

**For discussion
on 17 May 2001**

Legislative Council Panel on Manpower

Skills Upgrading Scheme

PURPOSE

This paper informs Members of the proposal to launch a Skills Upgrading Scheme to provide skills upgrading training for workers with low education level in the next two years to 2003 and to seek members' comments on it.

BACKGROUND INFORMATION

2. The Chief Executive announced in his Policy Address in October 2000 that the Government had earmarked \$400 million for the provision of skills training for workers with low education level in the next two years. The purpose is to help equip such workers with up-to-date skills to enhance their employability and competitiveness in the labour market and to provide the necessary manpower for the changing needs of industries.

3. The "Manpower Projection to 2005" carried out by the Administration and published in November 2000 has forecast that manpower requirement, unconstrained by overall labour supply, will grow by 433 600 jobs come 2005. Concurrently, it is projected that there will be an increase in local labour force by 269 100. The job market condition is therefore expected to improve as new job opportunities will exceed the increase in labour supply by 164,500 (i.e. 433 600 less 269 100). There will, however, be a mismatch between job requirements and qualification of workers. In tandem with Hong Kong's transformation into a knowledge-based economy, the study shows that Hong Kong will require more people with higher education. The projected demand for workers with post-secondary and university education is expected to outstrip supply by some 116,900. On the other hand, a surplus manpower supply of workers is expected at lower secondary education and below by 136,700. Workers

with low skill and low education attainment will face employment difficulties with a slow-down in demand. These workers must acquire new knowledge and upgrade their skills so as to maintain their competitiveness in the labour market and there is an obvious need to provide focused training and education opportunities for these workers. It is equally important to arouse the awareness for self-improvement amongst them.

PROPOSAL

4. The Government is committed to enhancing the employability and competitiveness of our workforce by investing in vocational training and retraining as well as encouraging skills upgrading and lifelong learning amongst our workers. With a view to upgrading the skill levels of our workers so as to reduce the projected mismatch between manpower demand and supply and to take full advantage of the economic opportunities that are likely to arise in the next few years, the Secretary for Education and Manpower proposes to create a new commitment of \$400 million to provide skills upgrading training for workers with low education level in the next two years to 2003.

Present Position

5. A Steering Committee on Skills Upgrading was set up in November 2000 under the Chairmanship of the Secretary for Education and Manpower with employer and employee representatives, training providers, academics and government officials. The Steering Committee has identified six industries for the pilot phase of the scheme. These include printing, Chinese catering, retail, import and export trade, transportation and wearing apparel/textile. Sector-specific industry working groups have been set up for all six industries with representatives from the employer and employee sectors, government and training providers. The industry working groups have been tasked to develop sector-specific training packages that meet the current needs of the industry. Details of the terms of reference of the industry-specific working group are set out at Annex I.

Overall Operational Framework

6. The Steering Committee has devised a comprehensive framework to govern the design of training packages for the different industries, the commissioning of training providers, the control and audit mechanisms between the industry working groups and the training providers, the quality assurance of programmes and trainees, the industry recognition of graduates from these courses and a reporting system from the industry working groups to the Steering Committee. A flowchart on the development, approval and monitoring of programmes under the Scheme is set out at Annex 2.

7. A Secretariat for the Skills Upgrading Scheme has been set up with staff seconded from the Vocational Training Council. The industrial training staff of the Vocational Training Council will assist the industry working groups to consult the trade, develop training packages, commission training providers and devise common assessment tests for the purpose of certification. As the training programmes are rolled out, a team of four administrative staff will be created including 2 executive officers, one accounting officer and one secretary/assistant clerk, to assist in processing applications from training providers and in financial management. A sum of \$6.4 million will be required for the setting up of the Secretariat.

8. Once the training packages have been developed, the industry working groups will invite established training providers to apply to operate the training courses. The training providers will be selected in accordance with Government's procurement procedures. For quality assurance, the industry working groups will arrange for representatives to inspect the training facilities of training providers, the trainers' qualifications and the conducting of classes. Feedback from the trainees and their employers on the content and usefulness of the courses will be collated. An investigation and assessment report will be submitted to the respective industry working group so as to enable the effectiveness of the courses to be examined. To provide flexibility, the training packages will be in modular form. Trainees will be able to switch training providers between modules with cross-recognition. To uphold the standard of trainees, they will be required to pass an assessment test, designed by the respective industry working group,

before they will be issued a certificate. To enhance recognition of the certificate, it will be jointly issued by the industry working group, trade associations, labour unions and training providers. The industry working group will be responsible for publicising the training courses and in promoting the recognition of the certificates.

Fee Proposal

9. The Steering Committee considers that the cost of the training courses should be shared between the Government, the trainees and the employers. To help encourage and promote skills upgrading training, the Steering Committee decided that in principle and for the initial phases of the Skills Upgrading Scheme, the Government should be prepared to subsidise 70% of the cost of the training courses. Trainees and their employees should together bear the remaining 30% of the cost. Taking the courses of the Printing industry during the first phase as an example, 30% of the cost of a course will amount to an average of about \$500. In addition, trainees who earn a monthly salary below \$6,333 will be exempted from fee payment. However, some industry working groups have suggested that the Government should bear the entire costs. The Steering Committee is continuing discussion with the industry working groups over the fee proposals.

Eligibility

10. The Scheme will not set an age limit on the trainees. As the Scheme aims to upgrade the skill level of workers with low education level, the programmes will mainly cater for local workers with education at or below Form 5 level. However, some exceptions will be allowed, for example, in the import and export sector, where some employees have higher qualifications but nonetheless require skills upgrading just the same as the less well-educated workers.

11. As the objective of the Scheme is skills upgrading, applications from in-service employees will be granted priority to a training place over other applications. Places will be offered on a first-come, first-served basis.

Implementation Timetable

12. The Steering Committee on Skills Upgrading has endorsed the pilot training packages developed by the printing and the Chinese catering industry working groups. A copy of the training package for the Printing Industry is at Annex 3 for Members' information. The working groups will be ready to launch the first phase pilot programmes in the near future. The working groups and the Steering Committee will closely monitor the progress of these programmes.

WAY FORWARD

13. We intend to seek the approval of the Finance Committee on 25 May to create a new commitment of \$400 million for implementing the Skills Upgrading Scheme to provide skills upgrading training for workers with low education level. The major portion of the commitment will be used to fund the development and provision of skills upgrading courses. Other costs include publicity and administration. The Scheme will be implemented over the two-year period to 2003.

Education and Manpower Bureau
May 2001

Terms of Reference of the Industry-Specific Industry Working Group

1. To consult the industry on its needs and devise training packages for submission to the Steering Committee on Skills Upgrading for resource allocation
2. To promote and publicise the Scheme and the training programmes to the industry
3. To review and select the proposals submitted by the training providers, including the training timetable, the venue, the trainers' qualifications and the budget
4. To devise a quality assurance and cost control mechanism on the programmes and the training providers and to monitor courses that are in progress
5. To draw up the skills assessment standards and assessment procedures for implementation by the training providers
6. To co-ordinate with the relevant industry association, the workers' union and the training provider to issue a joint certificate to raise the level of recognition of the certificate issued upon satisfactory completion of the training
7. To submit regular reports to the Steering Committee on Skills Upgrading

Flow Chart on the Development, Approval and Monitoring of Programme under the Skills Upgrading Scheme

