

NOTE FOR FINANCE COMMITTEE

Fifth Progress Report on Self-employment Business Start-up Assistance Scheme

PURPOSE

This paper presents the fifth progress report on the Self-employment Business Start-up Assistance Scheme (the Scheme) from October 2003 to September 2004.

BACKGROUND

2. The Scheme jointly administered by the Education and Manpower Bureau and the Employees Retraining Board (ERB) began in September 2001. At the Finance Committee (FC) meeting on 6 July 2001, Members requested the Administration to submit regular progress reports after the implementation of the Scheme. The last progress report covered information up to September 2003.

PROGRESS UP TO 30 SEPTEMBER 2004

Self-employment Retraining Courses

Encls 1 & 2

Encl. 3

3. Up to 30 September 2004, ERB has offered a total of 46 retraining courses in self-employment, comprising 38 generic and eight trade-specific programmes. 942 retrainees have completed the training. A breakdown of the types of courses they attended and their profiles are shown at Enclosures 1 and 2 respectively. Out of these 942 graduates, 329 have started their business. A breakdown, by industry, of the business as started is at Enclosure 3.

Loan Guarantee

Encl. 4

4. As at 30 September 2004, a total of 26 lending institutions participated in the Scheme to offer loans. There are a total of 76 loan applications of which 39 have been approved by the lending institutions with a cumulative loan amount of \$3,696,000. Enclosure 4 shows the terms, conditions and other aspects of the loans in respect of these 39 successful applications.

5. As at the same date, of the 39 successful applications, ten have their entire loans repaid, 12 defaulted and 17 under active servicing. As guarantor of the loans, the Government has made guaranteed payments of \$811,300 to the corresponding lending institutions for the 12 default cases and would seek for recovery of these amounts from the borrowers as appropriate. Meanwhile, as noted by Members at the FC meeting on 6 July 2001, the payments were fully offset by subvention to the ERB.

6. As reported in the last progress report FCRI(2003-04)17, the loan guarantee facility of the Scheme has been discontinued starting from 1 October 2003. Since then, no new applications for loan guarantee have been processed.

Support and Advisory Services

7. ERB continues to offer support and advisory services to retrainees who have completed self-employment training courses. Since the inception of the Scheme, ERB has arranged more than 70 activities including talks, seminars and experience-sharing workshops, visits to related business enterprises and organisations, etc., benefiting about 940 participants.

PROGRESS REPORTS

8. Members requested the submission of progress reports when giving approval for the Secretary for Education and Manpower to act as guarantor for the loan guarantee facility. The main purpose of the progress report is to inform Members of the usage of that facility. With the discontinuation of the loan guarantee facility, we will keep Members abreast of any latest development of the Scheme on a need rather than regular basis.

**No. of retrainees who have completed
ERB's self-employment courses
(as at 30 September 2004)**

<i>Course mode and type</i>	September 2001 – September 2003			October 2003 – September 2004			Cumulative up to 30 September 2004		
	<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	585	123	708	111	13	124	696	136	832
Part-Time	110	0	110	0	0	0	110	0	110
Total No.	695	123	818	111	13	124	806	136	942

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 modules relevant to specific trades. Seven courses covering the following trades have been provided so far –
 - property maintenance;
 - beauty care;
 - digital imaging;
 - environmental cleaning;
 - retail industry;
 - community docent; and
 - retail in vegetables and fruit produce.

Enclosure 2 to FCRI(2004-05)20

**Profiles of retrainees of self-employment courses
(as at 30 September 2004)**

<i>Sex</i>	September 2001 – September 2003		October 2003 – September 2004		Cumulative up to 30 September 2004	
	<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	433	53%	61	49%	494	52%
Female	385	47%	63	51%	448	48%
Total	818	100%	124	100%	942	100%

<i>Age</i>	September 2001 – September 2003		October 2003 – September 2004		Cumulative up to 30 September 2004	
	<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	28	3%	7	6%	35	4%
30 – 39	339	41%	53	43%	392	41%
40 – 49	323	40%	44	35%	367	39%
50 or above	128	16%	20	16%	148	16%
Total	818	100%	124	100%	942	100%

