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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 20 May 2010**

**Progress of employment support initiatives
in response to the financial tsunami**

Purpose

This paper summarizes the discussions of the Panel on Manpower ("the Panel") on the employment support initiatives of the Labour Department ("LD") in response to the financial tsunami.

Deliberations of the Panel

2. According to the Administration, LD had implemented a number of programmes after the financial tsunami to help place different groups of job seekers into employment. These included programmes for young people, persons with disabilities ("PWDs") and the middle-aged. The discussions of the Panel are summarized in the following paragraphs.

Programmes for young people

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

3. 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).

4. 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.

5. 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.

Internship Programme for University Graduates ("IPUG")

6. 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.

7. 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.

8. 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 people with disabilities ("PWDs")

9. Some members were concerned whether there were programmes to assist PWDs. The Administration advised that the Work Orientation and Placement Scheme ("WOPS") would be enhanced to provide employment support and training opportunities for PWDs by:

- (a) increasing the monthly allowance payable to eligible employers from 1/2 to 2/3 of the monthly wages of the disabled employee during the work trial period, subject to an enhanced ceiling of \$4,000 per employee per month;

- (b) extending the subsidy period for deserving cases (in which the employers were willing to offer comprehensive training or support lasting for over three months) by three months to a maximum period of six months;
- (c) paying daily training allowance of \$60 to PWDs who had attended the two-day pre-employment training programme under WOPS; and
- (d) encouraging employers to appoint a mentor to help the disabled employee settle smoothly into his new job. Each mentor would be granted an award of \$500 by WOPS as a token of appreciation.

10. The Administration informed members that the enhanced WOPS was expected to provide employment support and training opportunities to some 800 PWDs in the following two years.

Programmes for the middle-aged

11. 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.

12. 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 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 the Employees Retraining Board, the Vocational Training Council also offered training programmes to help the middle-aged.

Employment assistance to employees made redundant during the financial crisis

13. Some members enquired about the assistance to employees who lost their jobs in retrenchment and closure exercises amidst the financial tsunami. The Administration advised that LD would adopt a more proactive approach in providing employment assistance to such employees. The measures to be taken included the following:

- (a) LD would provide additional manpower to its 12 Job Centres to strengthen the collection of intelligence of redundancy and closure exercises and to reach out to the retrenched employees to offer employment and support services;
- (b) placement officers of LD would provide customized counseling services and follow-up employment support to the retrenched employees;
- (c) LD would organize thematic job fairs targeted at industries hard-hit by the economic downturn as well as district-based job fairs at district shopping centres or community halls to reach out to the unemployed; and
- (d) in major redundancy and closure cases, LD would proactively contact employers of relevant industries to solicit vacancies suitable for application by the retrenched employees and communicate the vacancy information to the retrenched employees to facilitate their job search.

Relevant papers

14. 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 19 March 2009 [LC Paper No. CB(2)1566/08-09];
- (b) minutes of meeting of the Panel on Manpower on 21 January 2010 [LC Paper No. CB(2)1086/09-10];

Papers

- (c) 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)]; and
- (d) 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)].

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

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