

**REPORT OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON  
REPORT NO. 72 OF THE DIRECTOR OF AUDIT  
ON  
THE RESULTS OF  
VALUE FOR MONEY AUDITS**

*July 2019*

*P.A.C. Report No. 72*

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*Introduction*

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**The Establishment of the Committee** The Public Accounts Committee is established under Rule 72 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, a copy of which is attached in *Appendix 1* to this Report.

2. **Membership of the Committee** The following Members are appointed by the President under Rule 72(3) of the Rules of Procedure to serve on the Committee:

**Chairman** : Hon Abraham SHEK Lai-him, GBS, JP

**Deputy Chairman** : Hon Kenneth LEUNG

**Members** : Hon Paul TSE Wai-chun, JP  
Hon Steven HO Chun-yin, BBS  
Hon LAM Cheuk-ting  
Hon SHIU Ka-fai, JP  
Hon Tanya CHAN

**Clerk** : Anthony CHU

**Legal Adviser** : YICK Wing-kin

*Procedure*

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**The Committee's Procedure** The practice and procedure, as determined by the Committee in accordance with Rule 72 of the Rules of Procedure, are as follows:

- (a) the public officers called before the Committee in accordance with Rule 72 of the Rules of Procedure, shall normally be the Controlling Officers of the Heads of Revenue or Expenditure to which the Director of Audit has referred in his Report except where the matter under consideration affects more than one such Head or involves a question of policy or of principle in which case the relevant Director of Bureau of the Government or other appropriate officers shall be called. Appearance before the Committee shall be a personal responsibility of the public officer called and whilst he may be accompanied by members of his staff to assist him with points of detail, the responsibility for the information or the production of records or documents required by the Committee shall rest with him alone;
- (b) where any matter referred to in the Director of Audit's Report on the accounts of the Government relates to the affairs of an organisation subvented by the Government, the person normally required to appear before the Committee shall be the Controlling Officer of the vote from which the relevant subvention has been paid, but the Committee shall not preclude the calling of a representative of the subvented body concerned where it is considered that such a representative could assist the Committee in its deliberations;
- (c) the Director of Audit and the Secretary for Financial Services and the Treasury shall be called upon to assist the Committee when Controlling Officers or other persons are providing information or explanations to the Committee;
- (d) the Committee shall take evidence from any parties outside the civil service and the subvented sector before making reference to them in a report;
- (e) the Committee shall not normally make recommendations on a case on the basis solely of the Director of Audit's presentation;
- (f) the Committee shall not allow written submissions from Controlling Officers other than as an adjunct to their personal appearance before the Committee; and

- (g) the Committee shall hold informal consultations with the Director of Audit from time to time, so that the Committee could suggest fruitful areas for value for money study by the Director of Audit.

2.       **Confidentiality undertaking by members of the Committee**       To enhance the integrity of the Committee and its work, members of the Public Accounts Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matter either before or after the Committee presents its report to the Council, unless the confidential classification has been removed by the Committee.

3.       A copy of the Confidentiality Undertakings signed by members of the Committee has been uploaded onto the Legislative Council website.

4.       **The Committee's Report**       This Report by the Public Accounts Committee corresponds with Report No. 72 of the Director of Audit on the results of value for money audits which was tabled in the Legislative Council on 17 April 2019. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in *Appendix 2*.

5.       **The Government's Response**       The Government's response to the Committee's Report is contained in the Government Minute, which comments as appropriate on the Committee's conclusions and recommendations, indicates what action the Government proposes to take to rectify any irregularities which have been brought to notice by the Committee or by the Director of Audit and, if necessary, explains why it does not intend to take action. It is the Government's stated intention that the Government Minute should be laid on the table of the Legislative Council within three months of the laying of the Report of the Committee to which it relates.

**Consideration of the Director of Audit's Report tabled in the Legislative Council on 17 April 2019** As in previous years, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit's Report. The Committee has therefore only selected those chapters in the Director of Audit's Report No. 72 which, in its view, referred to more serious irregularities or shortcomings. The Committee has also sought and obtained information from the Administration on some of the issues raised in other chapters of the Director of Audit's Report No. 72. The Committee appreciates that, in response to the Committee's written questions, the relevant bureaux/departments have provided the Committee with lots of useful information to facilitate the Committee's better understanding of the subjects. The Administration's response has been included in this Report.

2. **Meetings** The Committee held a total of four meetings and one public hearing in respect of the subjects covered in this Report. During the public hearing, the Committee heard evidence from a total of six witnesses, including one Director of Bureau and one Head of Department. The names of the witnesses are listed in *Appendix 3* to this Report.

3. **Arrangement of the Report** The evidence of the witnesses who appeared before the Committee, and the Committee's specific conclusions and recommendations, based on the evidence and on its deliberations on the relevant chapter of the Director of Audit's Report, are set out in Chapter 3 of Part 4 below.

4. The video and audio record of the proceedings of the Committee's public hearings is available on the Legislative Council website.

5. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Report, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

The Committee held two public hearings on 10 and 31 May 2019 respectively to receive evidence on this subject. In view of the number of issues raised under this subject, the Committee has decided to hold a further hearing and defer a full report on this subject in order to allow itself more time to consider the evidences and the issues raised in the Director of Audit's Report.

The Audit Commission ("Audit") conducted a review to examine the management of Greening Master Plans ("GMPs").

2. A GMP serves as a guide for all parties involved in planning, design and implementation of greening works. It defines comprehensively the overall greening framework of a district by establishing the greening themes, proposing suitable planting species and identifying suitable planting locations to promote a clear district identity, and thus paves the way for continuous and consistent results in enhancing the green environment. As of December 2018, the Civil Engineering and Development Department ("CEDD") had developed 11 GMPs for urban areas and nine for the New Territories ("NT"). A total of \$734.7 million had been incurred on development and implementation of GMPs, and about 29 000 trees and 7.8 million shrubs had been planted under GMPs.

