

LegCo Panel on Manpower Review of the Skills Upgrading Scheme

Purpose

This paper reports to Members the review results on the Skills Upgrading Scheme (SUS) and recommends on the future of the Scheme. Members' views are sought on the recommendations.

Background

2. The Finance Committee of the Legislative Council approved in May 2001 a commitment of \$400 million to launch the SUS. The SUS aims to provide focused skills training for in-service workers with secondary or lower education level to upgrade their skills so as to enhance their employability and competitiveness in the labour market.

3. An SUS Steering Committee was set up to oversee the effective operation of the Scheme. Sector-specific industry working groups comprising representatives from employer and employee sectors, government and training professionals were also established to develop sector-specific training packages that meet the needs of the industries. The SUS Secretariat was run by the Vocational Training Council who has been appointed administrative agent for the Scheme.

4. The Steering Committee takes into account the following factors when deciding whether an industry should join the Scheme:

- a) the future of the industry and its importance to the development of the Hong Kong economy;
- b) whether there is a sizeable pool of low skill and low education workers in the industry that can benefit from skills upgrading under the Scheme; and
- c) whether the employees and employers in the industry are willing to actively participate in course development so that

courses to be offered are of quality, being well recognised in the industry and conducive to the promotion of lifelong learning among the workers.

5. The Scheme now covers 16 industries namely printing, Chinese catering, retailing, import and export trade, transportation, wearing apparel/textile, tourism, hairdressing, electrical and mechanical engineering trade, property management, insurance, building maintenance and decoration, hotel, real estate agency, beauty care and passenger transport. Trainees are required to pass an assessment test designed by the respective industry working groups before they can be issued a certificate.

Review of the SUS

6. We undertook to carry out a review of the Scheme after two years to assess its effectiveness and the need for its continuation. We have conducted the review and the ensuing paragraphs set out the review results and the recommendations regarding the future of the SUS.

Achievements

7. Up to end May 2003, a total of 267 industry specific courses have been developed under the SUS. Since the inception of the Scheme, over 36 300 workers have benefited from the upgrading opportunities (details of the progress, breakdown by industries, are at Annex.)

Quadripartite Co-operation

8. One of the key features of the SUS is the quadripartite co-operation in course developments, promotion and implementation work. Industry working groups comprising employers, employees, training professionals and government representatives are established for individual industries to take charge of such works. This co-operation has helped ensure that the training provided under the SUS meets industry needs and its qualifications gain wide recognition. The active involvement of employers and employees also promotes training and develops an upgrading culture in various industries. The industry-specific curriculum has moreover laid a good foundation that facilitates the development of respective industry training specifications under

the proposed qualifications framework¹.

General Response to the SUS

9. According to the end-of-course feedback from trainees, over 90% of the trainees were satisfied with the course content and the usefulness of the course. An independent survey also shows that 94% of trainees consider the SUS courses useful and the majority of them indicate that they now have greater interest in pursuing continuing education than before. Survey results also show that twelve months after training, 80% of trainees remain employed with the same employers. Among the 20% who have changed jobs, 40% of them were able to secure better employment. At the same time, the majority of employers surveyed (80%) considered the SUS effective. They considered that the Scheme also brought about other benefits including raising employees' adaptability and problem-solving skills, helping them cope with future work requirements, reducing staff turnover and increasing the competitiveness of their businesses. These results also show that the SUS meets the upgrading needs of the target beneficiaries and is generally well received by both employers and trainees.

Level of Subsidy

10. Currently, the Government subsidises 70% of the course fees of SUS courses while the remaining 30% is paid by the trainees and/or employers. According to the aforementioned survey, 70% of trainees under the SUS pay for their own cost fees. To encourage enrollment in the SUS, amid the current economic slowdown, it would be desirable to maintain the current level of subsidy to assist workers in taking up SUS courses. Most of the current courses under the SUS are at the elementary level. As trainees who have studied elementary courses have enjoyed Government assistance, we will examine whether the rate of subsidy for advanced courses should be reduced.

