

## **Accreditation of Academic and Vocational Qualifications Bill**

### **Information on the Profile of the Working Population and Training Incentives Offered in Overseas Countries**

At the meeting of the Bills Committee on the Accreditation of Academic and Vocational Qualifications Bill (the Bill) held on 12 December 2005, the Education and Manpower Bureau (EMB) was requested to provide information on the distribution in respect of age and education level of the working population in Australia, New Zealand, England and Scotland; and the incentives, if any, provided in these countries to motivate employees to take training courses.

2. This paper sets out the information requested, which is based on internet research. Given the time constraint, the information presented in this paper may not be exhaustive.

#### **The Profile of the Working Population**

3. According to the International Labour Organization, the number of economically active persons in Australia, New Zealand and the United Kingdom<sup>1</sup> (UK) in 2004 amounted to 9.9 m, 2.1 m, and 28.4 m respectively. The breakdown of the economically active population by education level and age group in the respective countries is at Annex I.

#### **Training Incentives**

##### **I. Australia**

4. In Australia, the Department of Science, Education and Training provides funding, either in whole or in part, to a number of programmes in support of training. The *Workplace English Language and Literacy (WELL) Programme*; the *Language, Literacy and Numeracy Programme*; and the *Basic IT Enabling Skills (BITES) for Older Workers Programme* are the major training programmes to support adults with the development of language, literacy and numeracy skills for use in work and lifelong learning.

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<sup>1</sup> As separate population figures for England and Scotland are not available, the relevant information for the UK as a whole is provided in this paper.

5. The primary objective of the *WELL Programme* is to enhance the English language, literacy and numeracy skills of workers, enabling them to meet their current and future employment and training needs. *The Language, Literacy and Numeracy Programme* offers generic skills training to eligible job seekers whose skills are below the level considered necessary to secure sustainable employment or pursue further education and training. Its goal is to improve the employability of the workers. Similarly, the BITES Programme provides low-income workers aged 45 or over without post-high school IT qualification with the opportunity to acquire nationally recognised skills in information and communication technology, so they can operate personal computers effectively at a basic level in the workplace.

6. The Australian Government introduced the *Group Training New Apprenticeships Targeted Initiatives Programme* which funds training projects that contribute to the establishment of a sustainable New Apprenticeships market in areas of national, state or regional importance; and areas where there are identified gaps in training. At the same time, the *Industry Training Strategies Programme* is in place to fund projects that help employers to more fully understand nationally endorsed training packages, with the goal of helping employers to achieve their training goals for employees.

## II. New Zealand

7. In New Zealand, the *Workplace Literacy Fund (WPL Fund)* offers financial support to workers for the pursuit of literacy, English language and numeracy training to meet their employment and training needs. Many workers have achieved unit standards and credits linked to the National Qualifications Framework.

8. Industry training is highly emphasized in New Zealand to give New Zealand's workforce the skills and knowledge needed for the country to gain a competitive edge. The cost of industry training is subsidized by the Government through the *Industry Training Fund*. The training programmes are delivered by over 40 Industry Training Organizations around the country, which are established by particular industries or groups of industries.

9. A *Skill Enhancement Fund* is designed to help young Maori and Pacific learners attain the National Qualifications Framework qualifications at level 3 (equivalent to Certificate Level) and above, which

may lead to employment at higher occupational levels in fields where they are under-represented.

### III The United Kingdom

10. The *Work Based Learning for Adults Programme (WBLA)* in the UK aims to help unemployed adults to re-enter the labour market through training to do a specific job, and/or studying for a National Vocational Qualification. Those who are aged 25 or over and have been out of work for 6 months or longer are eligible to join the programme. Apart from free training, learners under this programme may receive training allowance equivalent to the out-of-work benefits, plus £10 per week.

11. *New Deal* is another government scheme designed to help people who are out of work. Tailor-made training plans are prepared for the unemployed to suit their work experiences, interests and goals. The financial support provided by the scheme is the same as that under the WBLA Programme. Furthermore, adults aged 19 or over may apply for the *Adult Learning Grant (ALG)* to support their learning. The *ALG* is a means tested grant which provides a weekly payment during term time to adults studying full-time for a first Level 2 qualification (5 GCSEs or equivalent) and to those aged 19-30 studying for a first Level 3 qualification (2 A Levels or equivalent).

12. Depending on the field of studies and the circumstances of individual applicants, *Career Development Loan (CDL)* is another financial support for learners taking vocational education or training. An applicant may borrow between £300 and £8,000 to fund up to two years of studies plus up to one year of practical work experience when this is part of the course. The Learning and Skills Council pays the interest on the loan while the applicant is learning, and for up to one month afterwards. The applicant is required to repay the loan to the bank over an agreed period at a fixed interest rate.

