

For information on
15 March 2012

Legislative Council Panel on Manpower

Implementation of the Pilot Employment Navigator Programme

Purpose

This paper reports on the progress of the implementation of the Pilot Employment Navigator Programme (ENP) and briefs Members on the adjustment to the salary ceiling for granting cash incentive under the programme.

Background

2. To motivate and assist job seekers with difficulties in finding jobs to secure and sustain in employment, the Financial Secretary announced in the 2010-11 Budget that the Labour Department (LD) would launch a two-year Pilot ENP. On 11 June 2010, the Finance Committee of the Legislative Council approved the funding for LD to implement the programme. The Pilot ENP was formally launched on 13 December 2010.

Programme contents

3. The Employment Officers of LD provide personalised employment consultation to the unemployed job seekers participating in the Pilot ENP in accordance with their employment needs. Through face-to-face interviews and career assessment, the Employment Officers gauge the employment needs of the participants, help them better understand their own abilities and their career aptitude with a view to assisting them to draw up job search plans. The Employment Officers introduce to the participants the latest employment market situation and encourage them to widen their job choices and make use of different channels, including visiting the job fairs organised by LD, in job search so as to enhance their chances of securing an employment.

4. The Employment Officers follow up with participants from time to time on how they implement the job search plans and review with them their experiences in the job seeking process. Where necessary, the Employment Officers will provide them with further employment support, including conducting mock interviews to help them master the job interviewing skills, or

arranging them to participate in work trials under LD's Work Trial Scheme to acquire work experience and skills through working in real work environment. Post-placement services are also provided to participants who have secured an employment to help them adapt to the new job.

5. To encourage a job seeker to secure and stay in a job for at least three months, the Pilot ENP offers a cash incentive of up to \$5,000 for each participant who meets the following criteria:

- (a) unemployed before joining the Pilot ENP and has received services under the Pilot ENP for at least one month;
- (b) employed to fill a vacancy listed under LD's employment service; and
- (c) employed in a full-time permanent post offering a salary of \$6,500 or less per month.

6. Eligible ENP participants will be paid the cash incentive in three stages, including \$500 upon reporting duty to a new job and completion of the first day of employment; \$1,500 after staying in the job for one month; and \$3,000 after staying in the job for three months. A participant will be eligible for each stage of payment once during the two-year operation of the Pilot ENP.

Publicity

7. LD has been extensively publicising the Pilot ENP to target job seekers through numerous channels, including setting up a dedicated webpage at the Interactive Employment Service website; promoting the programme through mass media such as newspapers and radio, and placing advertisements on public transport vehicles. In addition, our staff have also actively introduced the programme to job seekers registered for LD's employment service and encouraged them to enroll in the programme. We shall continue to promote the Pilot ENP through various channels and encourage the needy job seekers to enroll in the programme.

Implementation of Pilot ENP

8. Up to the end of February 2012, a total of 4 991 job seekers have joined the Pilot ENP. Among them, 28.6% were aged between 20 and 29 and 24.6% aged between 40 and 49 while 43.2% possessed an education level at Secondary Four to Five and another 23.1% at Secondary One to Three. The breakdown of the ENP participants by age and education level is provided at **Appendix 1**.

9. As at the end of February 2012, 990 participants were still receiving employment consultation. Of the remaining 4 001 participants, 2 901 participants were confirmed to have secured employment, among whom 33.2% were engaged in elementary occupations, 27.1% in clerical support work and 21% in service and shop sales work. On industry distribution, 29.6% worked in wholesale, retail and import/export trades, restaurants and hotels sector, 23.8% in the financing, insurance, real estate, professional and business services sector, and another 18.8% in the community, social and personal services sector. The breakdown of the participants who have secured employment by occupation and industry is provided at **Appendix 2**. As at the end of February 2012, LD received a total of 1 095 applications¹ for cash incentive from 513 participants and approved 1 045 applications involving a total payout of \$1.41 million.

10. During the implementation of the programme, we regularly collect feedback from the participants. Among the 1 259 participants who had provided feedback, over 80% opined that the Pilot ENP had enhanced their knowledge of the labour market as well as their job search and interviewing skills. More than 80% of the respondents also considered that the Pilot ENP had enhanced their confidence in job search. We shall continue to closely monitor the operation of the Pilot ENP to ensure that it attains the objective of helping the unemployed secure employment.

Adjustment of the ceiling of the salary offer for application for cash incentive to \$7,300

11. The objective of the Pilot ENP in offering cash incentive is to motivate the unemployed who, due to their qualifications, have a need to acquire work experience to further enhance their employability to secure and stay in employment. Since the Pilot ENP was launched, the labour market, benefited from the growth of the local economy, had remained buoyant in the past year and the wage levels had also increased. Currently, the number of job openings offering a monthly salary of \$6,500 or less has decreased when compared with the time when the Pilot ENP was launched. Therefore, there is a need to raise the ceiling of salary offer under the Pilot ENP to keep pace with the changes in the employment market.

