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**Panel on Manpower**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 15 March 2012**

**Implementation of the Pilot Employment Navigator Programme**

**Purpose**

This paper provides background information on the implementation of the Pilot Employment Navigator Programme ("Pilot ENP") and summarizes Members' concerns on the matter.

**Background**

2. The Financial Secretary announced in his 2010-2011 Budget Speech that the Labour Department ("LD") would launch a two-year Pilot ENP to enhance employment support to job-seekers. Under the Pilot ENP, a cash incentive of \$5,000 will be payable by three stages to each eligible participant who has worked for a continuous period of three months in a full-time job with monthly salary of not more than \$6,500 after receiving LD's intensive employment counselling and job matching and referral services. The Pilot ENP will provide 11 000 places a year, involving an estimated expenditure of \$140 million over the two-year pilot period. It is designed to address the problem of manpower mismatch, fully utilize the labour productivity and encourage employment.

3. Upon the funding approval by the Finance Committee in June 2010, LD launched the Pilot ENP on 13 December 2010. As at the end of February 2011, a total of 1 270 job seekers had enrolled in the Pilot ENP. Among them, 261 participants had secured employment and 42 had submitted applications for cash incentive. A total of \$185,845 was spent in the two months after the Pilot ENP was launched.

## **Members' major areas of concern**

4. The following paragraphs set out the major areas of concern raised by Members at the meetings of the Panel on Manpower on 26 April and 21 October 2010 and special meetings of the Finance Committee on 25 March 2010 and 24 March 2011.

### Eligibility criteria of the Pilot ENP

5. Clarification was sought on the rationale for setting the monthly income ceiling of a participant at \$6,500 or less as one of the eligibility criteria for receiving cash incentive under ENP, and whether an ENP participant who quitted the job after receiving the \$5,000 incentive could join the Pilot ENP the second time.

6. According to the Administration, ENP was mainly targetted at unskilled job-seekers who did not have any previous relevant working experience. The threshold of \$6,500 was set having regard to the median monthly salary offered for vacancies which did not require previous relevant working experience posted in LD's Job Centres in the first quarter of 2010. The cash incentive was capped at \$5,000 for each applicant over the two-year pilot period. While repeated applications were not allowed, an applicant who was not paid the full amount of cash incentive because he/she quitted the initial job but secured another job and stayed for a continuous period of three months would still be eligible for the remaining cash incentive.

### Efficacy of the Pilot ENP

7. Some Members were concerned whether the launch of the Pilot ENP could really address the problem of manpower mismatch. Pointing out that some work types were very unpopular among job-seekers because of the job nature, undesirable working condition, long working hours and unattractive remuneration, these members expressed concern that an ENP participant taking up an unpopular job might quit after receiving the \$5,000 cash incentive. Members considered that the mismatch was a structural problem which could not be resolved by the Pilot ENP.

8. Members were advised that in order to make the best use of the available workforce, the Administration hoped to motivate job-seekers who had been unemployed for quite some time to try out other job types through intensive counselling and the provision of cash incentives. ENP was a new attempt to channel under-utilized productivity back to the job market, help job-seekers secure and sustain in employment so as to rebuild their self-esteem and to prevent them from falling into the net of the Comprehensive Social Security

Assistance Scheme. If the Pilot ENP was successful, it could help address the problem of manpower mismatch. The Administration stressed that counselling was the backbone of ENP. During the counselling process, placement officers of LD would encourage job seekers to consider other job types which had abundant vacancies, gauge their employment and training needs, advise them of any mismatch between their knowledge and skill sets vis-à-vis the requirements of the jobs that they were looking for, discuss with them any need to adjust their expectations or to bridge the identified gap through, for example, retraining. Placement officers would also help individual job-seekers develop and implement job search action plans. Review meetings would be conducted with job-seekers from time to time to fine-tune the action plans and provide additional support, as might be required.

9. The Administration further advised Members that the initial three months of employment was critical to a job-seeker's subsequent retention in a job. Owing mainly to adjustment problems, the turnover rate was usually the highest in the first month of employment. With the building up of skills, experience and social network, the turnover rate would gradually decline and stabilize after some three months of employment. Through the provision of intensive employment counselling services and the payment of a cash incentive by stages, the job-seeker was expected to overcome the initial hurdles and remain in employment. Noting the possibility of some ENP participants quitting the job after three months, the Administration would closely monitor the progress of the Pilot ENP and make adjustments as necessary.

#### Possible abuse of the Pilot ENP and monitoring mechanism

10. Information was sought on the measures to be adopted by the Administration for prevention or eradication of abuse of the Pilot ENP by employers and job seekers. Some Members expressed concern that employers might lower the salary to the ENP participants in view of the cash incentive of up to \$5,000 offered to each eligible participant.

11. According to the Administration, the cash incentive was given direct to the eligible ENP participant to alleviate the retention problem during the initial months of employment when the turnover rate was usually high. The cash incentive should not affect the salary receivable from the employer. To forestall abuse by employers or job seekers, LD would put in place a monitoring mechanism. The Administration highlighted that to be eligible for the cash incentive, a job seeker had to secure a job through the employment services of LD which had a well-established system for vetting the job vacancies received from employers. To prevent possible abuse by job-seekers, an ENP participant must be unemployed before joining the Pilot ENP and had received services under ENP for at least one month in order to be eligible for the cash incentive.

Applications for cash incentive would be carefully scrutinized by LD. Any irregularities detected would be thoroughly investigated and appropriate follow-up actions would be taken as necessary.

**Relevant papers**

12. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
9 March 2012

**Relevant papers on  
Implementation of the Pilot Employment Navigator Programme**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Finance Committee <i>(Special meeting to examine the Estimates of Expenditure 2010-2011)</i>	25.3.2010	<u>Speaking notes</u>  <u>Administration's replies to Members' initial written questions (Reply Serial Nos. LWB(L)032, LWB(L)048, LWB(L)049 &amp; LWB(L)089)</u>  <u>Minutes</u>
Panel on Manpower	26.4.2010 (Item III)	<u>Agenda</u> <u>Minutes</u>
Finance Committee	11.6.2010 (Item V)	<u>Agenda</u> <u>Minutes</u>
Panel on Manpower	21.10.2010 (Item II)	<u>Agenda</u> <u>Minutes</u>
Finance Committee <i>(Special meeting to examine the Estimates of Expenditure 2011-2012)</i>	24.3.2011	<u>Speaking notes</u>  <u>Administration's replies to Members' initial written questions (Reply Serial Nos. LWB(L)009, LWB(L)044, LWB(L)047, LWB(L)060, LWB(L)95 &amp; LWB(L)120)</u>  <u>Minutes</u>