

NOTE FOR FINANCE COMMITTEE

Second half-yearly Progress Report on Self-employment Business Start-up Assistance Scheme

PURPOSE

This paper presents the second half-yearly progress report on the Self-employment Business Start-up Assistance Scheme from April to September 2002 for Members' information.

BACKGROUND

2. The Self-employment Business Start-up Assistance Scheme (the Scheme) jointly administered by the Education and Manpower Bureau and the Employees Retraining Board (ERB) began in September 2001. At the Finance Committee meeting on 6 July 2001, Members requested the Administration to submit half-yearly progress reports after the implementation of the Scheme. The first progress report on the Scheme covering the period September 2001 to March 2002 was provided to members vide FCRI(2002-03)8. The progress of the Scheme from April 2002 to September 2002 is set out in the following paragraphs.

PROGRESS UP TO 30 SEPTEMBER 2002

Self-employment Retraining Courses

3. From September 2001 up to 30 September 2002, ERB offered a total of 29 retraining courses in self-employment, comprising 24 generic and five trade-specific programme. 579 retrainees have completed the training. A breakdown of the type of courses they attended and their profiles are shown at Enclosure 1 and Enclosure 2 respectively. Out of these 579 retrainees, 167 have started their businesses. Among them, 139 found their business with their own source of funding and the remaining 28 started their business with loans from approved lending institutions with the Secretary for Education and Manpower acting as the loan guarantor. A breakdown, by industry, of the businesses started is at Enclosure 3.

Encls. 1 & 2

Encl. 3

/Loan

Loan Guarantee

Encl. 4

4. As at 30 September 2002, a total of 29 lending institutions have participated in the Scheme to offer loans. A total of 45 retrainees have submitted loan applications. The lending institutions have approved 32 applications (28 of them have already started their business, as set out in paragraph 3 above). The cumulative loan amount approved by the lending institutions is \$3,016,000. Enclosure 4 shows the terms, conditions and other aspects of the loans in respect of 32 successful applications. So far, one of the loan borrowers has ceased his business operation due to poor economic environment.

5. ERB staff continued to pay regular on-site visits to all successful loan borrowers to ensure that they had started and operated their business in accordance with the business plans approved under the loan guarantee by the Government. They have also provided support and advice to the borrowers and have kept in contact with the lending institutions regarding borrowers' repayment schedule. Up to September 2002, no abuses have been detected.

Support and Advisory Services

6. The ERB continued to offer support and advisory services to retrainees. So far, more than 50 activities including talks, seminars and experience-sharing workshops, visits to related business enterprises and organizations, etc. have been held, benefiting over 700 participants.

7. In July and August 2002, the ERB staged a series of two-day flea markets separately in Happy Valley, Hung Hom and Tin Shui Wai. The events provided retrainees with practical opportunities to run a business at low costs under the supervision of training bodies, and attracted a total of 4 630 visitors. Most participating retrainees indicated that the experience obtained was very practical and useful to their future business planning.

Education and Manpower Bureau
March 2003

Enclosure 1 to FCRI(2002-03)20

**No. of retrainees who have completed
ERB's self-employment courses
(as at 30 September 2002)**

Course mode and type	September 2001 - March 2002			April 2002 - September 2002			Cumulative up to 30 September 2002		
	<i>Generic courses</i>	<i>Trade-specific courses</i>	<i>Total</i>	<i>Generic courses</i>	<i>Trade-specific courses</i>	<i>Total</i>	<i>Generic courses</i>	<i>Trade-specific courses</i>	<i>Total</i>
Full-Time	280	67	347	94	28	122	374	95	469
Part-Time	89	0	89	21	0	21	110	0	110
Total number	369	67	436	115	28	143	484	95	579

Notes -

1. Generic self-employment courses cover various modules related to practical knowledge and skills in general business operation and last 60 hours.
2. Trade-specific self-employment courses aim to provide retrainees with training in self-employment and business start-up in specific trades. These courses last longer than 60 hours and they cover, in addition to the modules offered in generic self-employment courses, other modules relevant to specific trades. Five courses covering the following trades have been provided so far -
 - property maintenance;
 - beauty care;
 - digital imaging;
 - environmental cleaning; and
 - retail industry.

