

For information on 28 October 1999

**Legislative Council
Panel on Manpower**

**Review of the Apprenticeship Scheme
— Redeployment of Inspectors of Apprentices
in the Vocational Training Council**

Introduction

This paper informs Members of the Vocational Training Council (VTC)'s plan to reduce the size of the Inspectorate of Apprentices and to redeploy surplus staff to its Institute of Vocational Education (IVE).

Background

2. The Apprenticeship Ordinance was enacted in 1976. It aims to promote and regulate the employment of apprentices. The legislation governs the training and employment of registered apprentices and registration is compulsory for people under 19 years of age working in designated trades. However, voluntary registration is open to apprentices in designated trades who are 19 years or over, or apprentices in non-designated trades. Registration of technician apprentices as distinct from craft apprentices is also on a voluntary basis.

3. Since August 1991, the responsibility for the administration of the Apprenticeship Scheme has been transferred to the VTC with its Executive Director appointed as the Director of Apprenticeship.

Office of the Director of Apprenticeship

4. The scope of work of the Office of the Director of Apprenticeship is to regulate and promote the training of apprentices. The Office is headed by a Senior Industrial Training Officer, and currently has five branch offices located in various districts. It has a strength of 71 inspectorate staff, including

five Chief Inspectors of Apprentices, 11 Senior Inspectors of Apprentices and 55 Inspectors of Apprentices to carry out the above functions.

Review of Staffing Requirement

5. In recent years, Hong Kong's economy has undergone significant restructuring which is marked by a shifting of manufacturing operations to the Mainland and the growing predominance of the commerce and services sectors. Placement statistics for trainees from the Craft Foundation Course (CFC) are summarized below -

	94/95	95/96	96/97	97/98	98/99
Planned Places	4 127	4 019	3 818	3 652	3 368
No. completed training	2 689	2 661	2 749	2 731	2 722*
No. placed in relevant employment	1 385	1 110	1 147	1 564	1 198*
Placement rate	52%	42%	42%	57%	44%*

* Provisional figures up to 30.9.1999

6. VTC has recently reviewed its training provision vis-à-vis the manpower requirements of the community, having regard to development in the industry. Account has also been taken of the world trend in providing training in generic skills. In view of the placement situation, further trimming of about 500 trainee places in craft training has taken place. This is also in response to Audit Commission's observation that VTC should closely monitor the enrolment situation in order to identify potential for further savings, having regard to the declining need for craftsmen in the engineering trades.

7. Coupled with the relatively low level of job placement, the number of new entrants to the apprenticeship scheme has declined to about 3 100 in 1998 compared with about 5 600 ten years ago. At the same time, the Inspectorate's establishment has remained unchanged. A consultancy recently commissioned by the VTC to examine the apprenticeship system observed, amongst other things, that -

- (a) industry should assume a more important role in training up unskilled labour;
- (b) apprentice training should be modularized and assessed by the training provider at the end of each module; and
- (c) end-of-apprenticeship trade testing, which can be used as a means to control quality other than through elaborate monitoring of the training process by VTC staff.

8. Meanwhile, the establishment of the Inspectorate of Apprentices has remained at 73, despite some 50% reduction in the number of new apprentices over a 10-year period. It is therefore the view of the VTC that the Apprentice Unit has been over-staffed and will be more so with the implementation of the consultancy recommendation which requires less monitoring from the VTC. For the purpose of effective management, there is a genuine need to reduce the size of the inspectorate.

