

19 June 2020

Mr Anthony Chu
Clerk to Public Accounts Committee,
Legislative Council
Legislative Council Complex
1 Legislative Council Road,
Central, Hong Kong

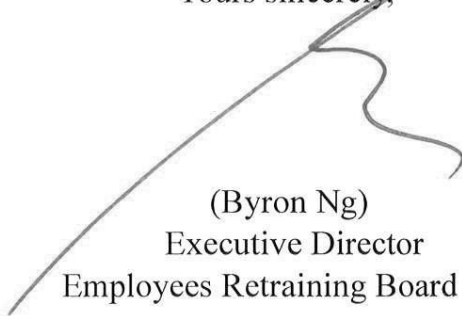
Dear Mr Chu

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

Thanks for your letter dated 12 June 2020 on the subject. Please find both the English and Chinese versions of our response to the matters set out in your letter.

If you have any further questions, please feel free to contact me on 3129 1188 or Ms Eliza Leung on 3129 1484.

Yours sincerely,



(Byron Ng)
Executive Director
Employees Retraining Board

Encl.

c.c. Secretary for Labour and Welfare (Attn: Mr Daniel Fong)
(fax no. 2537 3539)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board

Annex

The Employees Retraining Board (ERB)'s Reply

Question a) with reference to paragraph 2.41 and Table 13, 9 to 17 courses (5.3% to 10.6%) had 0% relevancy rate to training from 2014-2015 to 2018-2019. What are the reasons? Have any reviews been conducted on the effectiveness of these training courses, and any improvements made;

Answer a)

- “Relevancy Rate to Training” refers to the number of trainees engaged in employment relevant to the training courses as a percentage to the number of trainees who have already been placed into employment. This serves as a management tool for ERB’s internal reference in course planning and development only. ERB makes reference to “Placement Rate” when measuring the performance and effectiveness of the courses or trainees’ placement. It should also be noted that about 51% (or 36 courses) of totally 70 courses recorded with 0% “Relevancy Rate to Training” during the said five-year period were dedicated courses for the youth. While these youth trainees at the exploratory stage of their career life are less likely engaged in employment relevant to the training courses which they have attended, the overall placement rates of these courses are generally satisfactory with an average placement rate of over 80% in the said period.
- ERB has set up “Course Steering Groups” (CSGs) in respect of each course type to conduct regular reviews of the performance of specific courses. They will deliberate on the course content, structure and design, etc. with reference to the results of various key performance indicators (KPIs) including attendance rate and placement rate as well as reference indicators (including relevancy rate to training) with a view to improving the performance of specific courses.

Question b) with reference to paragraph 4.19, the term of engagement agreements for the eight Smart Living - Regional Service Centres was two years until 31 March 2020. According to paragraph 4.21 to 4.23, the Employees Retraining Board (“ERB”) would have different arrangements for the operators of Regional Service Centres after the expiry of the agreements. In this regard, please inform this Committee:

- (i) the latest status of the eight Regional Service Centres, including whether any new operator has been engaged to replace Operator A (paragraph 4.21 refers);**
- (ii) had ERB studied the reasons behind the unsatisfactory performance of the operators, in particular whether it was related to the weightings in the service targets as set out in the agreements mentioned in paragraph 4.13(a), or the performance of relevant operators; and**
- (iii) what are the existing promotional channels for the services of the Smart Living - Regional Services Centres and is there any plan to strengthen the promotional works; and**

Answer b)

- ERB set up the “Smart Living” job referral platform as a value-added service assisting new graduates of ERB related courses to explore employment opportunities and establish employer network. In 2018-19 to 2019-20, there were eight Regional Service Centres (RSC) operated by seven operators, with a service term of two years. Having regard to the market environment, effectiveness of resources and service sustainability, ERB has decided that two RSCs on Hong Kong Island be combined, and the RSCs in Kowloon region be consolidated from three to two. The total number of RSCs in 2020-21 to 2021-22 will be streamlined from eight to six. Hence, no replacement for Operator A was required after expiry of the agreement on its operating a RSC in Kowloon region.
- ERB uses three performance indicators to assess the performance of RSCs, i.e. number of vacancies registered, number of vacancies filled, and number of helpers placed. ERB has formulated a mechanism to regularly monitor the performance of the operators on a monthly, quarterly and yearly basis and take follow-up actions (e.g. requesting operators for explanations and improvement measures) in case of performance deficiencies. The performance of “Smart Living” depends on supply and demand of local domestic service market and

availability of similar job referral platforms. According to ERB's assessment, the shortfalls of the subject operators in meeting individual service targets were not related to the weightings of the aforesaid performance indicators. Nevertheless, ERB will conduct regular reviews on the performance indicators and make adjustments to the relative weightings where appropriate.