Enclosure 2 to FCRI(2002-03)20

Profiles of Retrainees of Self-employment Programme
(as at 30 September 2002)

Sex	September 2001 - March 2002		April 2002 - September 2002		Cumulative up to 30 September 2002	
	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>
Male	243	56%	73	51%	316	55%
Female	193	44%	70	49%	263	45%
Total	436	100%	143	100%	579	100%

Age	September 2001 - March 2002		April 2002 - September 2002		Cumulative up to 30 September 2002	
	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>
Below 30	13	3%	3	2%	16	3%
30 – 39	187	43%	54	38%	241	41%
40 – 49	178	41%	53	37%	231	40%
50 or above	58	13%	33	23%	91	16%
Total	436	100%	143	100%	579	100%

Education	September 2001 - March 2002		April 2002 - September 2002		Cumulative up to 30 September 2002	
	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>
P.6 or below	18	4%	6	4%	24	4%
Form 1 to 3	116	27%	32	22%	148	26%
Form 4 to 5	210	48%	72	51%	282	48%
Form 6 or above	92	21%	33	23%	125	22%
Total	436	100%	143	100%	579	100%

Enclosure 3 to FCRI(2002-03)20

Progress on Business Start-up
(as at 30 September 2002)

Total number of graduates who have started-up business: 167

First half-yearly period*							
<i>Month of business start-up</i>	<i>Oct 2001</i>	<i>Nov 2001</i>	<i>Dec 2001</i>	<i>Jan 2002</i>	<i>Feb 2002</i>	<i>Mar 2002</i>	<i>Total</i>
<i>No. of graduates</i>	4	7	21	35	4	5	76

Second half-yearly period							
<i>Month of business start-up</i>	<i>Apr 2002</i>	<i>May 2002</i>	<i>June 2002</i>	<i>July 2002</i>	<i>Aug 2002</i>	<i>Sep 2002</i>	<i>Total</i>
<i>No. of graduates</i>	29	8	12	12	18	12	91

Breakdown by industries

<i>Industry</i>	September 2001 - March 2002		April 2002 - September 2002		Cumulative up to 30 September 2002	
	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>	<i>No. of retrainees</i>	<i>Percentage</i>
Retail/ Wholesale/ Trading	32	43%	52	57%	84	50%
Service	35	46%	31	34%	66	39%
Food and Beverage	4	5%	6	7%	10	6%
Manufacturing	4	5%	2	2%	6	4%
Others	1	1%	0	0%	1	1%
Total	76	100%	91	100%	167	100%

Remarks

* Though the Scheme started in September 2001, no business started until October 2001.

Enclosure 4 to FCRI(2002-03)20

Statistics on Successful Loan Applications
(as at 30 September 2002)

(A) Terms and Conditions

	September 2001 - March 2002	April 2002 - September 2002	Cumulative up to 30 September 2002
<i>Loan amount</i>	<i>No. of cases</i>	<i>No. of cases</i>	<i>No. of cases</i>
Below \$50,000	0	0	0
\$50,000 - \$99,999	6	3	9
\$100,000	12	11	23
Total	18	14	32
Cumulative loan amount	\$1,716,000	\$1,300,000	\$3,016,000
Average loan amount	\$95,333	\$92,857	\$94,250

	September 2001 - March 2002	April 2002 - September 2002	Cumulative up to 30 September 2002
<i>Repayment Period (month)</i>	<i>No. of cases</i>	<i>No. of cases</i>	<i>No. of cases</i>
Below 24	1	0	1
24	6	5	11
25 – 30	5	5	10
31 – 36	6	4	10
Total	18	14	32
Average	28.9	29.1	29.0

	September 2001 - March 2002	April 2002 - September 2002	Cumulative up to 30 September 2002
<i>Interest rate</i>	<i>No. of cases</i>	<i>No. of cases</i>	<i>No. of cases</i>
P + 1% or below	2	0	2
P + 1.5%	1	6	7
P + 2%	2	2	4
P + 2.5%	1	1	2
P + 3%	12	5	17
Total	18	14	32
Average interest rate	P+2.55%	P+2.18%	P+2.39%

(B) Breakdown by industries

	September 2001 - March 2002	April 2002 - September 2002	Cumulative up to 30 September 2002
<i>Industry</i>	<i>No. of successful loan applications</i>	<i>No. of successful loan applications</i>	<i>No. of successful loan applications</i>
Retail/Wholesale/Trade	8	9	17
Service	7	4	11
Food and Beverage	1	1	2
Manufacturing	1	0	1
Others	1	0	1
Total	18	14	32