

**A brief account of Chapter 3 of Report No. 72
“Employment services provided by the Labour Department”
by the Director of Audit
at the Public Hearing of the Public Accounts Committee
of the Legislative Council on Saturday, 18 May 2019**

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 3 of Report No. 72 of the Director of Audit, entitled “Employment services provided by the Labour Department”.

This Audit Report comprises three PARTs.

PART 1 of the Report, namely “Introduction”, describes the background of the audit.

The Labour Department (LD) provides general employment and recruitment services to job seekers and employers through primarily 13 job centres, 3 industry-based recruitment centres, an Interactive Employment Service (iES) website and an iES mobile application. LD also provides dedicated employment services for job seekers with special needs, including young job seekers, elderly and middle-aged job seekers, ethnic minority (EM) job seekers and job seekers with disabilities, to promote their employment. As at 31 December 2018, LD provided employment services through its 422 civil service staff and 21 non-civil service contract staff. In 2017-18, the total expenditure of LD for providing employment services was \$365.7 million.

PART 2 of the Report examines the general employment services provided by LD for all job seekers.

LD reports the number of registered job seekers in the Controlling Officer’s Report as one of the performance indicators. The Audit Commission (Audit) noted that in the period from 2008 to 2017, while the number of unemployed persons only decreased by 3.6%, the number of LD’s registered job seekers decreased by 70.8%. Since the number of job seekers using mobile

devices to seek jobs is increasing and they may make direct applications to employers without registering with LD, it appears that the number of registered job seekers is no longer a good indicator to reflect the performance of LD.

Audit also found that from 2014 to 2018, the total number of job referrals decreased by 45% and during the same period, the number of direct placements through LD's referrals for registered job seekers decreased by 48.8%. Moreover, Audit analysed the number of visitors of the 13 job centres and the 3 recruitment centres for the period from 2016 to 2018 and noted that the number of visitors of the job centres decreased by 18%, whereas the number of visitors of the Construction Industry Recruitment Centre decreased by 12%. For the Recruitment Centre for the Catering Industry and the Recruitment Centre for the Retail Industry, they did not keep statistics on the number of visitors.

In view of the audit findings mentioned before, Audit has recommended that LD should conduct a comprehensive review on the general employment services with a view to rationalising the various employment services provided.

PART 3 of the Report, sub-divided into PARTs 3A, 3B, 3C and 3D, examines LD's dedicated employment services for job seekers with various special needs.

Regarding dedicated employment services for young job seekers, LD administers the Youth Employment and Training Programme (YETP) to provide a comprehensive platform of job search with one-stop and diversified pre-employment training (PET) and on-the-job training (OJT) opportunities for young people aged 15 to 24 with educational attainment at sub-degree level or below. Audit noted that from 2012 to 2017, the overall unemployment rates of young people aged 15 to 24 stayed at a high level ranging from 8.5% to 10.5%. While the number of target young people only decreased by 26% during the period, the number of young people enrolled in YETP decreased by 42% from the programme year 2012/13 to the programme year 2017/18. Moreover, during the programme years 2015/16 to 2017/18, more than 50% of the YETP courses arranged were cancelled due to insufficient enrolment of trainees, affecting the training progress of some trainees and the choices in course selection for trainees.

Under YETP, LD makes arrangements with employers to offer OJT vacancies to trainees so that they have the opportunity to learn and be engaged as direct employees for a period of 6 to 12 months. However, in the period from programme years 2013/14 to 2017/18, less than half of the trainees enrolled in OJT and in 2016/17 programme year, 40% of the 2,602 OJTs arranged were not completed.

Regarding dedicated employment services for elderly and middle-aged job seekers, one of the employment services provided by LD is the Employment Programme for the Elderly and Middle-aged (EPEM). The objective of EPEM is to encourage employers to engage unemployed job seekers aged 40 or above and provide them with OJT through the provision of training allowance to the employers. After employing an eligible job seeker, the employer joining EPEM has to submit a preliminary application form for OJT to LD. The employer should only commence OJT recognised under EPEM after obtaining approval-in-principle for the preliminary application. Upon completion or termination of OJT, the employer should submit the assessment-cum-claim form for LD's approval to claim the OJT allowance. Audit found that in the period from 2014 to 2018, the average percentage of eligible placements with preliminary applications for EPEM submitted was only 21.2%. In the period from 2013 to 2017, for placements with approval-in-principle, only 75.6% of the employees concerned could complete the whole approved OJT period. For placements under EPEM, the retention rates for six months or above decreased from 77.7% for the period from April to September 2015 to 61.8% for the period from April to September 2017.

Regarding dedicated employment services for EM job seekers, LD assists EMs in job seeking through various measures and services, such as special counters and resource corners, employment advisory service, dedicated webpage for EM job seekers, Employment Services Ambassador Programme for EMs, etc. Audit found that for the years 2014 to 2018, the number of placements for EM job seekers through LD's referrals was only 7% to 10% of the number of EM job seekers registered with LD.

When employers submit information to place job vacancies with LD for advertising, there is an option for them to specify that EMs are welcome for the posts. Audit found that in the period from 2016 to 2018, the percentage of vacancies where employers indicated that EMs were welcome for the posts was not high, ranging from 12% to 16% per year.

Regarding dedicated employment services for job seekers with disabilities, the Selective Placement Division was established under LD to assist job seekers with disabilities in seeking jobs. The Selective Placement Division provides free recruitment services to employers and assists job seekers with nine types of disabilities in securing jobs that cater for their special needs through matching and referral service, the Work Orientation and Placement Scheme (WOPS), etc. Audit found that for the period from 2014 to 2018, only about half of the registered job seekers with disabilities had placements in a year.

WOPS aims to encourage employers to offer job vacancies and work orientation period to job seekers with disabilities through provision of financial incentive. Employers participating in WOPS are entitled to a monthly allowance for up to nine months. Audit found that, in the period from 2015 to 2017, after the end of WOPS allowance period, the percentage of WOPS placements with the employees with disabilities still staying in employment was at a low level of around 38%.

In the light of the audit findings on the dedicated employment services provided to young job seekers, elderly and middle-aged job seekers, EM job seekers and job seekers with disabilities, Audit has made recommendations to LD accordingly.

Our views and recommendations were agreed by LD. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the staff of LD during the course of the audit review.

Thank you, Mr. Chairman.