12. The Pilot ENP was formulated in the first quarter of 2010. In arriving at the salary ceiling of \$6,500, we had made reference to the median monthly salary offer of major job titles received by LD, such as Sales Representative, Shop Sales/Assistant, Waiter/Waitress and General Office Clerk,

¹ The figure includes all applications for cash incentive submitted by an ENP participant at different stages. The application number is therefore greater than the number of ENP participants involved.

with no experience requirement in the first quarter of 2010. In the fourth quarter of 2011, the median monthly salary offer of these vacancies had risen to about \$7,300. In addition, according to the latest Quarterly Report of Wage and Payroll Statistics published by the Census and Statistics Department, the nominal wage index has increased by 11.4% when compared with the corresponding index at the time when the Pilot ENP was formulated. If the salary ceiling is revised upwards by the same magnitude, the adjusted figure also approximates \$7,300².

13. Taking into account the above data, we consider it appropriate to adjust the ceiling of salary offer for granting cash incentive under the Pilot ENP from \$6,500 to \$7,300. We shall make the necessary administrative arrangement for the new salary ceiling to take effect from 1 April 2012. An ENP participant who commences employment on 1 April 2012 or thereafter will be eligible for cash incentive if he/she finds a job with a salary offered by the employer at \$7,300 or less on commencement of his/her employment and fulfils the relevant requirements of the programme. We will widely publicise the adjustment.

14. Additional funding is not required to implement the adjustment of the salary ceiling mentioned in paragraph 13 above. The adjustment is made with reference to the increase in wage levels in the employment market and is technical in nature. An Information Note on the revision of the salary ceiling will be submitted to the Finance Committee of the Legislative Council. The Pilot ENP is a two-year time-limited programme. We shall conduct a review on the operation mode and the effectiveness of the Pilot ENP in the fourth quarter of this year to decide on the way forward.

15. Members are invited to note the content of this paper.

Labour and Welfare Bureau
Labour Department
March 2012

² The wage survey covers the supervisory and technical workers, clerical and secretarial workers, service workers, miscellaneous non-production workers, craftsmen and operatives. According to the survey report published at the end of December 2011, the nominal wage index of these occupations in September 2011 increased by 11.4% when compared with the time when the Pilot ENP was being formulated (March 2010). If adjusted by the same magnitude, the salary ceiling becomes \$7,241.

**Age and Education Level of the ENP Participants
(As at end of February 2012)**

Breakdown by Age

Age	Number of Participants (Percentage)
15 – 19	240 (4.8%)
20 – 29	1 428 (28.6%)
30 – 39	996 (20.0%)
40 – 49	1 229 (24.6%)
50 – 59	945 (18.9%)
60 or above	153 (3.1%)
Total	4 991 (100%)

Breakdown by Education Level

Education Level	Number of Participants (Percentage)
Primary 6 or below	334 (6.7%)
Secondary 1 - 3	1 153 (23.1%)
Secondary 4 - 5	2 154 (43.2%)
Secondary 6 - 7	335 (6.7%)
Post-secondary	1 015 (20.3%)
Total	4 991 (100%)

**Profile of the ENP Participants Who Have Secured Employment
by Occupation and Industry
(As at end of February 2012)**

Breakdown by Occupation

Occupation	Number of Participants (Percentage)
Managers and administrators	8 (0.3%)
Professionals	32 (1.1%)
Associate professionals	285 (9.8%)
Clerical support workers	785 (27.1%)
Service workers	381 (13.1%)
Shop sales workers	228 (7.9%)
Agriculture, animal husbandry and forestry workers and fishermen	2 (0.1%)
Craft and related workers	50 (1.7%)
Plant and machine operators and assemblers	42 (1.4%)
Elementary occupations	963 (33.2%)
Other occupations	23 (0.8%)
Did not disclose information on occupation	102 (3.5%)
Total	2 901 (100%)

Breakdown by Industry

Industry	Number of Participants (Percentage)
Manufacturing	288 (9.9%)
Construction	99 (3.4%)
Wholesale, retail, import/export trades, restaurants and hotels	858 (29.6%)
Transportation, storage and communications	188 (6.5%)
Financing, insurance, real estate, professional and business services	689 (23.8%)
Community, social and personal services	546 (18.8%)
Other industries	131 (4.5%)
Did not disclose information on industry	102 (3.5%)
Total	2 901 (100%)