

ITEM FOR FINANCE COMMITTEE

HEAD 90 - LABOUR DEPARTMENT

Subhead 000 Operational expenses

Subhead 700 General other non-recurrent

New Item “Youth Work Experience and Training Scheme”

Members are invited to approve -

- (a) a new commitment of \$400 million for the introduction of the Youth Work Experience and Training Scheme starting from 2002-03 for a period of two years; and
- (b) an increase in the ceiling placed on the total notional annual mid-point salary value of non-directorate posts in the permanent establishment of the Labour Department in 2002-03 from \$663,493,000 by \$1,610,040 to \$665,103,040 for upgrading three non-directorate posts to assist in administering the Scheme.

PROBLEM

There is a high unemployment rate among our young people who are particularly vulnerable in a sluggish labour market.

/PROPOSAL

PROPOSAL

2. The Secretary for Education and Manpower proposes to create a new commitment of \$400 million for the Labour Department to introduce a Youth Work Experience and Training Scheme (YWETS) for a period of two years starting from July 2002. The objective is to enhance the employability of young people in a slack labour market.

JUSTIFICATION

Difficulties in Finding Employment

3. The Government is committed to enhancing the employability of our young people. With limited job skills and work experience, young people often find it more difficult to obtain employment especially in a slack labour market. In November 2001 - January 2002, the unemployment rate among young people aged 15-24 stood at 12.3%, as compared with the overall unemployment rate of 6.8%. The number of young people who were not engaged in any studies or work during the same period was 79 700. Young job seekers, especially first-time job seekers, have found it increasingly difficult to secure employment. The longer these young people stay idle, the more difficult it would be for them to enter/re-enter the labour market.

Youth Work Experience and Training Scheme

4. To better equip unemployed young people for employment, we propose to launch the YWETS to provide them with work experience and job-related training. The YWETS, to be administered by the Labour Department, will run for a period of two years. This is a time-limited scheme precipitated by the prevailing economic circumstances and the sluggish labour market. The target is to provide, over a two-year period, on-the-job training places for about 10 000 young people between the ages of 15 and 24 with education attainment below degree level.

Obligations of and training subsidy to the employers

5. Depending on the nature of trade, participating employers have to provide on-the-job training opportunities lasting for six months to one year. They have to set out the content of training to be offered on the job and the skills which

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the trainees are expected to develop during the training period. The trainees will be employed by the employers during the training period. Upon satisfactory completion of the employment and training, a certificate specifying the skills attained and the period of employment will be awarded by employers to trainees.

6. Employers will receive a monthly training subsidy of \$2,000 for each trainee engaged and will in turn be expected to pay the trainee a salary commensurate with the level of the work to be performed. Employers will also need to provide an undertaking that they will not replace existing staff with the trainees during the period of training. They would be required to appoint a mentor to guide the trainee throughout the period of training. The Labour Department will offer suitable training for these mentors. The employers will also be required to grant leave to trainees for their attendance at training courses (paragraph 7 below) on a part-time day-release basis if necessary.

Related training for trainees

7. We will require young people joining the YWETS to attend a short induction course on communication and interpersonal skills, if they have not previously done so, to prepare them for placement and on-the-job training. After they have been placed in a training vacancy, they will be encouraged to attend, during the period of training, suitable courses which will lead to vocational qualifications. The Government will reimburse course and examination fees totaling no more than \$4,000 to any trainee who has successfully passed the examination or who has achieved at least 90% attendance rate at the training course.

Case management

8. To make the Scheme useful to the young persons, we will provide support services to complement the placement efforts. We will seek the assistance of non-government organisations to provide case managers who are registered social workers to assist the young people joining the Scheme. Among other things, the case manager will match the interest, abilities, and career aspiration of the young persons with the nature and requirements of the training vacancies available. The Labour Department will work closely with the case managers and refer the young people in the Scheme for interview with prospective employers. Where a young person has been successfully placed, the case manager will provide regular support and counselling services and ensure that appropriate training is provided. This will help sustain the motivation of the trainees and ensure that they benefit from the YWETS.

9. The Labour Department will offer training for case managers to facilitate their provision of services to young people in the Scheme. Service standards will be developed so as to ensure their relevance and quality.

Admission to the Scheme

10. We are planning on the basis that some 15,000 young people may join the Scheme and our target is to secure 10,000 placements for them over a two-year period.

Evaluation

11. A system of evaluation will be established at an early stage such that the effectiveness of the YWETS can be assessed more scientifically and systematically, and that necessary improvements can be made as the Scheme is being implemented. Under the system, multi-variant performance indicators will be developed in conjunction with participating non-government organisations. A longitudinal survey will be conducted to track the longer-term effect of the YWETS on the trainees, and to provide other relevant information which may be useful to the formulation and review of policies on youth development, training, and employment.

