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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 26 April 2010**

**Measures of the Labour Department
to assist vulnerable youths, the unemployed and people with disabilities**

Purpose

This paper summarizes the recent discussions of the Panel on Manpower ("the Panel") on the measures taken by the Labour Department ("LD") to assist vulnerable people in seeking employment.

Deliberations of the Panel

2. According to the Administration, LD had implemented a number of programmes to help place different groups of job seekers into employment. These included programmes for young people, persons with disabilities ("PWDs"), the middle-aged and the unemployed in the construction sector. The Panel was updated on LD's measures to enhance employment programmes regularly in response to market needs and economic development. The discussions of the Panel are summarized in the following paragraphs.

Programmes for young people

3. The Panel discussed LD's measures to enhance employment programmes for young people at its meetings on 19 February 2009, 19 March 2009, 21 May 2009, 14 December 2009 and 21 January 2010.

Youth Pre-employment Training Programme ("YPTP") and Youth Work Experience and Training Scheme ("YWETS")

4. The Panel noted that YPTP, which was launched in September 1999, aimed to enhance the employability and competitiveness of school leavers aged 15 to 19 through a wide range of employment-related training, while YWETS, which was launched in July 2002, aimed to enhance the employability of young

people aged 15 to 24 with educational attainment below degree level by providing them with real work experience in the form of on-the-job training. In August 2009, the two programmes were revamped to provide a through-train service of pre-employment and on-the-job training to young people aged 15 to 24 with educational attainment at sub-degree or below level (the revamped Programme).

5. Some members expressed deep concern about the high unemployment rate of youths during the financial tsunami. The Administration explained that the unemployment rate of young people aged 15 to 24 was persistently higher than the overall unemployment rate. This phenomenon was not peculiar to Hong Kong and was encountered at various stages of economic development. LD adopted a multi-pronged strategy and worked closely with stakeholders and other social partners to assist young people to develop their careers, through providing a full range of recruitment and placement services in general and administering dedicated training and employment programmes for young people in particular. Under YPTP and YWETS, tailor-made employment projects were organized to provide comprehensive training and employment services to trainees. Participating youths would acquire useful job-specific skills, apart from gaining working experience. The revamped Programme had, among other improvement initiatives, extended the provision of personalized career guidance and counselling services by 12 months for trainees who had secured employment so as to better assist them to settle in their jobs, overcome problems in the workplaces, and pursue further learning and skills upgrading opportunities. The Administration would consider organizing more tailor-made and value-adding training-cum-employment projects in collaboration with employers and training bodies.

6. Some members enquired about the effectiveness of YPTP and YWETS and the success rate of young people in securing employment after joining the two programmes. The Administration responded that the two programmes comprised diverse elements catering for the different needs of young people with different interests and levels of educational attainment. The effectiveness of the two programmes had been repeatedly attested by the feedback of stakeholders and evaluation results of independent consultancy studies. Under the revamped Programme, LD made full use of its existing extensive employer network and strong partnership relations with employers to canvass on-the-job training vacancies of a wide variety for trainees. During the 2008-2009 programme year, YWETS received around 11 000 training vacancies from about 3 300 employers. Since their inception, YPTP had trained over 90 000 young people and YWETS had assisted some 62 000 in securing employment. Response of young people to the revamped Programme was encouraging. From the commencement of enrollment on 14 August 2009 to the end of 2009, some 10 700 applications were received, representing an increase of 34% over the corresponding period in 2008. During the 2008-2009 programme year, about 5 300 young people attended training under YPTP, and about 3 900 trainees were placed into training

vacancies under YWETS. Based on past experience, over 70% of young people were able to secure employment after receiving training under YPTP and YWETS.

Youth Employment Start ("YES") and the Community Investment and Inclusion Fund ("CIIF")

7. Some members enquired about the support provided for young people to start their career and for those who intended to be self-employed. They also enquired about the measures to motivate youths at risk and non-engaged youths to seek employment.