3. The Committee noted the following findings from the Director of Audit's Report ("Audit Report"):

- for GMPs for Phase 3 of urban areas and the four GMPs for NT with greening works completed, considerable number of trees (45% and 42%) and shrubs (16% and 26%) had not been planted at potential planting areas under the works contracts due to underground utilities, objections and interfacing projects. The following cases show room for improvement in dealing with these issues:
  - (a) although CEDD was aware of the presence of underground utilities at Location A at Shing Mun River Promenade in Case 1 in paragraph 2.11 of the Audit Report, it decided to plant there (with reduced planting to avoid underground utilities) with a view to implementing greening works there. In the event, no tree planting could proceed due to obstruction of underground utilities;
  - (b) CEDD only conducted a pedestrian flow survey at Location C in Sha Tin in Case 2 in paragraph 2.11 of the Audit Report in response to public objections received after construction of a planter which occupied one-third of the footpath. Subsequent removal of the planter and reinstatement of the pavement resulted in a total abortive cost of \$175,000; and
  - (c) the planned planting at Location D in Sha Tin in Case 3 in paragraph 2.11 of the Audit Report was included in tender

invitation for works contract about one year after the development proposal for Phase 2 of a housing estate had been presented to the Sha Tin District Council. In the event, CEDD decided not to proceed with the planting due to the interfacing projects;

- of the four districts under GMPs for Southeast and Northwest NT, the numbers and percentages of theme trees planted were lower than those under the related works contracts in all the four districts, and the percentages of theme trees planted (8% to 10%) in Sha Tin, Sai Kung and Tuen Mun did not meet the internal reference rates (20% to 30%);
- the two GMPs for Southeast NT had specified a total of 23 focal points, of which greening works for 10 (43%) focal points were not implemented and only two (9%) focal points were planted with theme trees;
- for the four districts under GMPs for Southeast and Northwest NT, the numbers and percentages of native trees planted for all the four districts and the native shrubs planted for Tuen Mun and Yuen Long were lower than those under the related works contracts. Except for the planting of native shrubs in Sha Tin (49%), the native trees and shrubs planted in all the four districts (ranging from 9% to 23%) were lower than the estimated rate of 35% reported to the Legislative Council;
- CEDD and the Leisure and Cultural Services Department ("LCSD") had different definitions of trees (based on species (CEDD) and trunk diameter measured at a specific height (LCSD)) and different measurement bases for shrubs (based on number (CEDD) and size of planting areas (LCSD)), leading to differences in planting quantities for trees and shrubs between CEDD handover records and LCSD inventory records. For instance, for GMPs for Phase 3 of urban areas, CEDD handover records showed that there were about 16 500 trees and 3.4 million shrubs while the planting quantities were about 3 100 trees and 75 000 square metres of planting areas for shrubs based on LCSD records. As CEDD handover records did not have details about height and trunk diameter measures of trees planted, it would be difficult for LCSD to reconcile the planting quantities in the handover records with its inventory records;
- Audit's site visits to 81 locations under GMPs for urban areas found deficiencies in 44 locations involving removal of some trees and shrubs (32 locations), unsatisfactory conditions for some shrubs (14 locations),

*Management of Greening Master Plans*

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and replanting of some trees and shrubs with other plant species (17 locations);

- LCSD had not issued any guidelines requiring its staff to make reference to the greening themes and the plant palettes of GMPs for replanting of trees and shrubs during maintenance;
- unlike that for GMPs for urban areas, CEDD had not reported the implementation progress for GMPs for Southeast and Northwest NT to the GMP Committee and the Steering Committee on Greening, Landscape and Tree Management since commencement of the contracts for the related greening works;
- of the 288 medium and long-term measures under GMPs for urban areas which needed to be followed up, the Greening, Landscape and Tree Management Section had not taken specific follow-up actions with private sector/public organizations on the 67 measures requiring their participation, and no time frame had been set for completion of the 288 measures; and
- while GMPs for NT were approved by GMP Committee in March 2013 (for Southeast and Northwest NT) and February 2014 (for Northeast and Southwest NT), CEDD only uploaded the related GMP information onto its website about five to six years later in January 2019.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding reviews of the reasons for the trees and shrubs not planted at the potential planting areas; measures to enhance the assessment of feasibility of planting at focal points under GMPs; plans to ensure that greening works completed under GMPs are properly handed over and accurately recorded; guidelines on replanting of trees and shrubs during maintenance; reporting mechanism on implementing greening works under GMPs for NT; the latest progress of the 288 medium and long-term measures which need to be followed up under GMPs for urban areas and the mechanism to monitor the progress of implementing these measures. The replies from **Secretary for Development, Director of Civil Engineering and Development** and **Director of Leisure and Cultural Services** are in *Appendices 4 to 6* respectively.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

## **A. Introduction**

The Audit Commission ("Audit") conducted a review of the employment services provided by the Labour Department ("LD"), including matters relating to the general employment services for all job seekers and dedicated employment services for job seekers with special needs, i.e. young job seekers, elderly and middle-aged job seekers, ethnic minority ("EM") job seekers and job seekers with disabilities.

### Background

2. LD provides general employment and recruitment services to job seekers and employers through 13 job centres, three industry-based recruitment centres, namely the Recruitment Centre for the Catering Industry ("RCCI"), the Recruitment Centre for the Retail Industry ("RCRI") and the Construction Industry Recruitment Centre ("CIRC"), a Telephone Employment Service Centre, a Job Vacancy Processing Centre, and an Interactive Employment Service ("iES") website and an iES mobile application ("mobile app"). LD also provides dedicated employment services for job seekers with special needs to promote their employment, including young job seekers, elderly and middle-aged job seekers, EM job seekers and job seekers with disabilities.

3. As at 31 December 2018, the number of LD staff providing employment services was 443 (comprising 422 civil service staff and 21 non-civil service contract staff). In 2017-2018, the total expenditure for providing employment services was \$365.7 million. There are four divisions under LD which provide employment services, namely, Employment Information and Promotion Division, Selective Placement Division ("SPD"), Employment Services Division and Youth Employment Division. Information on these four divisions was provided by **Mr Carlson CHAN Ka-shun, Commissioner for Labour** in his letter dated 15 May 2019 (*Appendix 7*).

