

立法會
Legislative Council

LC Paper No. CB(2)1356/12-13(18)

Ref : CB2/PL/MP

Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 18 June 2013**

Employment services of the Labour Department

Purpose

This paper gives an account of the past discussions by the Panel on Manpower ("the Panel") on the employment services of the Labour Department ("LD").

Background

2. According to the Administration, LD provides free recruitment assistance to employers and employment services to job seekers through a network of 11 job centres, a one-stop employment and training centre named "Employment in One-stop", two recruitment centres for the catering and retail industries, the Job Vacancy Processing Centre and the Telephone Employment Service Centre. Apart from paying visits to job centres, job seekers may obtain the latest vacancy information through the Interactive Employment Service website as well as the various vacancy search terminals located throughout the territory.

3. To cater for the needs of different job seekers, LD administers various specialised employment programmes, including the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme ("YPTP&YWETS"), the Employment Programme for the Middle-aged ("EPM"), the Work Trial Scheme and the Work Orientation and Placement Scheme ("WOPS"). Under these programmes, job seekers are provided with tailor-made employment support services such as employment consultation and provision of work trials in actual working environment and on-the-job training, etc. To strengthen the support to job seekers with different degree of

employment difficulties, the Administration sets out a new initiative for the year of 2013 to increase the on-the-job training allowance payable to employers under YPTP&YWETS, EPM and WOPS so as to enhance the employability and employment opportunities of young people, middle-aged persons and persons with disabilities respectively.

4. Between 13 December 2010 and 12 December 2012, LD launched the Pilot Employment Navigator Programme ("Pilot ENP"), which aimed to assist job seekers with difficulties in finding jobs to secure and sustain in employment by providing them with employment consultation services and cash incentive up to \$5,000.

Deliberations of the Panel

Employment support to job seekers in remote districts

5. Members have all along been concerned about the employment support to job seekers residing in remote areas where the problem of unemployment was more serious and the job seekers had to travel afar to visit the recruitment centres located in urban area. When briefed on the Administration's plan to establish a one-stop employment and training centre in Tin Shui Wai (i.e. the existing "Employment in One-stop") at the Panel meeting on 20 October 2011, many members were concerned whether the Administration would consider also setting up such centres in other areas.

6. The Administration explained that Tin Shui Wai was densely populated with needy job seekers, including unemployed Comprehensive Social Security Assistance ("CSSA") recipients and new immigrants. Consideration could be given to establishing one-stop employment and training centres in other districts should the centre in Tin Shui Wai be proven effective in rendering employment support to these disadvantaged groups. The Administration would review the situation in two years. In the meantime, LD organised mini-job fairs at its job centres in different districts to cater for the needs of employers and job seekers in the area.

7. The Administration also advised that to relieve the burden of work-related travelling expenses on low-income households with employed members and to promote sustained employment, LD had since October 2011 introduced the Work Incentive Transport Subsidy ("WITS") Scheme. Successful applicants would be granted either a full-rate subsidy of \$600 per month or a half-rate subsidy of \$300 per month depending on their working

hours. Following its mid-term review of the WITS Scheme conducted in August 2012, the Administration had raised the income and asset limits of the scheme and relaxed the eligibility of the scheme by providing for the option of individual applications as an alternative to household applications starting from the claim months of 2013.

8. Members were advised that as announced in the Chief Executive's 2013 Policy Address, LD would set up a job centre in Tung Chung in 2013-2014 to strengthen its employment service to residents living in remote areas. It was envisaged that job-seekers residing on Lantau Island, including areas like Tung Chung, Mui Wo, Tai O and Discovery Bay, could then seek employment support in this job centre.

Employment assistance to the middle-aged

9. Members expressed concern about the employment difficulties encountered by the middle-aged people, especially those between 50 and 55 years old. The Administration advised that having regard to a survey conducted by the Census and Statistics Department, work ability was the major consideration in recruitment while age was a major consideration of only 6.4% of the employers. The Administration further advised that LD had enhanced EPM by increasing the financial incentives to employers and extending the subsidy period. An employer was granted a monthly training allowance of \$2,000 for three to six months for employing a middle-aged person and providing him/her with on-the-job training under EPM.

10. To enhance the employability and employment opportunities of middle-aged persons, members were advised that as announced in the Chief Executive's 2013 Policy Address, LD would increase the amount of on-the-job training allowance under EPM payable to the employer to \$3,000, on the condition that the middle-aged person was employed according to the programme requirements and paid \$6,000 or above a month.

Employment assistance to young people

11. Members expressed grave concern about the employment assistance to young people, particularly the measures to help the "hidden youths". The Administration advised that LD's YPTP&YWETS provided a full range of pre-employment and on-the-job training to young people aged 15 to 24 with educational attainment at sub-degree level or below. LD had promoted YPTP&YWETS to secondary schools and educational institutions offering sub-degree programmes. As trainees of YPTP&YWETS were of diversified needs and characteristics, they would be provided with personalised career

counselling and support services under the programme to overcome any impediments to employment. According to the Administration, of the some 9 400 participants of YPTP&YWETS in 2011-2012, about 3 800 trainees were placed in jobs or training vacancies under the programme.