8. The Administration informed the Panel that YES was introduced in December 2007 to provide one-stop and personalized advisory and support services on employment and self-employment to young people aged 15 to 29 with different backgrounds and development needs. YES operated in tandem with YPTP and YWETS to provide career assessment and guidance to young people. The services of YES were offered through two Resource Centres respectively in Langham Place, Mongkok and Metroplaza, Kwai Chung. Young people registered as members of YES could have free access to a wide range of office facilities and services, including well-equipped business workstations, meeting rooms and a design corner with professional design software/hardware, for job search. For those who wanted to become self-employed, the centres could serve as a contact point for them to conduct business. To cater for the distinct needs of potential entrepreneurs, YES regularly held workshops and professional advisory sessions on self-employment, and invited renowned professionals and celebrities to offer mentoring assistance, to deliver talks and to share experience with young people. YES had served as an effective platform for young people to build up their network and to engage in self-employment. This was evidenced by the fact that many members of YES could secure employment opportunities by means of giving public performance in variety shows and community activities. For the first 11 months of 2009, the two YESs had together provided services to 65 987 young people and registered 29 416 as members who were entitled to make use of the various services of YES on a continuing basis.

9. On measures to support youths at risk and non-engaged youths including "hidden youths" facing employment difficulties, the Administration advised that LD had collaborated with non-government organizations ("NGOs") providing outreaching services for youth in launching special training programmes tailor-made for them. Under these special programmes, courses were designed with ample flexibility, including the provision of small-size classes with shorter durations and evening classes, in order to sustain trainees' interests in receiving pre-employment training and not to exert undue pressure on them. LD had also collaborated with CIIF to fund social capital development projects for enhancing the employability of disadvantaged youths. These projects suitably and flexibility integrated with programmes offered by

LD with a view to reaching out to non-engaged youths who were not readily accessible by the existing youth training and employment programmes. The Administration was aware of the need to keep abreast of time. Some social workers in NGOs which were funded by the Social Welfare Department ("SWD") were working on the Internet to keep track of the hidden youths and identify any unusual behaviour or activity of young people on the Internet. SWD would keep in view the need to enhance this area of work in the future.

10. A member expressed concern about the small number of successful applications and the stringent assessment criteria adopted by LD and CIIF in approving social capital development project applications. Another member queried the cost-effectiveness of the joint programme of LD and CIIF. The Administration responded that the major consideration in approving an application was the content of the proposal, such as whether the proposal would meet the needs of young people and the employment market, and the experience and qualifications of the service providers. CIIF had carefully examined the applications and had provided feedback to applicants so that they could modify their proposals for re-submission. The programme sought to change the mindset of young people and enhance their self-esteem which was conducive to their personal development and their long-term employability. As at November 2009, seven collaborative projects offering some 2 000 training places had been approved. The approved projects, operated by NGOs, were in various stages of implementation.

Internship Programme for University Graduates ("IPUG")

11. The Panel was informed that in anticipation of a marked reduction of job opportunities for university graduates during the economic downturn, LD launched IPUG in August 2009 to provide about 4 000 places for interested graduates to work as interns and receive training in local or Mainland enterprises for a period of six to 12 months. Members enquired about the response of IPUG.

12. The Administration advised that in the face of a deteriorating employment market amidst the widespread repercussions of the financial tsunami, LD had launched IPUG as a special and time-limited initiative to encourage enterprises to offer internship and employment opportunities to recent university graduates, with a view to broadening their horizons and helping them gain experience so that they would be better equipped for the employment market when the economy revived. At the onset of the financial tsunami, the number of job vacancies for university graduates had dropped substantially but job positions received by tertiary institutions between September and November 2009 had increased by 10%. According to tertiary institutions, the worst time for university graduates to secure employment could be over. As at December 2009, over 1 300 and 200 graduates had landed on internship positions in Hong Kong and the Mainland respectively under IPUG. In the following months, IPUG would also benefit graduates

from the southern hemisphere.

13. A member enquired about the salary level of university graduates working as interns in local enterprises. He also asked about the nature of business of those participating enterprises, and the posts held by the interns concerned. The Administration advised that the average monthly salary offered to university graduates working as interns in local enterprises was \$8,800, and the highest were about \$20,000 to \$22,000. Internships with the highest monthly salary offered came from the construction industry. The internship opportunities under IPUG were mainly offered by enterprises in the commercial, education services and construction sectors. University graduates participating in IPUG normally worked as management trainees, marketing assistants or graduate engineers.

Programmes for PWDs

14. The Panel held a joint meeting with the Panel on Welfare Services on 6 July 2006 to discuss measures to promote employment opportunities for PWDs. The Panel also discussed the special arrangement for PWDs under the statutory minimum wage ("SMW") at its meeting on 19 February 2009.

