

ITEM FOR FINANCE COMMITTEE

HEAD 90 – LABOUR DEPARTMENT

Subhead 700 General non-recurrent

New item “Enhanced and integrated employment programmes”

Members are invited to approve a new commitment of \$398.6 million for enhancing and integrating various employment programmes for the youth, middle-aged and disabled.

PROBLEM

The unemployment rates of young people, middle-aged people and persons with disabilities (PWDs) tend to be higher than the territory-average. In face of the rising unemployment amidst the financial tsunami, they are likely to be among the hardest hit. We need to offer comprehensive and timely employment assistance and support to them.

PROPOSAL

2. The Commissioner for Labour, with the support of the Secretary for Labour and Welfare, proposes to enhance and integrate various employment programmes, namely the Youth Pre-employment Training Programme (YPTP), the Youth Work Experience and Training Scheme (YWETS), the Employment Programme for the Middle-aged¹ (EPM) and the Work Orientation and Placement Scheme (WOPS), with a view to providing better employment support and more training opportunities for the more vulnerable groups of the community.

/JUSTIFICATION

¹ The Programme was previously known as the Re-employment Training Programme for the Middle-aged.

JUSTIFICATION

3. The financial tsunami has dampened the employment market. Many enterprises are withholding their recruitment activities. Young people, middle-aged people and PWDs, are facing particularly acute difficulties in seeking employment.

4. If the above three groups of job seekers experience prolonged unemployment, their job readiness will be undermined over time. The proposed initiatives of enhancing and integrating various employment programmes aim at providing better employment support and more training opportunities to help the three target groups seek employment.

5. We fully understand that the success or otherwise of our efforts depends on the support of the business sector. The measures will assist the business sector, in particular the small and medium enterprises, to train and equip their workforce and thus be better placed to capitalise on the economic upturn. Another probable positive spillover is the cultivation of corporate social responsibility, encouraging the business sector to join up with the Government in the provision of training and employment opportunities for the more vulnerable groups.

6. We therefore propose to enhance and integrate various employment programmes to provide some 44 000 employment and training opportunities (a breakdown is in paragraph 12 below) in the next two years at an estimated cost of \$398.6 million. They are outlined below.

The Programmes

Young people

7. The Labour Department (LD) administers YPTP and YWETS to provide pre-employment and on-the-job training to young people aged 15 to 24 with educational attainment at sub-degree or below level. The effectiveness of the two youth programmes has from time to time been reaffirmed by feedback of stakeholders and independent consultancy studies. There are diverse elements within the two programmes to cater for the varying needs of youths with different educational attainment and interests.

8. To strengthen the support services rendered to young people, we propose to further enhance and integrate YPTP and YWETS into a “through-train” programme providing seamless and comprehensive youth training and employment support. Starting from the 2009/10 Programme (i.e. with effect from September 2009), the revamped YPTP and YWETS will –

/(a)

- (a) enrol trainees on a year-round basis in place of the current two phases of recruitment per year so as to meet the training and employment needs of young people in a more timely and flexible manner;
- (b) extend the provision of personalised career guidance and counselling services by 12 months (beyond the period of training and employment support covered in paragraph 9 below) for trainees who have secured employment so as to better assist them to settle in their jobs, overcome problems in workplaces, and pursue further learning and skills upgrading opportunities; and
- (c) organise more tailor-made training-cum-employment projects in collaboration with employers and training bodies, with attention given particularly to the needs of those with higher academic qualifications (including sub-degree holders) who have all along been among the groups served by YWETS.

9. Upon enrolment into the revamped YPTP and YWETS, trainees will be entitled to “through-train” training and employment support services, comprising –

- (a) pre-employment training generally of four to six months’ duration, including four modules respectively on leadership, interpersonal, computer and job-specific skills;
- (b) one-month workplace attachment training (without employment relationship). On completion of workplace attachment training, a trainee is entitled to an allowance of \$2,000;
- (c) on-the-job training (with employment relationship) of six to 12 months. A participating employer is entitled to a training subsidy of \$2,000 per trainee per month during the period of on-the-job training²; and
- (d) reimbursement of course and examination fees up to \$4,000 per trainee for attending relevant off-the-job training courses.

/Middle-aged

² Employers are required to pay wages commensurate with the duties, responsibilities and training contents of the jobs but in no case less than \$4,000 per month. Past experience shows that most participating employers were willing to pay wages on par with the market rate. In the 2007/08 Programme, about 80% of the vacancies offered monthly wages of \$5,000 or above.

Middle-aged people

10. LD administers EPM to encourage employers to engage middle-aged job seekers aged 40 or above and offer them on-the-job training. We propose to enhance EPM by –

- (a) relaxing the eligibility criteria of job seekers in respect of the period of unemployment from “three months or more” to “one month or more”;
- (b) allowing the admission of job seekers with different educational background and skills levels on a flexible basis, instead of focusing on those with low academic qualifications;
- (c) increasing the on-the-job training allowance payable to participating employers from \$1,500 to \$2,000 per employee per month³; and
- (d) extending the subsidy period for deserving cases (in which the employers are willing to offer a comprehensive training programme lasting for over three months) by three months up to a maximum period of six months.

