

NOTE FOR FINANCE COMMITTEE

Pilot Employment Navigator Programme

PURPOSE

This paper informs Members of the Administration's plan to adjust the salary ceiling for granting cash incentive under the Pilot Employment Navigator Programme (ENP).

BACKGROUND

2. At the meeting on 11 June 2010, the Finance Committee (FC) of the Legislative Council (LegCo) approved vide FCR(2010-11)25 the creation of a new commitment of \$124.5 million for the introduction of the Pilot ENP. The Pilot ENP aims at assisting and motivating job seekers with difficulties in finding jobs to secure and sustain employment through the provision of personalised and in-depth employment consultation services and cash incentive. The Labour Department (LD) formally launched the Pilot ENP on 13 December 2010.

PROGRAMME CONTENTS

3. Employment Officers of LD provide personalised employment consultation to unemployed job seekers participating in the Pilot ENP in accordance with their employment needs. Through face-to-face interviews and career assessment, Employment Officers gauge the employment needs of the participants, help them better understand their own abilities and their career aptitude with a view to assisting them to draw up job search plans. Employment Officers introduce to the participants the latest employment market situation and encourage them to widen their job choices and make use of different channels, including visiting the job fairs organised by LD, in job search so as to enhance their chances of securing an employment.

4. Employment Officers follow up with participants from time to time on how they implement the job search plans and review with them their experiences in the job seeking process. Where necessary, Employment Officers will provide them with further employment support, including conducting mock interviews to help them improve job interviewing skills, or arranging them to participate in work trials under LD's Work Trial Scheme to acquire work experience and skills through working in real work environment. Post-placement services are also provided to participants who have secured an employment to help them adapt to the new job.

5. To encourage an unemployed job seeker to secure and stay in a job for at least three months, the Pilot ENP offers a cash incentive of up to \$5,000 for each participant who meets the following criteria:

- (a) unemployed before joining the Pilot ENP and has received services under the Pilot ENP for at least one month;
- (b) employed to fill a vacancy listed under LD's employment service; and
- (c) employed in a full-time permanent job offering a salary of \$6,500 or less per month.

6. Eligible ENP participants will be paid the cash incentive in three stages, including \$500 upon reporting duty to a new job and completion of the first day of employment; \$1,500 after staying in the job for one month; and \$3,000 after staying in the job for three months. A participant will be eligible for each stage of payment once during the two-year operation of the Pilot ENP.

IMPLEMENTATION OF PILOT ENP

7. Up to the end of February 2012, a total of 4 991 job seekers have joined the Pilot ENP. Among them, 990 participants were still receiving employment consultation. Of the remaining 4 001 participants, 2 901 participants were confirmed to have secured employment. In the same period, LD received a total of 1 095 applications¹ for cash incentive from 513 participants and approved 1 045 applications, including 488 applications for the first stage cash incentive, 338 applications for the second stage cash incentive and 219 applications for the third stage cash incentive, involving a total payout of \$1.41 million.

/ADJUSTMENT

¹ The figure includes all applications for cash incentive submitted by an ENP participant at different stages. The application number is therefore greater than the number of ENP participants involved.

ADJUSTMENT OF THE CEILING OF THE SALARY OFFER FOR APPLICATION FOR CASH INCENTIVE TO \$7,300

8. The objective of the Pilot ENP in offering cash incentive is to motivate unemployed persons who, due to their qualifications, have a need to acquire work experience to further enhance their employability to secure and stay in employment. Since the Pilot ENP was launched, the labour market, benefitting from the growth of the local economy, has remained buoyant in the past year and the wage levels have also increased. Currently, the number of job openings offering a monthly salary of \$6,500 or less has decreased when compared with the time when the ENP was launched. Therefore, there is a need to raise the ceiling of salary offer under the Pilot ENP to keep pace with the changes in the employment market.

9. The Pilot ENP was formulated in the first quarter of 2010. The salary ceiling of \$6,500 was set based on the median monthly salary offer of major job titles with no experience requirement received by LD in the first quarter of 2010, such as Sales Representative, Shop Sales/Assistant, Waiter/Waitress and General Office Clerk. In the fourth quarter of 2011, the median monthly salary offer of these vacancies has risen to about \$7,300. In addition, according to the latest Quarterly Report of Wages and Payroll Statistics published by the Census and Statistics Department, the nominal wage index has increased by 11.4% when compared with the corresponding index at the time when the Pilot ENP was formulated. If the salary ceiling is revised upwards by the same magnitude, the adjusted figure also approximates \$7,300².

10. Taking the above data into account, we will adjust the ceiling of salary offer for granting cash incentive under the Pilot ENP from \$6,500 to \$7,300 with effect from 1 April 2012. An ENP participant who commences employment on 1 April 2012 or thereafter will be eligible for cash incentive if he/she finds a job with a salary offered by the employer at \$7,300 per month or less on commencement of his/her employment and fulfils the relevant requirements of the programme.

11. The adjustment is made with reference to the increase in wage levels in the employment market and is technical in nature.

/CONSULTATION

² The wage survey covers the supervisory and technical workers, clerical and secretarial workers, service workers, miscellaneous non-production workers, craftsmen and operatives. According to the survey report published at the end of December 2011, the nominal wage index of these occupations in September 2011 increased by 11.4% when compared with the time when ENP was being formulated (March 2010). If adjusted by the same magnitude, the salary ceiling becomes \$7,241.

CONSULTATION

12. We briefed the LegCo Panel on Manpower on 15 March 2012 on the implementation of the Pilot ENP and the Administration's plan to adjust the salary ceiling for granting cash incentive. Members generally supported the adjustment.

FINANCIAL IMPLICATIONS

13. The commitment of \$124.5 million approved by the FC on 11 June 2010 is sufficient for implementing the Pilot ENP. No additional funding is required for effecting the new salary ceiling.

Labour and Welfare Bureau
Labour Department
March 2012