectively, which were higher than the numbers of imported workers applied for in the same period (810 and 5 403 respectively). At present, if an employer uses the application form for common posts and provides all required information and documents at the same time, the application will normally be screened-in within a short period of time, after which the employer can proceed with the four-week local recruitment immediately. The Government sees no imminent need to launch sectorâ€‘specific labour importation schemes for the retail industry and the food and beverage services industry at this stage.

(3) Since the launch of the ESLS, the Government has been closely monitoring

the implementation of the scheme. The LD will review the coverage and operation of the ESLS prior to the lapse of its two-year implementation period.

The Employees Retraining Ordinance (Cap. 423) (the Ordinance) sets out the current arrangement for the payment of the Employees Retraining Levy. Section 14(2) of the Ordinance stipulates that the amount of the levy payable in respect of each imported employee employed by an employer shall be the sum specified in Schedule 3 (i.e. $400) multiplied by the number of months specified in the employment contract between the employer and the imported employee. Section 15(2) of the Ordinance specifies clearly that under no circumstances will the levy paid be repaid or refunded to the employer.

The levy is transferred to the Employees Retraining Fund administered by the Employees Retraining Board for providing training and retraining to local workers. The Government has no plan to alter the levy arrangement which is in line with the policy objective of encouraging the training of local workers.