

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 90 – LABOUR DEPARTMENT**

#### **Subhead 700 General other non-recurrent**

#### **New Item “Youth Self-employment Support Scheme”**

Members are invited to approve a new commitment of \$30 million for launching the Youth Self-employment Support Scheme on a trial basis starting from 2004-05.

### **PROBLEM**

2. There is room for providing more training and support services for young people who have the potential to become self-employed.

### **PROPOSAL**

3. The Secretary for Economic Development and Labour proposes to create a new commitment of \$30 million for the Labour Department (LD) to launch a Youth Self-employment Support Scheme (YSSS) on a trial basis starting from 2004-05.

### **JUSTIFICATION**

- 4 Other than traditional salaried employment, we see opportunities in self-employment for young people, particularly those who have motivation, entrepreneurship and creativity. We therefore propose to launch the YSSS on a trial basis to train and help youths become self-employed.

5. Our target is to train and assist about 1 000 young people aged 18 to 24 with education attainment below degree level who are assessed to have motivation to become self-employed in areas with business prospects, such as information technology and multimedia applications (e.g. graphic design, web page editing, computer animation, desk-top publishing), personal care (e.g. hair-dressing, nail-polishing, beauty therapy, aroma treatment, manicure), and public performances (e.g. magic show, hip-hop dance).

6. Under the YSSS, each trainee will receive training and support services for a full year from a non-governmental organisation (NGO) or a non-profit making training body, including trade unions, commissioned by the LD. The commissioned body will have to provide training and support services in accordance with approved project proposals covering the major components of the YSSS as outlined in paragraphs 7 to 9 below. The project proposals submitted by participating NGOs and training bodies will be examined by a central vetting committee comprising representatives of the Hong Kong Council of Social Service, the business sector, the academia and the LD. As administrator of the YSSS, the LD will monitor the delivery of the project proposals.

### **Initial Training**

7. The commissioned bodies will provide training to the trainees through qualified instructors. Depending on the nature of the trade, the training will last for a period of no more than four months and cover both vocational training on work skills and basic training on self-employment. The latter includes market research, marketing strategy, sales techniques and customer service, financial management and budgeting as well as interpersonal and social skills.

### **Facilities and Administrative Support**

8. To enhance the understanding of trainees on the various aspects of self-employment by hands-on practices, and to allow them to critically assess whether self-employment is a viable option, the commissioned bodies will assume the role of business managers and assist trainees in establishing business connections with a view to developing their self-employment potentials. The duration for such support service will vary with the length of the training period but will not be less than eight months, so that each trainee will receive training and support services for a full year. Trainees will not be required to start their own business during the training period.

9. The commissioned bodies will also provide a full range of facilities and administrative support for securing business to trainees during the service period. These include providing the venue for conducting business, making available the necessary equipment and hardware support on a loan basis and assisting in networking with appropriate bodies and organisations. For those trainees who have successfully established business connections and who intend to start their own business before or on completion of training, the commissioned bodies will provide them with the necessary advice and follow-up service as appropriate.

### **Review**

10. We will review the effectiveness of the YSSS on its completion taking into account the number of trainees successfully trained, the number of trainees further pursuing self-employment and their feedback on the usefulness of the YSSS in equipping them with the necessary skills.

### **FINANCIAL IMPLICATIONS**

11. We propose to earmark non-recurrent funding of \$30 million for the YSSS. The funding will be disbursed to the participating agents for the provision of training, provision of equipment and facilities, market research and business promotion. It will also cover publicity and administrative expenses. A detailed cost breakdown is at the Enclosure. The cash flow projection is as follows -

Encl.

| <b>2004-05</b> | <b>2005-06</b> | <b>Total</b> |
|----------------|----------------|--------------|
| \$17.5 million | \$12.5 million | \$30 million |

### **BACKGROUND INFORMATION**

12. The Chief Executive announced in his 2004 Policy Address on 7 January 2004 that a pilot project would be introduced to assist 1 000 young people to become self-employed.

13. We briefed the Legislative Council Manpower Panel on 12 February 2004 on the proposed YSSS. Members supported the proposal.

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**Youth Self-employment Support Scheme**

**Estimated Cost Breakdown**

| <b>Item</b>   | <b>Financial Year (\$ million)</b> |                | <b>Total</b>        |
|---|------------------------------------|----------------|---------------------|
|   | <b>2004-05</b>                     | <b>2005-06</b> | <b>(\$ million)</b> |
| Training  | 4                                  | 2              | 6                   |
| Capital cost for equipment and facilities                 | 10                                 | 5              | 15                  |
| Marketing and business promotion                          | 2                                  | 4              | 6                   |
| Administration, promotion, publicity and general expenses | 1.5                                | 1.5            | 3                   |
| <b>Total</b>  | <b>17.5</b>                        | <b>12.5</b>    | <b>30</b>           |