9. At present, about 70% of the apprentices are registered as required by the Apprenticeship Ordinance; others are done on a voluntary basis. Each inspector carries out about 1 400 visits a year (including monitoring visits and enforcement visits). The visit covers both designated and non-designated trades. In anticipation of the apprenticeship scheme being developed into a flexible modular programme, monitoring of the scheme need not be as intensive. In the case of companies which have a long tradition of operating apprentice training, it is not considered necessary to regulate the training schemes to the same extent as it is done now. Furthermore, with the Apprenticeship Ordinance having been enacted for more than 20 years and the community being well aware of the scheme, intensive enforcement of the legislation is no longer considered necessary. Some employers regard such monitoring as a burden. It is worth noting that the number of employers engaging apprentices has dropped from a peak of 3 553 to less than half of this number in recent years. In terms of legal enforcement, there has been no case of prosecution being brought about as a result of the monitoring/enforcement visits in the past. Thus it is considered that future inspection visits should only be made on a need basis, e.g. to resolve disputes between employers and apprentices. Focus will still be on schemes under mandatory registration. A summary of the future operation of the downsized Inspectorate is at the Appendix.

10. Based on the above consideration, VTC has concluded that it is feasible to downsize the inspectorate to 50% by September/October 2000. Further downsizing will be reviewed in 2001 in the light of operational need. The redeployment plan is indicated below -

Rank	Existing No. of Staff	No. of staff to be redeployed		Proposed Final Establishment (subject to review)
		Phase 1 (September/October 2000)	Phase 2 (subject to review in 2001)	
CIA	5	2	3	0
SIA	11	5	4	2
IA	55	29	20	6
Total	71	36	27	8

Redeployment Plan

11. A plan is in place so that the surplus inspectorate staff will be invited to join IVE as Vocational Studies Tutors (VST) mainly to participate in the teaching of the CVS course. Their salary upon joining the VST rank will remain the same as the salary scale for the Inspectors of Apprentices and the VST rank will be identical. This arrangement will in turn enable some existing academic staff in IVE to teach in the Foundation Diploma Course. A six-month retraining programme including on-the-job training has been designed for the redeployed inspectorate staff. The VTC's plan is to have the redeployed staff assuming their new teaching duties in September 2000.

12. VTC will review the position in 2001 to work out the exact implementation plan for Phase II of the reemployment plan.

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Future Operation of the Apprenticeship Unit

Future Operation

The Apprenticeship Unit will re-engineer its processes for effective operation at its ultimate inspectorate strength. It is not considered entirely relevant to assess the Unit's future capability on the basis of past and present operation data.

2. After the first phase of downsizing, the Apprenticeship Unit will have 35 inspectorate staff, about half of its present strength. The Unit's operation will follow the present pattern. However, site inspections will be greatly reduced and office procedures will be further simplified. The Council would need to strengthen publicity on apprenticeship so as to minimize the impact of the downsizing.

3. At its ultimate inspectorate strength, the Unit will operate differently from the present pattern. In the second stage in 2001, it is envisaged that the inspectorate staff will carry out site visits only for exceptional cases. Their main duties may be discharged as follows:

- (a) Checking of training facilities: the Inspectors will collect information from employers by telephone or other means of communication. Site visits will be carried out for doubtful cases only.
- (b) Explanation of contents of Apprenticeship Contract: a VCD explaining the provisions in the contract will be distributed to each apprentice. He and his guardian can view the VCD and telephone the inspectorate for clarification. For those who have no VCD sets or personal computers, they can come to the Unit for assistance.
- (c) Enrolment in technical education course: the computers of the Unit may be linked to the IVE for apprentice enrolment purposes. It is expected that modular courses will be taken by

the trainees and that full-scale monitoring will not be required.

- (d) Inspection of training to assess progress: employers have to report training progress periodically. They can report by email, fax or mail. Random selection of cases for site inspections will be made. This is in line with the risk management concept.
- (e) Investigation of complaints and conciliation of disputes: The Apprenticeship Unit will continue to investigate complaints and mediate in disputes as under the present arrangements. In addition, cards listing the Unit's telephone, fax numbers and email addresses will be distributed to apprentices and employers to facilitate their access to the Unit for possible assistance including lodging of complaints, if applicable.
- (f) Issuance of Apprenticeship Certificates: a computer programme will be developed to facilitate completion, printing and distribution of apprenticeship certificates.

4. It is expected that industry will also take part in the monitoring of the apprenticeship scheme. This would be a different scenario compared with the present situation whereby industry almost solely relies on Government/VTC to monitor the training of apprentices.