4. The Committee held one public hearing on 18 May 2019 to receive evidence on the findings and observations of the Director of Audit's Report ("Audit Report").

### The Committee's Report

5. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 7);
- General employment services for all job seekers (Part B) (paragraphs 8 to 22);
- Employment services for young job seekers (Part C) (paragraphs 23 to 32);
- Employment services for elderly and middle-aged job seekers (Part D) (paragraphs 33 to 37);
- Employment services for ethnic minority job seekers (Part E) (paragraphs 38 to 46);
- Employment services for job seekers with disabilities (Part F) (paragraphs 47 to 56); and
- Conclusions and recommendations (Part G) (paragraphs 57 to 59).

#### Speech by Director of Audit

6. **Mr John CHU Nai-cheung, Director of Audit**, gave a brief account of the Audit Report at the beginning of the Committee's public hearing held on 18 May 2019. The full text of his speech is in *Appendix 8*.

#### Opening statement by Secretary for Labour and Welfare

7. **Dr LAW Chi-kwong, Secretary for Labour and Welfare**, has submitted an opening statement for the Committee's public hearing held on 18 May 2019, the summary of which is as follows:

- Hong Kong's unemployment rate had been on a decreasing trend in recent years and stood at 2.8% since 2018. Amidst the significant tightening of labour market, many employers were facing problems of insufficient manpower and recruitment difficulties. Job centres in various districts organized a large number of district-based and thematic job fairs to facilitate job seekers in their locality to meet with employers and attend on-the-spot interviews in the centres;

- LD would continue to enhance the design and functionality of iES website and its mobile app to improve user experience and expedite job seekers' search for suitable vacancies and access to the required employment information;
- LD implemented a wide range of initiatives targeting the particular employment needs of young people, elderly persons, EMs and persons with disabilities; and
- LD reviewed its operation from time to time and initiated adjustments or enhancements in a timely manner. It would, in view of the latest labour market situation, explore measures for furtherance of Audit's recommendations to better serve the needs of job seekers and employers.

The full text of Secretary for Labour and Welfare's opening statement is in *Appendix 9*.

## **B. General employment services for all job seekers**

8. With reference to Figure 1 in paragraph 2.8 of the Audit Report, the Committee asked about the reasons for the substantial drop in the number of LD's registered job seekers (from 99 812 to 49 233) compared to the slight decrease in the number of unemployed persons (from 124 300 to 123 400) from 2012 to 2017, and whether LD had reviewed the appropriateness of still using the number of registered job seekers as a key performance indicator of LD's employment services, given that more and more job seekers using LD's services chose not to register with LD.

9. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- owing to the prevailing buoyant economy and further tightening of the labour market, the overall unemployed persons in Hong Kong and the number of job seekers registered in LD had dropped accordingly. As the vast majority of vacancies advertised through LD at present provided employers' contact details, job seekers might make use of the job vacancy information disseminated by LD through various channels to submit job application to employers directly without registering with

LD beforehand. This further reduced the number of job seekers registered with LD;

- LD considered that the arrangement of allowing employers to choose to open up their contact details for job seekers' direct application and not requiring job seekers to register with LD before browsing the vacancy information not only could enhance the efficiency in disseminating job vacancy and labour market information, but also was more user-friendly for both job seekers and employers; and
- to encourage job seekers to register with LD for employment services, an internal working group was formed in 2018, with its report completed in January 2019. The working group recommended strengthening the online application function available on the iES website to attract more job seekers to register, thereby better reflecting job seekers' actual usage of LD's employment services. LD was in the process of implementing the relevant recommendations.

10. In view of the low unemployment rate and continuous decrease in the number of LD's registered job seekers in recent years, the Committee asked if LD had any plan to review its manpower deployment and expenditure.

11. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- in the past five years, through internal deployment of resources, LD had introduced various new initiatives and enhancement measures, including implementation of the Employment Services Ambassador Programme for EMs, launching various pilot employment projects under the Youth Employment and Training Programme ("YETP"),<sup>1</sup> extending the Employment Programme for the Middle-aged ("EPM") to cover part-time jobs, providing emotional and psychological counselling service for job seekers with disabilities, engaging employment assistants proficient in EM languages to provide employment services, implementation of "Career Kick-start", etc.; and

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<sup>1</sup> YETP is aimed at providing a comprehensive platform of job search with one-stop and diversified pre-employment training and on-the-job training opportunities for young people aged 15 to 24 with educational attainment at sub-degree level or below.

- having regard to changes in the economic and labour market situation, LD would continue to review and implement employment and recruitment services that would meet the needs of job seekers and employers, and ensure the cost-effectiveness of those services.

12. With reference to paragraphs 2.12 to 2.14 of the Audit Report, the Committee sought information on direct placements through LD's referrals and indirect placements, and how LD assessed the cost-effectiveness of each of these channels.

13. **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that:

- in conducting job referrals for job seekers and assisting them to get employed, LD provided a wide range of services during the whole process. As the situation of each job referral and placement differed, LD did not keep the statistics on different services provided and the time spent on each case; and
- job seekers might apply for the jobs either through LD's referral service or by direct application to the vast majority of employers using the recruitment services of LD. To assess the number of placements made through job seekers' direct application to employers who advertised vacancies via LD, LD conducted periodic sample surveys with employers and included the relevant statistical figures in the Controlling Officer's Report. There were no indirect placement figures under LD's dedicated employment services for job seekers with special needs.

14. Noting that a continuous drop in the number of visitors to the 13 job centres (decreased by 18% from 381 762 to 312 412) and CIRC (decreased by 12% from 18 181 to 16 067) from 2016 to 2018 in Table 5 in paragraph 2.15 of the Audit Report might indicate changes in the needs of job seekers, the Committee sought more information on each of the 13 job centres and three recruitment centres and whether LD had reviewed the effectiveness of operating and the need to maintain them.

