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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 16 April 2009**

Future directions of the Employees Retraining Board

Purpose

This paper summarizes past discussions by Members on the future directions of the Employees Retraining Board (ERB).

Background

2. ERB is an independent statutory body established in 1992 under the Employees Retraining Ordinance (Cap. 423) (ERO). It is responsible for providing training and retraining courses and related placement services under the Employees Retraining Scheme (ERS) for the purpose of helping local employees adjust to changes in the employment market arising from Hong Kong's economic restructuring by acquiring new or enhanced vocational skills. Since its establishment, ERB has offered more than 1.3 million training places, benefiting over 620 000 trainees in total.

Deliberations of the Panel on Manpower

3. The Panel on Manpower discussed the future directions of ERB at its meeting on 21 February 2008. The discussions are summarized in the following paragraphs.

4. The Administration informed members that the key objectives and future plans of ERB included the following -

- (a) fostering sustainable employment, greater competitiveness and upward mobility for the working population;
- (b) diversifying the scope of training courses to cater for new target groups and promotion on self-improvement and life-long learning;

- (c) renaming ERS as "Manpower Development Scheme" to reflect ERB's new mission and scope of services in offering training services to meet the needs of the working population;
- (d) providing training for the unemployed, skill upgrading courses for the employed, and training courses on generic skills to enhance the overall quality of the workforce;
- (e) promoting skills assessment and professional certification to fortify recognition;
- (f) providing clear progression ladder, strengthening articulation of training courses, and enhancing quality assurance;
- (g) providing strengthened foundation skills training programmes with courses pitched at Level One to Level Four under the Qualifications Framework (QF);
- (h) identifying more job opportunities for graduates by introducing "One-stop Integrated Household Services" and establishing the brand of "Integrated Healthcare Massage Services", and incubating social enterprises; and
- (i) providing training to the disadvantaged groups including the introduction of -
 - (i) pilot "Community Harmony Course" for the new arrivals at Tin Shui Wai;
 - (ii) full-time placement-tied courses suiting the aspirations and interest of young people aged 21 to 29; and
 - (iii) pilot "Youth Training Programme" for young persons aged 15 to 20 emphasizing on vocational and foundation skills, and training of personal attributes.

5. Some members expressed doubt on the policy to relax the eligibility criteria of ERS to cover people as young as aged 15. They pointed out that these young persons should be either continuing their mainstream senior secondary education or receiving vocational training as an alternative path under the Government's education framework. They queried that the expansion of ERS to include young persons aged 15 would upset the current system operated by various stakeholders including secondary schools and Vocational Training Council (VTC).

6. The Administration responded that the new strategic role of ERB was to offer more comprehensive and diversified training and retraining services for the local

workforce. Under the pilot Youth Training Programmes targeting non-engaged young persons aged from 15 to 20, ERB would, in collaboration with experienced training institutions particularly VTC, provide vocational skills training and foundation skills training emphasizing on training of personal attributes. The pilot Youth Training Programmes, which would be different from courses provided under the mainstream education framework, aimed to provide a safety net for young persons who slipped through the mainstream education system. The pilot scheme would be geared towards nurturing positive attitudes towards life, confidence, discipline, and pursuit of excellence. It would also include articulation to accredited and QF-recognized full-time programmes as an alternative to job placement for young persons.

7. Some members said that ERB should avoid an overlap with the current programmes operated by other stakeholders, such as the apprenticeship scheme which was an employment-related training programme for youth and the Skills Upgrading Scheme which provided focused skills training for in-service workers with lower education attainment. They added that ERS should focus on the provision of training for the disadvantaged groups such as non-skilled workers with difficulty in seeking jobs. They urged ERB to discuss with the stakeholders about its future directions.

8. The Administration explained that the ERB's strategic review on its future directions was launched in the light of globalization, the advent of a knowledge-based economy, the rapid economic and social development in the Mainland, and the changes in demand of the Hong Kong manpower market. ERB would collaborate with all sectors in the community including employers and employees, training providers and professional bodies to promote career-oriented and market-driven training programmes in order to better equip the local workforce, and help them obtain recognized qualifications.