12. On the measures to support "hidden youths" facing employment difficulties, members noted that LD had collaborated with non-governmental organisations providing outreaching services for youth in launching special training programmes tailor-made for them. Under these special programmes, courses were designed with ample flexibility, including the provision of small-size classes with shorter durations and evening classes, in order to sustain trainees' interests in receiving pre-employment training and not to exert undue pressure on them. When enquired about the measures to tackle the problem of unemployment arising from the implementation of the new academic structure for senior secondary and higher education ("the 3-3-4 structure"), the Administration advised that LD would review and adjust YPTP&YWETS to prepare for the challenge brought about by the 3-3-4 school structure.

13. To encourage participation in workplace attachment training under YPTP&YWETS, members were advised that as announced in the Chief Executive's 2013 Policy Address, LD would increase the amount of allowance under YPTP&YWETS payable to the trainee who had completed the one-month attachment from \$2,000 to \$3,000. Similar to EPM, the on-the-job training allowance payable to the employer would be also be increased to \$3,000 on the condition that the trainee was employed according to the programme requirements and paid \$6,000 or above a month.

Pilot ENP

14. Some members were concerned about the rationale for setting the monthly income ceiling of a participant at \$6,500 as one of the eligibility criteria for receiving cash incentive of \$5,000 under the Pilot ENP. Some members also raised concern over 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. They enquired whether a participant who quitted the job after receiving the \$5,000 incentive could join the Pilot ENP the second time.

15. According to the Administration, the Pilot 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. 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-utilised 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 CSSA Scheme. The Administration further advised that the initial three months of employment was critical to a job-seeker's subsequent retention in a job. 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. The cash incentive was capped at \$5,000 for each applicant over the two-year pilot period.

16. When the Panel was briefed on the progress of the implementation of the Pilot ENP at its meeting on 15 March 2012, members noted with concern that only 4 991 job seekers had participated in the programme, which was substantially smaller than the original estimate of 22 000 participants over the two-year pilot period. Of the participants, 2 901 participants had secured employment and 513 of them had applied for cash incentive. Members expressed grave concern about the effectiveness of the Pilot ENP in achieving its objective of helping the unemployed to secure employment.

17. The Administration advised that since the launch of the Pilot ENP in December 2010, the local economy had improved and many job openings were available in the employment market. Job seekers could find work more easily, and hence the number of the Pilot ENP participants turned out to be lower than originally estimated. The Administration further advised that LD would continue to actively promote the Pilot ENP to needy job seekers through various channels. Staff of LD would also proactively introduce the Pilot ENP to job seekers who visited the job centres for employment services.

18. In its reply to a written question raised at the Council meeting of 6 February 2013 concerning the Pilot ENP, the Administration advised that in the two-year trial period, a total of 8 166 job seekers joined the Pilot ENP and receive intensive employment consultation services. As at 31 December 2012, LD confirmed that 5 580 participants had secured employment, representing 68.3% of the total number of participants. The participants of the Pilot ENP were generally not required to report to LD changes in their employment status. The Administration therefore did not have information on the length of

employment in respect of all participants who had found work. The Administration further advised that LD had conducted a review of the Pilot ENP in the fourth quarter of 2012. It was observed that during the period the Pilot ENP was implemented, the labour market remained buoyant and the number of job openings had continuously increased. Job seekers found it easier to find work through their own efforts. Since the employment market situation had much improved when compared to the time when the Pilot ENP was launched, the number of job seekers requiring LD's intensive employment consultation services had turned out to be smaller than originally expected. LD had also analysed the length of employment of the participants and noticed that the effect of cash incentive in encouraging the participants to stay in work was not significant. In view of the above, the Administration decided to end the programme upon completion of its two-year trial period. According to the Administration, LD would continue to provide employment consultation services to the participants of the Pilot ENP until their registration expired. If the participants could secure an employment which met the requirements of the Pilot ENP on or before 30 June 2013 and complete the prescribed length of service, they could still apply for the cash incentive.

Relevant papers

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

Council Business Division 2
Legislative Council Secretariat
13 June 2013

Appendix

Relevant papers on the employment services of the Labour Department

Committee	Date of meeting	Paper
Panel on Manpower	21.1.2010 (Item IV)	<u>Agenda</u> <u>Minutes</u>
	20.10.2011 (Item II)	<u>Agenda</u> <u>Minutes</u>
	15.3.2012 (Item V)	<u>Agenda</u> <u>Minutes</u>
	3.12.2012 (Item I)	<u>Agenda</u> <u>Minutes</u>
	25.1.2013 (Item V)	<u>Agenda</u> <u>Minutes</u>
Council meeting	6.2.2013	<u>Official Record of Proceedings</u> <u>(Question 8)</u>

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