

**LegCo Panel on Manpower  
(Meeting on 20 March 2003)**

**New Employment Assistance Programmes  
for Unemployed Middle-aged**

**Purpose**

This paper briefs Members on two new employment programmes for the middle-aged job-seekers:

- (i) Re-employment Training Programme; and
- (ii) District Employment Programme

**Need for Special Employment Programmes for the Middle-aged**

2. According to the Census and Statistics Department, the number of unemployed persons in October – December 2002 was 252 600. Among them, those aged 40 and above constituted 44.3% (i.e. 112 000 persons). In the face of persistently high unemployment, the middle-aged unemployed, in particular those with a low level of education and skill, have found it increasingly difficult to secure employment. As many of these job-seekers are breadwinners of families, their prolonged unemployment will bring hardship to their families. It is, therefore, necessary to provide special assistance to this group of unemployed.

**Re-employment Training Programme**

3. This programme aims to help unemployed persons aged 40 or above and having been unemployed for three months or more to get a job and obtain on-the-job training. Details of this programme are set out in the draft Finance Committee paper attached.

**District Employment Programme (“DEP”)**

4. This is a pilot one-year programme to be launched in April 2003. It aims to find jobs for the unemployed middle-aged in their residential districts. It is funded by an allocation of about \$10 million deployed internally from the Economic Development and Labour Bureau.

*Services to be Provided*

5. We will invite non-government organisations (“NGO”) to provide employment and counseling services to job-seekers and help find jobs for them in the vicinity of their residence. NGOs will conduct in-depth interviews with individual participants to identify their employment needs. Participants will be provided with employment counseling and personalized placement services, and where necessary, social services support.

6. NGOs are expected to explore new job opportunities for their participants, particularly vacancies from employers who are not frequent users of the recruitment service of the Labour Department (“LD”).

#### *Target Participants*

7. Job-registrants aged 40 and above, having been jobless for three months or more and who prefer to work near their residence or need social services support will be referred by the LD to the appropriate NGO. To ensure the best use of resources, job-registrants already enrolled in other special employment assistance schemes will not join the DEP. About 1 500 persons are expected to secure jobs through this programme.

#### *Area of Service*

8. Our intention is to offer the DEP in areas where unemployment among the middle-aged unemployed is more serious, such as Tseung Kwan O, Kwai Chung and Yuen Long.

#### *Service Providers*

9. As this is a pilot project, we have joined hands with member NGOs of the Hong Kong Council of Social Services (“HKCSS”) to ensure that participants of the DEP will receive a comprehensive range of social services where necessary. Participating NGOs will be paid service fees in accordance with a set of criteria including the number of participants placed into jobs and the extent such placements could be sustained.

#### *Monitoring Mechanism*

10. A mechanism will be put in place to monitor the service quality of participating NGOs. This includes investigating complaints and checking the employment details and proof of wage payment, etc. Where necessary, officers

of the LD will conduct on-site inspection to ensure that the requirements of the Programme are complied.

*Present Position*

11. The LD has invited member organizations of the HKCSS to submit proposals and is now in the process of examining their proposals. Implementation details will be worked out once the selection process is completed.

Economic Development and Labour Bureau (Labour Branch)  
March 2003

*D R A F T*

**ITEM FOR FINANCE COMMITTEE**

**Head 90 – LABOUR DEPARTMENT**

**Subhead 700 General other non-recurrent**

**New Item “Re-employment Training Programme for the Middle-aged”**

Members are invited to approve a new non-recurrent commitment of \$60 million for the introduction of the Re-employment Training Programme for the Middle-aged starting from 2003-04.

**PROBLEM**

A large number of middle-aged persons are unemployed. We need to provide special employment assistance to help them return to the labour market.

**PROPOSAL**

2. The Secretary for Economic Development and Labour proposes to create a new commitment of \$60 million for the Labour Department (“LD”) to introduce a Re-employment Training Programme for the Middle-aged (“RTP”) after funding approval has been given by the Finance Committee.

## **JUSTIFICATION**

### ***Need for Assistance to the Middle-aged Unemployed***

3. According to statistics released by the Census and Statistics Department, the number of unemployed persons in the quarter October - December 2002 was 252 600. Among them, 112 000 persons or 44.3% are aged between 40 and above. In the face of persistently high unemployment, the middle-aged unemployed, in particular those with a low level of education and skill, have found it increasingly difficult to secure employment. The longer they stay idle, the more difficult it would be for them to re-enter the labour market. As many of them are breadwinners of families, their prolonged unemployment will bring hardship to their families.