9. Some members considered that ERB needed to consolidate its long term strategies with detailed planning. In particular, ERB should -

- (a) give careful consideration in identifying its role and those of the stakeholders in view of the expansion of its scope to cover people at age 15 or above and with education level of sub-degree level or below;
- (b) consider carefully whether individuals aged below 30 taking QF Level One and Level Two full-time placement-tied courses should all be eligible for the retraining allowance;
- (c) avoid competing with the stakeholders in organizing similar courses, such as the development of courses for young persons aged 15 and above and people with education attainment of sub-degree and below, and the provision of QF Level One and Level Two full-time placement-tied courses which were also provided by VTC; and

- (d) give attention to enhancement in quality rather than quantity in ERB's training provision.

10. Some members considered that ERB should work out the details in the execution of its future manpower development plans and ensure that it should be the recipients who would benefit the most from the new initiatives of ERB. They added that with substantial accumulation in the Employees Retraining Fund arising from the levy collected from employers of foreign domestic helpers, ERB should use the fund prudently with detailed planning.

11. The Administration responded that ERB would work in close partnership with VTC in its future development. It agreed that ERB should give careful consideration to its future plans and draw up concrete proposals in respect of the development of training/retraining programmes for people with education level at sub-degree and below and young persons aged 15 to 20. The Administration assured that ERB would discuss with the relevant stakeholders, including VTC, before introducing new training programmes to avoid any duplication of services.

Deliberations of the Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008 and Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008

12. Some members of the Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008 and Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008 had expressed concern about ERB's relaxation of eligibility criteria to cover persons aged between 15 and 29. They considered that with such relaxation, ERB's role would cover both training and retraining. They were concerned about possible overlapping between the work of ERB and that of other training providers such as VTC.

13. The Administration advised that following the decision of the Chief Executive in Council, the eligibility criteria of ERS were relaxed with effect from 1 December 2007 to cover all eligible persons aged 15 or above with education level at sub-degree or below. With the expansion of its service targets, ERB remained committed to serving the low-skilled unemployed people, displaced workers and the disadvantaged in the society, including ethnic minorities, new arrivals, the disabled, occupational accident rehabilitants, and rehabilitated offenders. ERB endeavoured to provide multi-faceted placement-tied courses as well as generic skills courses to assist its trainees in acquiring vocational skills as well as recognized qualifications. ERB would also introduce an element of "sustainability" into its training programmes with a view to enhancing trainees' employability and competitiveness. ERB, being a funding and co-ordinating body, had a distinct role from that of training providers.

14. Some members of the Subcommittees had expressed concern about ERB's sharp increase in annual expenditure from about \$400 million in the past few years to

about \$900 million in 2008-2009, which represented an increase of about 125%. They also expressed concern about the lack of an independent body for monitoring the expenditure of ERB.

15. The Administration explained that the overall expenditure of ERB was estimated to increase from about \$393 million in 2007-2008 to about \$877 million in 2008-2009. About 66% of the overall expenditure (about \$582 million) would be used for provision of training and retraining courses, 13% (about \$113 million) for disbursement of retraining allowance, and the remaining 21% (about \$182 million) for supporting the development of new training and employment support schemes or enhancement of existing schemes, payment of administrative charges to the Immigration Department for collection of the Levy, general administrative and operating costs of ERB's Executive Office, as well as installation and maintenance of information technology system and facilities, etc.

16. The Administration stressed that ERB was a statutory body subject to close monitoring by the Administration. Besides government representatives, ERB comprised members from various sectors of the community, including employees' representatives, employers' representatives, and the vocational training, retraining or manpower planning sector.

17. The Administration pointed out that in the face of the financial tsunami and its adverse impact on local employment, the demand on ERB's service would increase substantially in the foreseeable future. The future roles and expenditure of ERB could be discussed in depth at future meetings of the Panel on Manpower.

Relevant papers

18. A list of relevant papers which are available on the Legislative Council website is in the **Appendix**.

**List of relevant papers on future directions of
the Employees Retraining Board**

Minutes

- (a) Minutes of meeting of the Panel on Manpower on 21 February 2008 [LC Paper No. CB(2)1354/07-08];

Papers

- (b) Administration's paper entitled "Future Directions of the Employees Retraining Board" for the meeting of the Panel on Manpower on 21 February 2008 [LC Paper No. CB(2)1072/07-08(03)];
- (c) Report of the Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008 to the House Committee meeting on 14 November 2008 [CB(2)264/08-09]; and
- (d) Report of the Subcommittee on Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008 to the House Committee meeting on 28 November 2008 [CB(2)346/08-09].

The above minutes and papers are also available on the website of the Legislative Council (<http://www.legco.gov.hk>).