15. Some members expressed concern about the high unemployment rate of PWDs. The Administration responded that it was the Government's policy to assist PWDs to develop their personal capabilities in order to secure jobs in the open market. With this policy objective in mind, SWD provided a full range of rehabilitation and vocational training services to equip PWDs for employment. The Administration also stepped up publicity to promote equal employment opportunities for PWDs, and encouraged employers to offer more employment to them. The Selective Placement Division of LD provided personalized employment assistance to PWDs, with the objective of placing them into jobs that best suited their abilities. The employment services included vocational assessment and counselling, job matching and referral, as well as follow-up service after placement.

16. Some members urged the Administration to put in place a quota system for the employment of PWDs. The quota system could apply to large corporations in the beginning, together with tax incentives, to encourage them to employ PWDs. The Administration considered that it was neither necessary nor appropriate to impose a mandatory requirement for companies to employ a certain number of PWDs, having regard to overseas experience and Hong Kong's situation. The Administration noted that most of the companies in Hong Kong were small and medium enterprises ("SMEs"), and a quota system would pose problems to many SMEs. The Administration believed that the prevailing policy and arrangements, which placed emphasis on vocational training and educational publicity, were more effective.

17. On the question of whether special arrangements should be introduced for PWDs under the SMW regime, the Administration informed the Panel that after consulting the rehabilitation sector and other stakeholders, it had come to the view that while PWDs taking up employment should be protected by SMW, some PWDs whose productivity was impaired by their disabilities could be exempted from SMW so as to minimize any adverse impact of SMW on their employment opportunities. A special arrangement to exempt PWDs from SMW, including a mechanism for assessing a PWD's productivity which would form the basis of determining his wage level under the SMW regime, was being contemplated. The Administration explained that the assessment would be conducted on a voluntary basis and initiated by PWDs. Given the diverse nature and demands of different job duties, a pragmatic job-specific assessment would be conducted on a PWD in the actual workplace concerned. The special arrangement would allow employers to offer PWDs wages below the SMW rate. Members noted that the Bill on SMW was introduced into LegCo in July 2009.

Programmes for the middle-aged

18. At the Panel meetings on 19 March 2009 and 21 January 2010, members discussed the assistance provided to the unemployed middle-aged, as the Administration advised that the financial tsunami particularly impacted on the unemployed middle-aged with low qualifications and low skills. The Administration advised that the Employment Programme for the Middle-aged ("EPM"), which was launched in May 2003, aimed to assist those unemployed aged 40 or above to secure employment through the provision of a training allowance to encourage employers to hire them. LD had enhanced EPM by increasing the financial incentives to employers and extending the subsidy period starting from 29 June 2009. During the six-month period since the implementation of the enhanced measures and up to the end of 2009, about 2 400 placements were secured under EPM. The unemployed middle-aged who had difficulty in seeking employment could call LD's hotline for assistance.

19. A member enquired whether there was any limit on the places offered under EPM. The Administration responded that the creation of job opportunities for the middle-aged topped the agenda of the Government because they were the bread-winners of their families. LD had therefore enhanced and integrated the various employment programmes so that resources could be allocated flexibly to help the vulnerable groups. The Administration assured members that the places offered under EPM could be increased in response to market demand. In addition, the Administration considered it important to equip the middle-aged with new skills through retraining so that they could re-enter the labour market as early as possible. To this end, the Employees Retraining Board ("ERB") provided 128 000 training places for the middle-aged and, in view of the uncertain economic outlook, 20 000 additional

places would be provided in 2009-2010. Apart from LD and ERB, the Vocational Training Council also offered training programmes to help the middle-aged.

Assistance to the unemployed in the construction sector

20. At the Panel meeting on 19 March 2009, some members expressed concern that the unemployment rate in the construction sector had reached 10% during the financial tsunami.

21. The Administration responded that construction workers had indeed been affected by the economic turmoil, especially for those engaged in decoration, renovation and maintenance works. The Administration had pressed ahead with major infrastructure works projects and undertaken more minor works projects to create additional employment opportunities in the construction sector. Some of the newly created jobs in minor works had already been taken up by construction workers who returned from Macao. Funding for minor works projects would be increased to \$8.6 billion in 2009-2010, representing a 25% increase over the level in 2008-2009. The new minor works projects included the renovation of 1 000 dilapidated buildings which would create 10 000 jobs in the next two years, and advanced implementation of redevelopment projects in the welfare sector, such as an elderly home under the Tung Wah Group of Hospitals.