13. The aforesaid training incentives and loan scheme are also applicable in Scotland. In addition, the *Individual Learning Account (ILA) Scotland* is a Scottish Government scheme which provides funding support to adults aged 18 or over to learn new skills. It covers a range of training courses such as languages, counselling skills, classroom assistant, sign language, and forklift truck training. Anyone whose annual income is £15,000 or less may apply for an *ILA* for a training subsidy of up to £200 a year. Those who earn more than £15,000 a year may also get an annual training subsidy of up to £100 a year for taking computer courses.

## **Taxes**

14. The financial resources in support of training incentives largely hinge on the taxes received by the government. The tax regimes in Australia, New Zealand and the UK are more complicated than that in Hong Kong as there are many types of taxes like capital gains tax and sales tax which are absent in Hong Kong. It is noteworthy that, for example, the individual income tax rates charged by the three overseas countries are much higher than those by Hong Kong. A comparison table of the individual income tax rates is at Annex II. While progressive taxation is common across the board, the income tax rates in Australia, New Zealand and the UK are capped at 47%, 39% and 40% respectively, as compared with 16% in Hong Kong.

Education and Manpower Bureau  
January 2006

**Distribution of Economically Active Population  
by Education Level and Age Group in 2004**

Country	Age group	Level of Education									
		Secondary and below		Post-secondary non-degree		Post-secondary degree & above		Level unknown / Not definable		Total	
		in million	%	in million	%	in million	%	in million	%	in million	%
Australia	15-24	1.6	16.5%	0.1	1.3%	0.2	1.8%	-	-	1.9	19.5%
	25-34	1.3	13.6%	0.3	2.8%	0.7	6.7%	-	-	2.3	23.1%
	35-49	2.3	22.9%	0.4	4.5%	0.8	8.5%	-	-	3.6	36.0%
	50-64	1.4	14.4%	0.3	2.6%	0.4	4.5%	-	-	2.1	21.4%
	<b>Total (15-64)</b>	<b>6.7</b>	<b>67.3%</b>	<b>1.1</b>	<b>11.2%</b>	<b>2.1</b>	<b>21.5%</b>	-	-	<b>9.9</b>	<b>100.0%</b>
New Zealand	15-24	0.2	11.3%	0.1	4.3%	0.0	1.4%	0.0	0.4%	0.4	17.4%
	25-34	0.1	6.7%	0.2	8.4%	0.1	4.9%	0.0	0.5%	0.4	20.5%
	35-49	0.3	13.1%	0.3	15.6%	0.1	6.8%	0.0	0.9%	0.8	36.5%
	50+	0.2	10.3%	0.2	11.3%	0.1	3.4%	0.0	0.6%	0.5	25.6%
	<b>Total (15 &amp; over)</b>	<b>0.9</b>	<b>41.4%</b>	<b>0.8</b>	<b>39.6%</b>	<b>0.3</b>	<b>16.5%</b>	<b>0.1</b>	<b>2.5%</b>	<b>2.1</b>	<b>100.0%</b>
United Kingdom	16-24	3.7	13.0%	0.2	0.7%	0.4	1.5%	0.2	0.6%	4.5	15.8%
	25-34	3.5	12.2%	0.6	2.2%	1.9	6.6%	0.5	1.7%	6.5	22.7%
	35-49	6.7	23.6%	1.2	4.2%	2.3	8.0%	0.8	2.8%	11.0	38.6%
	50-64	4.0	14.1%	0.7	2.4%	1.1	3.8%	0.7	2.6%	6.5	22.9%
	<b>Total (16-64)</b>	<b>17.9</b>	<b>62.9%</b>	<b>2.7</b>	<b>9.6%</b>	<b>5.6</b>	<b>19.8%</b>	<b>2.2</b>	<b>7.7%</b>	<b>28.4</b>	<b>100.0%</b>

**A Comparison of Individual Income Tax Rates for the year 2005/06**

<b>Australia (in AUD\$)</b>		<b>New Zealand (in NZ\$)</b>		<b>United Kingdom (in UK £)</b>	
Taxable Income	Tax on this income	Taxable Income	Tax on this income	Taxable Income	Tax on this income
\$0 - \$6,000	Nil	\$0 - \$38,000	19.5% for each \$1	£0 - £2,090	10% for each £1
\$6,001 - \$21,600	15% for each \$1 over \$6,000	\$38,001 - \$60,000	\$7,410 + 33% for each \$1 over \$38,000	£2,091 - £32,400	£209 + 22% for each £1 over £2,090
\$21,601 - \$63,000	\$2,340 + 30% for each \$1 over \$21,600	Over \$60,000	\$14,670 + 39% for each \$1 over \$60,000	Over £32,400	£6,877 + 40% for each £1 over £32,400
\$63,001 - \$95,000	\$14,760 + 42% for each \$1 over \$63,000				
Over \$95,000	\$28,200 + 47% for each \$1 over \$95,000				