¹ The proposed qualifications framework (QF) attests and links the standards of vocational and formal education qualifications. This framework will facilitate the recognition of qualifications and be conducive to the development of flexible and multiple progression pathways for learners. In connection with the implementation of this framework, a quality assurance mechanism will be introduced to ensure training quality. With the introduction of the QF and associated quality assurance mechanism, all training courses in the vocational education and training sector have to undergo the process of accreditation for ensuring their training quality.

Implementation arrangements

11. The Independent Commission Against Corruption has recently reviewed the operation of the Scheme, including its tendering process, administrative practices, academic supervision and assessment procedures and other implementation arrangements. The Commission is of the opinion that the performance in all these aspects is satisfactory.

Need to Continue with the SUS

12. The Scheme started off with six industries and was subsequently joined by other industries in the past two years. Some of these latter industries, for instance, real estate agents, have begun to offer training courses recently while others, such as the passenger transport industry, are still in the process of curriculum design. With increasing awareness of the Scheme and its benefits to individual industries, more employers and employees from other industries are taking an interest in the Scheme. In the light of the success of the SUS, the Scheme should continue to benefit more employees in our workforce. This is particular so at a time of economic downturn when we should strive to upgrade the skills of our workers and to equip them to face the challenges ahead.

Financial Position of the SUS

13. The SUS adopts a competitive bidding system in commissioning training providers for the delivery of services. This mode of commissioning has effectively helped reduce the cost involved. Notwithstanding that the planned number of training places has already reached 117 000², far exceeding the original estimated number of 50 000, the estimated cost for these training places is only \$160 million, against the total fund of \$400 million earmarked for the Scheme. At the existing utilisation rate, it is estimated the remaining fund in the Scheme should enable it to be run for another three years.

Scheme Administration

14. The SUS Secretariat set up under the Vocational Training Council

² This include 10 000 training places for the Skills Enhancement Project introduced to upgrade the skills of serving/displaced employees in industries which have been hard hit by the outbreak of the Severe Acute Respiratory Syndrome.

is responsible for assisting the work of the various industry working groups such as consulting the relevant trades, developing training packages, commissioning training providers, conducting inspections for quality assurance, devising common assessment tests for the purpose of certification and managing finances. The Steering Committee considers that this arrangement has worked well and should continue.

Recommendation

15. Taking into account the success of the SUS, the financial position of the Scheme and the satisfactory implementation arrangements, we recommend that the SUS be continued until it has used up the current funding provision.

Way Forward

16. We regularly review the implementation arrangement of the Scheme to ensure that the SUS is operated in an effective manner. We shall also continue to invite potential industry sectors to join the Scheme.

17. Besides the new sectors, the Secretariat works continuously with the existing 16 industry working groups under the Scheme to review their course curriculum, design new courses to meet new training requirements, assess performance of training providers, review evaluation and comments from trainees, trainers and employers. A number of industries including the retail, catering, printing and transport industries have launched their second phase training courses with improved curriculum design.

Advice Sought

18. Members are invited to comment on the proposal in paragraph 15 above.

Skills Upgrading Scheme
Progress as at 30 May 2003

Industry	No. of courses	No. of planned classes	No. of classes started	No. of classes completed	No. of planned places	No. of trainees enrolled	No. of trainees completed training
Printing	38	279	228	204	3 984	3 492	2 551
Chinese Catering	20	100	88	88	2 500	2 008	1 723
Import / Export Trade	19	159	113	97	3 975	2 771	1 602
Wearing Apparel / Textile	42	162	95	74	3 930	2 127	1 218
Transport	17	67	63	59	1 675	1 570	1 213
Retail	13	1010	296	266	23 550	6 513	5 524
Tourism	1	320	87	69	8 000	2 080	1 527
Hairdressing	20	266	177	159	4 332	2 705	1 867
Electrical & Mechanical Engineering	21	306	305	282	6 830	6 647	4 976
Property Management	11	274	93	87	6 838	2 064	1 736
Insurance	7	100	67	58	3 000	1 929	1 442
Real Estate Agents	11	113	3	-	2 825	75	-
Hotel	7	58	10	7	1 210	179	99
Building Maintenance and Decoration	21	213	40	11	4 540	695	162
Beauty Care	19	206	84	64	3 970	1 505	952
	267	3 633	1 749	1 525	81 159	36 360	26 592