4. The LD launched a re-employment pilot programme for the middle-aged for two years starting from February 2001. This pilot programme has placed over 5 000 persons who are aged 40 or above and have been unemployed for three months or more in jobs. We have reviewed this pilot programme and concluded that it was effective in helping this difficult group to re-integrate into the employment market. We now propose to introduce the RTP to provide, over a two-year period, on-the-job training places for about 12 000 middle-aged unemployed. We plan to start the RPT after funding approval has been given by the Finance Committee and will, if necessary, adjust the actual completion date having regard to the response of eligible job registrants and employers.

### ***Details of the Proposed RTP***

#### **Target participants**

5. The programme aims at assisting those aged 40 or above who have been unemployed for three months or more. The LD will strengthen its services in job matching and arranging interviews with a view to helping them secure employment. Where necessary and appropriate, workshops will also be organised for them.

#### On-the-job training allowance

6. Under the RTP, employers who employ participants of the RTP will need to provide them with on-the-job training for a period of three months. These employers will receive a training allowance of \$1,500 per month for each trainee employed for up to three months. Payment will be effected on completion of the three-month training period.

7. In deciding on the length of the training period, we have drawn on the experience of the Re-employment Pilot Programme for the Middle-aged. Under the pilot programme, a one-month induction training was provided by employers. While the induction training proved most useful for the participants to adapt to the new working environment, both employers and participants alike indicated that the one-month training period was too short for the latter to acquire the essential job-specific skills and to integrate into the new job. Accordingly, a three-month training period is now proposed for the RTP.

#### Criteria for employers to join the RTP

8. To ensure that the RPT will achieve its objective and will not affect the employment of existing employees, we will require employers

applying to join the RTP to -

- (a) hold a valid Business Registration Certificate;
- (b) offer full-time jobs to RTP participants with wages at market rate;
- (c) prepare a training plan and offer on-the-job training for at least three months;
- (d) assign experienced staff as mentors of participants; and
- (e) undertake not to displace existing staff with the participants.

9. During the training period, there will be an employment relationship between an employer and an employee engaged under the RTP. We hope that employers will continue to employ the RTP participants upon their satisfactory completion of the three-month training.

### ***Monitoring and Evaluation***

10. The LD will put in place a monitoring mechanism to prevent abuses and will investigate all complaints received. If there is sufficient evidence to show that an employer has abused the Programme, he will be disqualified from receiving the training allowance. We will evaluate the effectiveness of the RTP towards the end of the Programme.

### **FINANCIAL IMPLICATIONS**

11. The proposal will require additional non-recurrent expenditure totalling \$60 million. Of this, \$54 million (\$4,500 training allowance for each trainee employed x 12 000 places) will be for payment of training allowance to employers and \$6 million will be used for publicity and programme administration. The cash flow projection is as follows-

	(\$ million)			
	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>Total</b>
Training allowance for trainees	17.0	27.5	9.5	54.0
Publicity and programme administration cost	3.0	2.5	0.5	6.0
<b>Total :</b>	<b>20.0</b>	<b>30.0</b>	<b>10.0</b>	<b>60.0</b>

12. Although the RTP is intended to be completed in two years, we expect the cash flow to spread across three years. This is because payment of training allowance for placements arranged during the last few months of 2004-05 will be effected around mid-2005.

13. The proposal is estimated to incur \$20 million in 2003-04. If Members approve the proposal, we shall offset the provision required in 2003-04 by deleting an amount of \$10 million under Head 157 – Government Secretariat : Economic Development and Labour Bureau (Labour Branch) and another \$10 million under Head 106 Miscellaneous Services Subhead 789 Additional Commitments. The provision required in the subsequent years will be included in the draft Estimates for the relevant financial years.

## **BACKGROUND INFORMATION**

14. In conjunction with the Chief Executive's Policy Address in January 2003, we announced under the "Policy Agenda" a new initiative to implement new measures to help place the middle-aged unemployed in jobs. The original intention is to implement a RTP costing about \$10 million to help about 2 000 middle-aged unemployed. In his 2003 Budget, the

Financial Secretary has earmarked an additional \$50 million to expand the capacity of the RTP from 2 000 to 12 000 places.

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Economic Development and Labour Bureau (Labour Branch)

April 2003