15. **Commissioner for Labour** provided information regarding the respective size, rental cost (if any), number of staff, visitors, details of job fairs held for each job centre and recruitment centre from 2016 to 2018 in his letter dated 3 June 2019 (*Appendix 10*). **Secretary for Labour and Welfare** and **Commissioner for Labour** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- for general employment services provided by LD (including the job centres and recruitment centres), the number of able-bodied job seekers registered and the number of placements had been used as performance indicators in the Controlling Officer's Report of LD;
- while the pattern of using LD's employment services might vary among job seekers in different districts, LD considered it necessary to maintain these 13 job centres so as to provide convenient employment services and support to job seekers in respective districts, in particular those with special employment needs and those who did not use LD's online employment services;
- given the application of technology and tight labour market situation, job centres had transformed from solely providing employment information and referral service to job seekers in the past by extending to the following services: (a) providing employment advisory service to job seekers with special needs; (b) organizing employment briefings for job seekers; (c) organizing district-based job fairs; (d) providing employer-based job placement service; (e) organizing experience sharing sessions for employers; and (f) establishing network with employers in the district;
- LD had all along been collecting job seekers' views on its employment services through various channels, including distributing customer feedback forms and placing collection boxes in job centres, organizing annual "Best Customers Service Office Contest" among job centres, etc. so as to motivate job centres for continuous enhancement of service quality. LD would continue to, having regard to changes in the labour market, implement improvement measures to meet the needs of both job seekers and employers;
- LD constantly reviewed the effectiveness of the three recruitment centres' services through monitoring the usage of and response to the recruitment activities, etc. LD also kept in view changes in the economic and employment market, and listened to the views of the

industries and service users, so as to continuously improve and enhance the services of the recruitment centres to meet the needs of job seekers and employers; and

- in view of the drop in number of job seekers attending job fairs at RCCI and RCRI, LD reviewed the performance of these two recruitment centres in April 2018. In the review, LD had mapped out strategies targeting different stakeholders to tackle the situation in the light of the tight labour market. In the second half of 2018, LD implemented the relevant measures, including adopting a merit point system in selecting employers to participate in job fairs, allocating special interview time slots for trainees of training bodies and non-governmental organizations ("NGOs"), and stepping up publicity targeting different types of job seekers.

16. According to Table 7 in paragraph 2.27 of the Audit Report, there were a large number of job vacancies available in the catering, retail and construction industries but the average numbers of interviews arranged and placements secured in the job fairs organized by RCCI, RCRI and CIRC were relatively small. The Committee hence sought the reasons for the small number of interviews and placements and LD's measures taken/to be taken to assist the employers in these three industries.

17. **Secretary for Labour and Welfare and Mr Charles HUI Pak-kwan, Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- due to their relatively unattractive employment terms and working conditions for the catering and retail industries and the relatively unpleasant working environment of the construction industry, employers from these three industries always faced recruitment difficulties. The situation was worsened in a tight labour market when various industries were scrambling for labour, inevitably affecting the performance of the recruitment service;
- the recruitment service provided for the industries concerned by the three recruitment centres was only one of the numerous recruitment channels used by employers in these industries. In 2018, the three recruitment centres arranged a total of over 18 000 on-the-spot

interviews for job seekers and employers participating in the centres' job fairs. Judging from the active participation of employers in the recruitment activities, joining job fairs held in the recruitment centres was still an effective way of recruiting staff; and

- measures targeting employers and job seekers in each of these three industries respectively had been undertaken by the respective recruitment centre to enhance the effectiveness of job fairs and achieve more placements. For employers, the recruitment centres provided them with the latest market information and encouraged them to improve their employment terms to match up with the market situation, thereby increasing the attractiveness of the vacancies and improving the placement rates of job fairs. The recruitment centres also encouraged employers to recruit persons with special employment needs, such as EMs, elderly and middle-aged job seekers, etc. to attain more placements. For job seekers, the recruitment centres actively contacted training bodies/trade unions and encouraged them to refer trainees who had completed relevant training to participate in job fairs of the recruitment centres.

18. Given the substantial decrease in the number of LD's registered job seekers, the Committee enquired whether LD had redeployed its staff in RCCI, RCRI and CIRC and initiated new services accordingly.

19. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that despite the decreasing number of registered job seekers with LD, employers were still keen on LD's recruitment service in the time of buoyant employment market. For example, the waiting time of employers in the catering and retail industries to participate in job fairs held in the recruitment centres remained at three to six months, and LD had not reduced the number of these job fairs. Hence, sufficient manpower was required to cope with the recruitment needs of employers.

20. In reply to the Committee's enquiry about the Administration's short, medium and long term plans to address the labour shortage issue in various industries in Hong Kong, **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- LD met the recruitment needs of various industries through organizing large-scale, district-based and thematic job fairs, etc.;
- the Administration operated various schemes for employers to apply for importation of labour on account of their actual operational circumstances so as to supplement skills not readily available in the local labour market and sustain the competitiveness and development needs of Hong Kong. Depending on the skill levels and/or educational requirements of the job vacancies concerned, employers might apply to the Immigration Department for admission of professionals or to LD for importation of workers at technician level or below under the Supplementary Labour Scheme; and
- relevant government bureaux and departments would closely monitor the manpower demand and supply of different sectors, as well as enhance training and attract new recruits. On the premise of safeguarding the employment priority of local workers, the Administration would explore with stakeholders the possibility of increasing imported labour on an appropriate and limited scale.

21. With reference to paragraph 2.33 of the Audit Report, the Committee asked whether LD had reviewed the reasons for the substantial decrease in the number of visits (a decrease of 40% from 20 million to 12 million) and page views (a decrease of 29% from 283 million to 202 million) of the iES website from 2014 to 2018, LD's measures taken/to be taken to attract job seekers to access the website, and whether LD had reviewed other job portals and mobile apps in the market and tried to fill up the service gap.

22. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- LD considered that the drop in the visits/page views of the iES website in the past few years was mainly attributed to the continuous upsurge in the penetration rate of smartphones and mobile devices in Hong Kong, causing more job seekers to switch to the iES mobile app; and more efficient dissemination of information by LD on the web (such as use of push notifications to deliver personalized messages to users), coupled with the generally tight labour market and a decline in the number of unemployed persons;

- LD would strengthen the dissemination of job vacancy information on the iES website and continue to enhance the design and functionality of the website so as to provide employment information and online employment services more effectively and with better user experience; and
- unlike other private job portals and mobile apps, which operated for commercial purposes, the iES website and its mobile app aimed to provide free and comprehensive employment information and online employment services for job seekers in need. For instance, the website had set up dedicated webpages for groups with special employment difficulties to provide them with tailored employment information and feature job vacancies particularly suitable for the respective groups.

### **C. Employment services for young job seekers**

23. Referring to Table 11 in paragraph 3.10 of the Audit Report, the Committee sought explanation of the sudden drop in the number of target young people<sup>2</sup> (from 20 000 to 16 200) from 2016 to 2017 and the reasons for a decrease in the number and proportion of target young people joining YETP (from 8 095 (36.8%) to 4 694 (29%)) from the programme years 2012-2013 to 2017-2018.

24. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letters dated 15 May and 3 June 2019 (*Appendices 7 and 10* respectively) that a higher unemployment rate for young people than the overall working force was common all over the world. The unemployment rate for young people in Hong Kong in 2017 was 8.5%. There was a continuous decline in the number of young persons aged 15 to 24 from 2012 to 2017 and in 2017, the year-on-year decrease was 3.6%. Concurrently, the number of unemployed young persons aged 15 to 24 plummeted by 17.4%. The decreases were record high for both figures. With a shrinking youth labour force and an overall unemployment rate staying at a low level in recent years, there were more job opportunities and young people could secure employment on their own more easily. Economic factors aside, increased education and training channels for secondary school leavers also affected the demand for YETP across the years.

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<sup>2</sup> According to LD, target young people refer to unemployed young people aged 15 to 24 with educational attainment at sub-degree level or below.

25. The Committee noted from Table 7 in paragraph 2.27 of the Audit Report that there were more than 170 000 job vacancies available in the job fairs organized by the recruitment centres for the catering, retail and construction industries in 2018, but the unemployment rates of young people remained high as shown in Table 11 in paragraph 3.10 of the Audit Report. The Committee enquired whether LD had studied why the young people were not attracted to jobs in these industries, and what measures would LD take to promote the job vacancies to young people.

26. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that according to LD's experience, young people were keen to look for jobs best suited their interests and abilities, while some were more attracted to the work environment and nature of white-collar jobs or opportunities in the commercial sector. LD would, through YETP, continue to assist young people to gain a comprehensive understanding of the labour market, keep their options open to a wider range of jobs and pursue their career goals in accordance with their aspirations and abilities. In close collaboration with service providers, a variety of thematic job fairs and employment projects would be arranged via RCCI, RCRI and CIRC to promote the relevant job vacancies to young people.

27. With reference to the YETP pre-employment training ("PET") courses in paragraphs 3.14 and 3.15 of the Audit Report, the Committee sought the reasons for the low enrolment rates of certain training courses, and information on measures taken/to be taken to address the high cancellation rates of core courses<sup>3</sup> and/or elective and tailor-made courses.

28. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- the enrolment rates of some less popular courses were low as there was a drop in the number of young people joining YETP. Nevertheless, LD would continue to offer sufficient number and variety of training courses, including those types of low patronage, to meet the interests

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<sup>3</sup> Trainees aged 15 to 19 who join YETP for the first time must attend a 48-hour core course "Job Search and Interpersonal Skills Training". Trainees aged 20 to 24 or those who have participated in YETP before may also enrol on this course on case managers' recommendation.

and needs of YETP trainees and to cater for any possible upsurge in demand for courses due to unexpected downturn of economy;

- to encourage more young people to participate in PET under YETP, LD raised the training allowance payable to trainees from \$50 to \$70 per training day with effect from September 2017. Starting from September 2018, LD allowed young trainees aged 15 to 19 to enrol on two elective courses before attending the core course both to boost enrolment and expedite the training process. With built-in flexibility in the existing contract provisions, service providers of the training courses might conduct half-day courses, schedule courses on Saturdays and Sundays, adjust the training time and the number of training days so as to increase enrolment. Regular meetings were also held with service providers for exchange on course arrangements and measures to enhance course attractiveness; and
- to further tackle the high class cancellation rate, LD proposed to revise the tender provisions under the new PET tender in September 2018 to allow the training bodies more flexibility in adjusting downwards the number of trainees required for commencement of classes so that more training classes might be held successfully. The proposal would be implemented under the new contract commencing in September 2019. Moreover, training bodies would be given more flexibility in hiring suitable trainers thereby offering more variety of classes for trainees' choices. LD had also revised the content, module and training hours of different course types to cater for the needs of the youths and the rapid changing labour market.

29. In reply to the Committee's enquiry about whether any costs had to be borne by the Administration for the cancelled training courses under YETP and the basis for determining the amount of subsidies granted to the training bodies, **Secretary for Labour and Welfare** and **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that as per the service contracts for provision of PET for YETP trainees between LD and the service providers, LD only needed to pay service fees for successfully held courses. The amount payable was normally determined by the service fee per trainee submitted by the service providers in their tenders and attendance of the training class, subject to the relevant contract terms and conditions of different training courses.

30. Referring to Table 15 in paragraph 3.22 of the Audit Report, the Committee enquired about the reasons for the high premature termination rate of on-the-job training ("OJT")<sup>4</sup> (ranging from 36% to 68%) under YETP in the programme year 2016-2017, especially for those with contract duration of nine months (135 (68%) out of 198 cases).

31. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- among the 1 031 OJT cases of the programme year 2016-2017 with premature termination, the numbers of resignation and dismissal cases were respectively 895 (87%) and 136 (13%). The underlining reasons for trainees resigning were multi-faceted, including unsuitable job nature, having found other jobs, looking for a change in work environment and further studies, while dismissals were mainly related to trainees' work performance and attitude; and
- posts with 9-month OJT mainly covered tour coordinators/ticketing clerks, property management workers and merchandisers. In the programme year 2016-2017, as the number of such cases (198) was much smaller than those of 6-month (544) and 12-month (1 860), its smaller base was prone to higher fluctuations in termination rate. The buoyant labour market and high turnover rate of the relevant industries also contributed to more premature termination cases for this category.

32. In response to the Committee's enquiry about the findings of the evaluations conducted by LD with the training bodies/employers and trainees on the contents and arrangements of the PET and OJT and measures to enhance the programme, **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

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<sup>4</sup> Trainees are engaged as employees under full-time or part-time OJT of 6 to 12 months with salary. Employers who engage trainees as paid employees in full-time or part-time OJT may apply for a monthly OJT allowance, the amount of which is 50% of the monthly salary of a trainee during the training period, up to a maximum amount of \$4,000 per month per trainee. During OJT period, a trainee may enrol on relevant vocational courses and apply for reimbursement of course and examination fees up to \$4,000 from YETP.

- according to the course evaluation surveys for trainees conducted on different PET course types for the programme year 2017-2018, the overall satisfaction score for the courses was 4.1 (out of full mark of 5) on average. Service providers were informed of the results of the survey to facilitate their arranging courses of better quality, and their respective scores would be taken into account by LD for assessment of their future tenders for PET courses; and
- according to the latest half-yearly survey on trainees completing OJT and their employers conducted in March 2019, over 95% of the employers considered that OJT could enhance competitiveness of trainees and over 80% of the trainees found OJT useful in nurturing good work habits, acquiring the relevant work skills and knowledge, developing inter-personal relationships as well as building up self-confidence.

#### **D. Employment services for elderly and middle-aged job seekers**

33. With reference to Table 18 in paragraph 3.46 and Table 19 in paragraph 3.49 of the Audit Report, the Committee asked about the reasons for the low percentage of eligible placements with preliminary applications for the Employment Programme for the Elderly and Middle-aged ("EPEM")<sup>5</sup> and the small number of placements with OJT allowance granted.

34. **Secretary for Labour and Welfare** and **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that LD actively invited the employers of each eligible placement case to apply for the OJT allowance under EPEM. However, some employers did not apply for the OJT allowance due to various reasons, such as choosing to absorb the training costs by their own resources or the employees leaving employment within a short period. Since these employers actually had already employed the elderly or middle-aged job seekers, whether they applied for the OJT allowance would be of secondary importance.

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<sup>5</sup> The Re-employment Training Programme for the Middle-aged was launched in May 2003 and was renamed EPM in early 2006. With effect from 1 September 2018, EPM had been renamed EPEM to reflect the new initiative of EPM on encouraging employment of elderly persons. EPEM is aimed at encouraging employers to engage unemployed job seekers aged 40 or above and provide them with OJT of 3 to 12 months through the provision of training allowance of up to \$4,000 per month per employee to the employers.

35. In reply to the Committee's enquiry on the enhancement measures under EPEM since September 2018, **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- under the enhancement measures of EPEM, employers engaging job seekers aged 60 or above who were unemployed or had left the workforce in a full-time or part-time job were offered a monthly OJT allowance up to \$4,000 per employee for a period of 6 to 12 months; and
- LD issued a total of 438 approvals-in-principle for those OJT allowance applications received from September 2018 to March 2019 (increased by 64% as compared to the figure in the same period a year before), involving 111 cases with job seekers aged 60 or above (increased by 200% as compared to the figure in the same period a year before).

36. The Committee was concerned about the decrease in the retention rates for six months or above for placements under EPEM with OJT allowance granted (from 77.7% for the period from April to September 2015 to 61.8% for the period from April to September 2017) as stated in paragraph 3.56 of the Audit Report. The Committee sought the reasons for the decrease and information on improvement measures taken to improve the situation.

37. **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that:

- the continuous low unemployment rate with abundant job openings in the labour market fueled the increase in turnover rate of staff, including the elderly and middle-aged. The purpose of EPEM was to encourage employers to hire elderly and middle-aged job seekers and provide them with OJT. Despite that some employees failed to complete OJT fully, their employability had already been enhanced through the work experience and skills acquired during OJT; and
- with a view to assisting the elderly and middle-aged persons to complete OJT under EPEM and stay in employment, LD had been proactively and regularly following up with participating employers and employees to understand the latter's work and OJT situation. LD

would give timely support and counseling to the employees in need, as well as following up with their employers or suggesting improvement arrangements as situations warranted.

**E. Employment services for ethnic minority job seekers**

38. According to paragraph 3.64(h) of the Audit Report, two employment assistants proficient in EM languages were engaged by LD as a pilot project. The Committee enquired about the training provided to them and whether LD had reviewed the effectiveness of these employment assistants in helping EM job seekers.

39. **Commissioner for Labour** said at the public hearing and supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- the pilot initiative of engaging employment assistants for EMs had been implemented since May 2017 and would last for three years. A series of training had been arranged, including enrolling them to Chinese speaking, reading and writing courses and appointing experienced staff as mentors to provide them with comprehensive OJT; and
- since job seekers who were placed into employment through direct application were not required to report their employment status to LD, LD did not have figures on the number of services provided or the number of placements secured for job seekers by or through the assistance of the employment assistants for EMs. Nevertheless, LD would evaluate the effectiveness of this pilot initiative and consider the way forward in the third year of its implementation.