Latest development

22. FS announced in his Budget Speech 2010-2011 that the Administration had earmarked additional funding of \$173 million to implement measures to support job seekers. The relevant extracts from the Budget Speech are in the **Appendix**.

Relevant papers

23. Members may wish to refer to the following minutes and papers for further details -

Minutes

- (a) minutes of meeting of the Panel on Manpower on 6 July 2006 [LC Paper No. CB(2)3138/05-06];
- (b) minutes of meeting of the Panel on Manpower on 19 February 2009 [LC Paper No. CB(2)1273/08-09];

- (c) minutes of meeting of the Panel on Manpower on 19 March 2009 [LC Paper No. CB(2)1566/08-09];
- (d) minutes of meeting of the Panel on Manpower on 21 May 2009 [LC Paper No. CB(2)2177/08-09];
- (e) minutes of meeting of the Panel on Manpower on 14 December 2009 [LC Paper No. CB(2)917/09-10];
- (f) minutes of meeting of the Panel on Manpower on 21 January 2010 [LC Paper No. CB(2)1086/09-10];

Papers

- (g) Administration's paper entitled "Measures to promote employment opportunities for people with disabilities" for the meeting of the Panel on Manpower on 6 July 2006 [LC Paper No. CB(2)2613/05-06(01)];
- (h) Administration's paper entitled "Overview of Labour Department's efforts in labour administration in 2008" for the meeting of the Panel on Manpower on 19 February 2009 [LC Paper No. CB(2)864/08-09(03)];
- (i) Administration's paper entitled "Measures to enhance the employment services of the Labour Department" for the meeting of the Panel on Manpower on 19 March 2009 [LC Paper No. CB(2)1078/08-09(03)];
- (j) Administration's paper entitled "Collaboration between the Labour Department and the 'Community Investment and Inclusion Fund' on the promotion of youth employment" for the meeting of the Panel on Manpower on 21 May 2009 [LC Paper No. CB(2)1569/08-09(05)];
- (k) Administration's paper entitled "Employment assistance to people with disabilities" issued in June 2009 [LC Paper No. CB(2)1773/08-09(01)];
- (l) Administration's paper entitled "Measures taken by the Labour Department to promote youth employment" for the meeting of the Panel on Manpower on 14 December 2009 [LC Paper No. CB(2)523/09-10(03)]; and
- (m) Administration's paper entitled "Overview of Labour Department's efforts in labour administration in 2009" for the meeting of the Panel on Manpower on 21 January 2010 [LC Paper No. CB(2)765/09-10(05)].

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

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The Budget 2010-11

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Budget Speech

Supporting Job Seekers

147. To Hong Kong people, having a job is of utmost importance. Employment provides a source of steady income and protection for individuals and families. It is a key to social stability. Therefore, I have been paying great attention to the employment issue and adopting a two-pronged approach. First is promoting economic development. Only when the economy grows robustly can more employment opportunities be created. Second is providing suitable employment support and training to increase the competitiveness and employment motivation of job seekers so they can seize these opportunities. I will therefore provide additional funding of \$173 million to implement the following measures to support job seekers.

148. The Labour Department will launch a two-year "Pilot Employment Navigator Programme". Under this programme, a cash incentive of \$5,000 will be payable to each person who has worked for a continuous period of three months after receiving the department's intensive employment counselling and job matching services. The programme will provide 11 000 places a year. It is designed to address the problem of manpower mismatch, fully utilise our labour productivity and encourage employment.

149. We will step up our efforts to help young people with special employment difficulties. The Labour Department will launch a targeted employment programme under which non-governmental organisations will provide training and internship for 12 months to young people, aged between 15 and 24 with low educational qualifications, who need special assistance because of emotional and behavioural problems or learning difficulties. The programme will provide 500 places.

150. In my last Budget I provided additional funding of over \$400 million for the Labour Department to strengthen its various employment and training services. These services will continue to benefit job seekers in 2010-11.

151. During the Budget consultation period, there were many suggestions to extend the Transport Support Scheme, which aims at encouraging needy job seekers living in remote districts where job opportunities are fewer to "go out" and seek jobs or work across districts. The Labour and Welfare Bureau will complete by the end of this year a study on ways to reduce the burden of travelling expenses borne by the working poor in Hong Kong. The existing Transport Support Scheme will remain in force before the completion of the study. I will make suitable financial provisions depending on the findings of the study.

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