Interface with the Youth Pre-employment Training Programme

12. Since September 1999, the Government has been running the Youth Pre-employment Training Programme (YPTP) for young school leavers mainly aged between 15 and 19. The YPTP offers a comprehensive programme of modular training, workplace attachment and opportunities for subsidised on-the-job training. It is different from the proposed YWETS which focuses on the provision of intensive on-the-job training for trainees and facilitates their attendance at off-the-job training courses for the purpose of acquiring vocational qualifications. Notwithstanding the distinction between the two programmes, we will suspend the on-the-job training component of the YPTP for the next two years and redirect YPTP participants to receive on-the-job training under the proposed YWETS. This will facilitate better co-ordination and enhance cost-effectiveness in the running of the two programmes.

/Administration

Administrative Support

13. The Labour Department will set up a dedicated office to administer the YWETS. For this purpose, the department will need to employ additional temporary staff and redeploy existing staff to this office. The department proposes to create three non-directorate posts, i.e. one Senior Labour Officer (SLO) (at NAMS value of \$1,034,400) and two Labour Officers (LO) (at total NAMS value of \$1,516,680), offset by the deletion of three Assistant Labour Officer II posts (at total NAMS value of \$941,040), to oversee the operation of the Scheme. The department has difficulty redeploying staff at the SLO and LO levels as the other staff in these two ranks are fully occupied and have no spare capacity to oversee the implementation of the Scheme. Subject to Members' approval of the increase in NAMS ceiling, the Labour Department will create the three non-directorate posts through the Departmental Establishment Committee mechanism. The posts will lapse upon expiry of the Scheme, or earlier if circumstances so warrant.

FINANCIAL IMPLICATIONS

14. The proposal will require additional non-recurrent expenditure totaling \$400 million, as follows:

	(\$ million)				
2002-03	2003-04	2004-05	2005-06	Total	
71	185	134	10	400	

15. The expenditure is for the provision of training subsidy for employers, induction training for trainees, training for mentors and case managers, provision of counselling and follow-up support services, and reimbursement of training and examination fees to trainees. It also covers publicity and administrative expenses. Although the Scheme aims to admit participants only in the next two years, we expect the cashflow to spread across four years. This takes into account the maximum 12-month duration for those placements secured towards the end of the two-year period in mid-2004 and the consequential need for making payments in 2005-06. A detailed cost breakdown is at the Enclosure.

Encl.

16. The proposal is estimated to incur \$71 million in 2002-03. If Members approve the proposal, we shall offset the provision required in 2002-03 by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 251 Additional commitments. The provision required in the subsequent years will be included in the draft Estimates for the relevant financial years.

/Background

BACKGROUND INFORMATION

17. The Financial Secretary announced in his 2002-03 Budget Speech that the Government had earmarked \$400 million for the implementation of a two-year scheme to provide on-the-job training for about 10 000 young people aged between 15 and 24 with educational attainment below degree level.

18. We briefed the Legislative Council Panel on Manpower on 18 April 2002 on the proposed YWETS. Members generally welcomed the proposal.

Education and Manpower Bureau
April 2002

Youth Work Experience and Training Scheme
Estimated Cost Breakdown

Item	Financial Year (\$ million)				Total (\$ million)
	2002-03	2003-04	2004-05	2005-06	
Training subsidy and course and examination fee reimbursement for trainees who have been placed into jobs	34	134	106	6	280
Induction training, counselling and follow-up services for trainees, including those admitted to the Scheme but eventually not placed	9	24	18	2	53
Training for mentors and case managers	2	2	-	-	4
Promotion and publicity	4	3	1	-	8
Survey, review and evaluation	2	1	1	1	5
Administration, staffing and general expenses	17	16	4	1	38
Contingency	3	5	4	-	12
Total	71	185	134	10	400

Note:

- a) We have adopted the following assumptions for the purpose of drawing up an estimate –
- 15 000 young people will join the YWETS with 10 000 of them placed into employment
 - monthly training subsidy to employers at \$2,000 for each of the 10,000 trainees placed for 12 months
 - the course fees inclusive of examination fees is about \$4,000 for each of the 10,000 trainees placed
 - induction training for 10 000 young people at an average unit cost of \$1,500 (assuming that the other 5 000 young people admitted have received similar training under the Youth Pre-employment Training Programme or under other NGO-run programmes)

- the average counselling fees is \$2,500 for each of the 15 000 young persons admitted to the Scheme
 - training courses are offered to 2 000 mentors at an average unit cost of \$1,000 ,and at an average unit cost of \$4,000 to 500 case managers
 - three time-limited civil service posts will be created through upgrading of existing posts and 30 non-civil service contract staff will be employed. The cost of the civil servants will be reflected under Subhead 000 Operational expenses
- b) There is a need to budget for contingency to cater to a possible increase in the number of admissions or placements during implementation