40. In response to the Committee's enquiry about LD's efforts in promoting its dedicated employment services to EM job seekers, **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that:

- in 2018, a total of 1 173 EMs registered with LD for employment services. Among them, 898 (76.6%) were South Asians who only accounted for about 32% of the EM population in Hong Kong (excluding foreign domestic helpers) in 2016. Since South Asians were generally believed to be more prone to encountering difficulties during their job search compared with other ethnic groups, LD would

continue to step up its publicity on LD's employment services to the South Asians; and

- job centres would continue to liaise with EM organizations, NGOs serving EMs, religious bodies, schools, etc. in their locality. Updated employment information on job fairs and schedules of employment briefings were disseminated to them regularly. These organizations were also encouraged to refer EMs with employment needs to LD for services. To acquaint more EM job seekers with LD's employment services, the relevant promotional leaflets were prepared in English and six EM languages (including Tagalog, Bahasa Indonesia, Thai, Hindi, Urdu and Nepali), and distributed through various channels.

41. The Committee sought details of the Administration's work to assist those EM job seekers with qualifications not recognized in Hong Kong or need retraining to acquire new skills.

42. **Secretary for Labour and Welfare** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- the Hong Kong Council for Accreditation of Academic and Vocational Qualifications provided assessment services for individuals on qualifications awarded by granting bodies outside Hong Kong, and offered a professional opinion on whether the totality of the educational qualifications of an individual met the standard of a particular level of qualification in Hong Kong. The qualifications assessment fee for general purpose was \$2,715. Persons with financial needs (including EMs) might apply for subsidy from the Community Care Fund for conducting qualifications assessment for general purpose; and
- to enhance the skills and employability of EMs, the Employees Retraining Board offered dedicated courses covering vocational training for 10 industry categories, and language training including workplace Cantonese, workplace Putonghua, workplace Chinese (reading and writing), English, etc. The Employees Retraining Board also offered dedicated training courses for EMs on generic skills such as the application of information technology, interpersonal skills and job search skills. Other support measures for EMs included identification of their training and employment needs through the focus

group on training, subsidy to training bodies for assisting EMs who could speak and comprehend Cantonese to attend courses for all eligible employees, as well as offering advice on employment and training by Outreaching Training Consultant, etc.

43. In response to the Committee's enquiry on LD's plan to improve the low percentage of placements to registered EM job seekers as stated in paragraph 3.66 of the Audit Report, **Secretary for Labour and Welfare** and **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- there had been a steady increase in the number of placements secured for EM job seekers through LD's referral service from 2014 to 2018. To further strengthen the employment support, it had been announced in the 2018 Policy Address that LD would launch a pilot programme in conjunction with NGOs to provide employment services for EM job seekers through a case management approach so as to utilize NGOs' community network, expertise in case management and experiences in serving EMs; and
- the commissioned NGOs had to provide one-stop employment support services for EM job seekers through a case management approach so as to reduce their barriers to employment. In addition to canvassing vacancies suitable for EMs and rendering support in their job search, these NGOs would also provide post-placement follow-up services for EMs and their employers. LD was carefully considering the views of stakeholders and drawing up other details of the pilot programme (including the performance indicators), and would conduct the tender exercise as soon as possible. The pilot programme was expected to be launched in 2020, which would be on a three-year pilot initially.

44. In view of the low attendance of the employment briefings organized by job centres as stated in paragraph 3.71 of the Audit Report, the Committee asked whether LD would consider redeploying the relevant resources to other services provided to EM job seekers.

45. **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that as EMs only formed a small part of the overall

population in Hong Kong, it would hamper the interest of persons in need if relevant employment briefings were cancelled because the number of participating EM job seekers was on the low side. LD would continue to provide employment services flexibly having regard to the needs of job seekers.

46. In reply to the Committee's enquiry on LD's work in promoting the employment of EMs to employers as mentioned in paragraphs 3.76 to 3.80 of the Audit Report, **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- from 2016 to 2018, LD organized six large-scale inclusive job fairs and 36 district-based inclusive job fairs at which job seekers, including EMs, could submit job applications and attend interviews with employers on the spot. LD also organized experience sharing sessions for employers, during which NGOs serving EMs were invited to brief employers on the cultures of EMs and the skills to communicate with them to enhance their understanding in this regard; and
- since March 2015, LD added an optional field of "Ethnic minorities are welcome for the post" in its Vacancy Order Form for employers to fill in. From 2016 to 2018, a total of 15 158 employers who advertised vacancies via LD indicated that EM job seekers were welcome to apply for the posts.

## **F. Employment services for job seekers with disabilities**

47. With reference to Table 32 in paragraph 3.94 of the Audit Report, the Committee sought the reasons for a decrease of 25.5% in direct placements but an increase of 52.3% in indirect placements for job seekers with disabilities from 2014 to 2018.

48. **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that apart from seeking assistance from LD, job seekers suffering from mild disabilities and having good working capability and rising education level would make direct job applications to employers. SPD organized different employment seminars and provided them with employment counselling to enhance their understanding of the employment market and skills on job hunting.

Besides, in helping job seekers with disabilities find jobs, Employment Consultants of LD would provide them with personalized advices on job choice and interview techniques to enhance their employability. In view of the aforementioned trend in the labour market, the proportion of indirect placements by job seekers with disabilities in the total number of placements had increased.

49. With reference to paragraph 3.97 of the Audit Report, LD advised that "dissatisfied with job nature", "unable to perform job" and "dissatisfied with work environment" were the top three reasons for resignation of job seekers with disabilities from 2013 to 2017. The Committee asked how LD could help job seekers find jobs which would meet their expectations and support them to adapt to their new work environment.