- ERB currently deploys different channels at both territory-wide and district levels to promote the brand name and services of "Smart Living". These include :

At territory-wide level

- a) Production and distribution of promotional posters and leaflets;
- b) Placement of advertisements on social media and digital media, and arrangement of keyword search advertising;
- c) Production of animation series and video clips for online promotion;
- d) Large-scale promotion of the annual Chinese New Year cleaning service, including incentive programmes for employers, placement of advertisements in newspapers and online platforms, and arrangement of media activity;
- e) Joint promotional campaigns with online platforms; and
- f) Arrangement of media interviews.

At district level

- a) Distribution of promotional leaflets through various channels;
- b) Setting up promotional booths in different districts;
- c) Ongoing promotion to existing and previous employers ;
- d) Promotion through social media and digital media;
- e) Promotional activities by training bodies subsidized by ERB; and
- f) Collaboration with district organisations, NGOs, property management companies for joint promotional campaigns.

ERB launched the "ERB Helper App" on 30 March 2020 to assist the operators to enhance service quality and referral efficiency. In 2020-21, ERB will launch an animation series to promote the service of "Smart Living".

Question c) action plan of ERB with implementation timeline in response to Director of Audit's recommendations in a tabular form.

Answer c)

ERB agrees with the audit recommendations, and has tasked its internal Audit Committee to follow through these recommendations. It would take some time for ERB to knock out the concrete implementation timelines for various audit recommendations, which would be duly reported to the PAC in the subsequent regular progress reports to PAC in line with the established practice. Those recommendations which ERB has already worked out concrete implementation timetable are set out in the Appendix.

Employees Retraining Board
June 2020

Appendix to Annex

**Action plan with implementation timeline in response to
Director of Audit's recommendations**

Para. No. of Audit Report	Audit's Recommendations	ERB's Action plan with Implementation Timeline
2.23(b) and (d)	step up efforts to improve the popularity of training services for young people, and to enhance the attractiveness of training services for ethnic minorities (EM)	<p>ERB will step up efforts in soliciting views from stakeholders to strengthen the contents, design and variety of youth / EM courses with a view to enhancing their attractiveness, through, among others, the upcoming meeting of the Focus Group on Training for Youth and Focus Group on Training for Ethnic Minorities in late 2020.</p> <p>New dedicated courses will also be rolled out in 2020-21. Liaison with youth / EM groups and schools will also be strengthened to disseminate the availability of ERB courses and services for young people and EM.</p> <p>Besides, surveys on needs for ERB training of youth and EM will be conducted in 2020-21 and 2021-22 respectively.</p>
2.23(e)	review the existing rates of retraining allowances	<p>By amending Schedule 4 of the Employees Retraining Ordinance (Cap. 432), the maximum monthly rate of retraining allowance was increased by 45% from \$4,000 to \$5,800 with effect from 25 May 2020. The daily allowance rates for various course categories have been increased accordingly.</p> <p>ERB will further examine the amount of retraining allowance, having due regard to the original objective and intended purpose of providing retraining allowance as well as the financial impacts in the context of Three-year Strategic Plan (2020-21 to 2022-23).</p>

Para. No. of Audit Report	Audit's Recommendations	ERB's Action plan with Implementation Timeline
2.23(h)	ensure that courses are suspended according to the ERB Guidelines	<p>ERB will counter-check the work of relevant staff in adhering to the procedures laid down in relevant guidelines to ensure compliance.</p> <p>Starting from June 2020, course suspension lists have been submitted on regular basis to Course and Service Development Committee for reference.</p>
3.13(a)	ensure that on-site annual audits and self-evaluations are conducted according to the ERB Guidelines	<p>ERB has updated the guidelines to state more clearly about the arrangement of self-evaluation. If training bodies conduct self-evaluation in one year, ERB must conduct on-site annual audit on the training bodies in the ensuing year.</p> <p>The relevant ERB Guidelines have been updated and effective from April 2020.</p>
5.12(e)	enhance procedures of making declarations of interests by Board/Committee members	ERB has already implemented the enhanced procedures, and will continue to monitor the implementation.