PWDs

11. LD administers WOPS to enhance the employability and competitiveness of PWDs through pre-employment training, and encouraging employers to offer employment. The enhanced WOPS will provide employment support and training opportunities for PWDs by –

- (a) paying a daily training allowance of \$60 (instead of the current \$30) to PWDs who have attended the pre-employment training programme⁴ under WOPS;
- (b) increasing the monthly allowance payable to eligible employers from 1/2 to 2/3 of the monthly wages of a disabled employee during the work trial period, subject to an enhanced ceiling of \$4,000 (increased from the current level of \$3,000) per employee per month;

/(c)

³ Employers are required to pay wages commensurate with the duties, responsibilities and training contents of the jobs but in no case less than \$4,000 per month. Past experience shows that most participating employers were willing to pay wages on par with the market rate. In 2008, about 94% of the middle-aged job seekers placed into employment under EPM were paid monthly wages of \$5,000 or above.

⁴ The period of pre-employment training varies for individual PWDs, with a norm of two days.

- (c) extending the subsidy period for deserving cases (in which the employers are willing to offer comprehensive training or support lasting for over three months) by three months up to a maximum period of six months; and
- (d) encouraging employers to appoint a mentor to help the disabled employee settle smoothly into his/her new job. Each mentor will be granted an award of \$500 as a token of appreciation.

12. In the next two years (the implementation timetable is provided in paragraph 13 below), the revamped YPTP and YWETS are expected to provide training and employment opportunities to 35 000 young people, whereas the enhanced EPM and the enhanced WOPS will cater for 8 000 middle-aged job seekers and 800 PWDs respectively. These add up to a total of 43 800 in the next two years.

Implementation

13. We plan to launch the enhanced EPM and the enhanced WOPS in June 2009. As the current programmes of YPTP and YWETS will end in August 2009, we plan to start the revamped YPTP and YWETS in September 2009.

FINANCIAL IMPLICATIONS

14. We propose to earmark non-recurrent funding of \$398.6 million for implementing the proposed measures for two years. The cash flow projection is as follows –

	2009-10 (\$ million)	2010-11 (\$ million)	2011-12 (\$ million)	2012-13 (\$ million)	Total (\$ million)
Revamped YPTP and YWETS	72.2	140.0	98.8	15.2 ⁵	326.2
Enhanced EPM	21.8	29.9	8.9	–	60.6
Enhanced WOPS	4.6	5.9	1.3	–	11.8
Total	98.6	175.8	109.0	15.2	398.6

/15.

⁵ The revamped YPTP and YWETS will be launched in September 2009 following the completion of the current programmes in August 2009. Payments for the revamped programmes may need to be made until 2012-13, as some placements secured towards the end of the two-year period in August 2011 may only be completed in the course of 2012-13.

Encls. 1-3

15. An estimated itemised cost breakdown for each programme is at Enclosures 1 to 3. We need the funding flexibility to cater for changing demands. The grouping of the four programmes under one funding commitment will provide us with the flexibility to transfer funds among employment programmes and across financial years to ensure that the maximum number of our target clients can be benefited.

PUBLIC CONSULTATION

16. We consulted the Legislative Council Panel on Manpower on the proposed measures on 19 March 2009. Members generally raised no objection to the proposal.

BACKGROUND

17. With the approval of this Committee, the Government created in 2004⁶ (*vide FCR(2003-04)64*) and 2003 (*vide FCR(2003-04)3*) two commitments of \$700 million and \$60 million for implementing YWETS and EPM respectively. As at end-March 2009, the remaining balances of YWETS and EPM were \$208.8 million and \$15.7 million respectively.

18. In the 2009-10 Budget Speech, the Financial Secretary announced that the Government would earmark \$400 million to enhance and integrate its various employment programmes to provide training and employment opportunities.

Labour and Welfare Bureau
April 2009

⁶ A commitment of \$400 million was created for YWETS in 2002 (*vide FCR(2002-03)7*), which was increased to \$700 million in 2004.

**Estimated itemised cost breakdown for
the revamped YPTP and YWETS**

	Item	Amount (\$ million)
(a)	Pre-employment training	81.6
(b)	Training allowance ^{Note} for trainees attending pre-employment training courses	6.3
(c)	Workplace attachment training allowance for trainees receiving such training	3.4
(d)	Training subsidy for employers	160.8
(e)	Case management service fees (including counselling and follow-up services for trainees)	32.4
(f)	Course and examination fee reimbursement for trainees attending relevant off-the-job training courses while being placed into training vacancies	5.1
(g)	Other expenses including publicity and programme administration (e.g. cost of engaging non-civil service contract staff, and production cost of course brochures and other publications)	36.6
	Total	326.2

^{Note} Trainees with 80% attendance or above in a training course organised under the revamped YPTP and YWETS are entitled to the payment of a training allowance at a rate of \$30 per training day.

Enclosure 2 to FCR(2009-10)8

Estimated itemised cost breakdown for the enhanced EPM

	Item	Amount (\$ million)
(a)	Financial incentive for employers	52.8
(b)	Other expenses (including publicity and programme administration)	7.8
	Total	60.6

Enclosure 3 to FCR(2009-10)8

Estimated itemised cost breakdown for the enhanced WOPS

	Item	Amount (\$ million)
(a)	Training allowance for trainees attending pre-employment training courses	0.1
(b)	Financial incentive for employers	10.5
(c)	Cash award for mentors	0.4
(d)	Other expenses (including publicity, programme administration and training fees to non-governmental organisations)	0.8
	Total	11.8