<i>Education</i>	September 2001 – September 2003		October 2003 – September 2004		Cumulative up to 30 September 2004	
	<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	31	4%	0	0%	31	3%
Form 1 to 3	218	26%	27	22%	245	26%
Form 4 to 5	391	48%	63	51%	454	48%
Form 6 or above	178	22%	34	27%	212	23%
Total	818	100%	124	100%	942	100%

Enclosure 3 to FCRI(2004-05)20

**Progress on business start-up
(as at 30 September 2004)**

Total number of graduates who have started their business - 329

Breakdown by the month of business start-up

Month	<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>Sub-total</i>
No. of graduates	4	7	21	35	4	5	76
Month	<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>Sub-total</i>
No. of graduates	29	8	12	12	18	12	91
Month	<i>Oct 2002</i>	<i>Nov 2002</i>	<i>Dec 2002</i>	<i>Jan 2003</i>	<i>Feb 2003</i>	<i>Mar 2003</i>	<i>Sub-total</i>
No. of graduates	6	15	18	9	3	5	56
Month	<i>Apr 2003</i>	<i>May 2003</i>	<i>June 2003</i>	<i>July 2003</i>	<i>Aug 2003</i>	<i>Sep 2003</i>	<i>Sub-total</i>
No. of graduates	9	11	6	4	4	1	35
Month	<i>Oct 2003</i>	<i>Nov 2003</i>	<i>Dec 2003</i>	<i>Jan 2004</i>	<i>Feb 2004</i>	<i>Mar 2004</i>	<i>Sub-total</i>
No. of graduates	8	12	13	4	3	3	43
Month	<i>Apr 2004</i>	<i>May 2004</i>	<i>June 2004</i>	<i>July 2004</i>	<i>Aug 2004</i>	<i>Sep 2004</i>	<i>Sub-total</i>
No. of graduates	4	7	6	10	0	1	28
Total							329

Breakdown by industry

Industry	September 2001 – September 2003		October 2003 – September 2004		Cumulative up to 30 September 2004	
	<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	130	50%	41	57%	171	52%
Service	102	40%	24	34%	126	38%
Food & Beverage	19	7%	4	6%	23	7%
Manufacturing	6	3%	2	3%	8	3%
Others	1	0%	0	0%	1	0%
Total	258	100%	71	100%	329	100%

**Statistics on successful loan applications
(as at 30 September 2004)**

(A) Terms and Conditions

	September 2001 – September 2003	October 2003 – September 2004	Cumulative up to 30 September 2004
<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	9	1	10
\$100,000	28	1	29
Total	37	2	39
Cumulative loan amount	\$3,516,000	\$180,000	\$3,696,000
Average loan amount	\$95,027	\$90,000	\$94,769

	September 2001 – September 2003	October 2003 – September 2004	Cumulative up to 30 September 2004
<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	10	0	10
25 – 30	12	0	12
31 – 36	14	2	16
Total	37	2	39
Average repayment period (month)	29.8	36	30.1

	September 2001 – September 2003	October 2003 – September 2004	Cumulative up to 30 September 2004
<i>Interest rate</i>	<i>No. of cases</i>	<i>No. of cases</i>	<i>No. of cases</i>
P + 1%	2	0	2
P + 1.5%	12	1	13
P + 2%	4	0	4
P + 2.5%	2	1	3
P + 3%	17	0	17
Total	37	2	39
Average interest rate	P + 2.27%	P + 2%	P+2.26%

(B) Breakdown by industry

	September 2001 – September 2003	October 2003 – September 2004	Cumulative up to 30 September 2004
<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	20	1	21
Service	12	0	12
Food and Beverage	3	1	4
Manufacturing	1	0	1
Others	1	0	1
Total	37	2	39

Note – The two applications approved during the period of October 2003 – September 2004 were received before the loan guarantee facility was discontinued starting from 1 October 2003.