50. **Secretary for Labour and Welfare** and **Assistant Commissioner for Labour (Employment Services)** said at the public hearing and **Commissioner for Labour** supplemented in his letter dated 3 June 2019 (*Appendix 10*) that:

- when job vacancies were received, Employment Consultants of LD would enquire with the employer on the job requirements and duties, work environment and relevant information in detail. Where necessary, they would visit the employers to have an in-depth understanding of the employers' business and work environment, and accompany persons with disabilities to attend job interview to assist both parties to arrange proper supporting facilities;
- to help employees with disabilities adapt to their new work, SPD had enhanced the post-placement services since 2015 by extending the follow-up period from three months to six months. During the follow-up period, Employment Consultants would maintain close contact with the employees with disabilities and keep track of their work progress to help them settle in their new jobs. Employment Consultants would also provide support services for employers to assist them to better understand the particular needs of their employees with disabilities and help both parties build up good working relationship. For cases with particular needs, Employment Consultants would continue to provide follow-up services to the parties if either of them required further assistance after completion of the six-month follow-up period; and

- SPD launched an emotional counselling scheme for persons with disabilities in September 2016 by engaging an NGO to offer professional psychological and emotional counselling to needy job seekers with disabilities by registered social workers. It served to alleviate the emotional problems of job seekers with disabilities arising from the state of their disabilities or personal or family matters, so as to help them concentrate on job search and settle in their new jobs.

51. According to paragraph 3.99 of the Audit Report, Commissioner for Labour had said that LD would make every endeavor to enhance the employment services for job seekers with disabilities in areas recommended by Audit. The Committee sought details of LD's plans and the relevant timetable.

52. **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that:

- starting from the fourth quarter of 2019, LD would implement monitoring mechanism to track the employment status and progress of each job seeker with disabilities, and follow up with those employees employed under the Work Orientation and Placement Scheme ("WOPS") after completion of the allowance period, so as to assist them to stay in the same job and put their abilities to full use;
- starting from 2020, LD would report separately in the Controlling Officer's Report the number of placements secured by referral service of SPD and the number of placements secured by job seekers making job applications to employers direct subsequent to the assistance provided by SPD;
- starting from 2020, LD would announce the performance pledge statistics on the application processing time of WOPS on the Interactive Selective Placement Services website of SPD; and
- LD would continue monitoring the effectiveness of PET under WOPS and attracting more job seekers with disabilities to attend the training course by tailoring the training content to suit their training needs.

53. According to paragraph 3.87 of the Audit Report, LD set divisional targets on the number of registered job seekers with disabilities received and the number of

placements achieved in a year. The Committee sought the reasons for LD not setting similar targets each for young job seekers, elderly and middle-aged job seekers, and EM job seekers.

54. **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that LD adopted a case management approach to provide intensive and personalized employment services to persons with disabilities, including accompanying the persons with disabilities in need to attend job interviews by Employment Consultants, accompanying them to report for duty on the first day of employment, and conducting post-placement follow-up visits, etc. As the aforementioned mode of service was very different from that provided to the able-bodied, it was inappropriate to make direct comparison between them. LD would set respective service targets having regard to the characteristics of clients and the service mode.

55. According to paragraph 3.88 and Table 30 in the paragraph of the Audit Report, the total number of registered job seekers with disabilities was 2 766 and the total number of placements for job seekers with disabilities was 2 219 in 2018. The Committee asked whether LD had studied any special reasons that contributed to the high percentage of placement rate (80%), and whether this could be used as a reference to help other job seeker groups with special needs.

56. **Commissioner for Labour** replied in his letter dated 3 June 2019 (*Appendix 10*) that the employment services required by job seekers with disabilities were different from those for the able-bodied or young job seekers. LD therefore adopted a case management approach to provide intensive and personalized employment services to persons with disabilities. Besides, the job preference and expectation of persons with disabilities were also different from those of the other groups of job seekers. For example, owing to health reason, some persons with disabilities could only attend work for a short time per day or a limited number of days in a week. They tended to be more willing to accept short-term and part-time jobs. Hence, the employment figures of persons with disabilities were not directly comparable to those of other groups of job seekers.

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**G. Conclusions and recommendations**

<b>Overall comments</b>
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57. The Committee:

- notes that:

- (a) the Labour Department ("LD") provides general employment and recruitment services to job seekers and employers. It also provides dedicated employment services for job seekers with special needs to enhance their employment opportunities, including young job seekers, elderly and middle-aged job seekers, ethnic minority ("EM") job seekers and job seekers with disabilities;
- (b) Hong Kong's unemployment rate has been on a decreasing trend since 2009 and the latest figure was 2.8%.<sup>6</sup> The labour market was considered in a state of full employment; and
- (c) 443 LD staff were responsible for providing employment services as at 31 December 2018 and the total expenditure for providing such services in 2017-2018 was \$365.7 million;

- stresses that:

- (a) LD should constantly examine the modes of providing employment services to cater for the changing needs of job seekers;
- (b) LD plays an important role in providing dedicated employment services for job seekers with special needs; and
- (c) LD has a responsibility to ensure that its various employment services are delivered in a cost-effective and timely manner;

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<sup>6</sup> The seasonally adjusted unemployment rate from February to April 2019 as compiled by the Census and Statistics Department.

- expresses grave concern and finds it unacceptable that LD had not proactively reviewed the modes in delivering its employment services and their contents in response to the changing needs of job seekers in recent years as evidenced by the following trends revealed in the Director of Audit's Report ("Audit Report"):
  - (a) while the number of unemployed persons decreased by 3.6% from 128 000 in 2008 to 123 400 in 2017, the number of LD's registered job seekers decreased by 70.8% from 168 740 in 2008 to 49 233 in 2017. This suggested that the employment services provided by LD might not meet the needs of job seekers who chose not to register with LD, and yet LD was still using the number of registered job seekers as a key performance indicator of LD's employment services; and
  - (b) despite a continuous drop in the number of visitors to the 13 job centres (a decrease of 69 350 (18%) from 381 762 in 2016 to 312 412 in 2018) and the Construction Industry Recruitment Centre ("CIRC") (decreased by 2 114 (12%) from 18 181 in 2016 to 16 067 in 2018) from 2016 to 2018, LD still maintained the venues without significantly enhancing their facilities and services to meet the changing needs of job seekers;
- expresses grave concern and finds it unacceptable that some of the LD's programmes which targeted job seekers with special needs were losing their attractiveness, and that LD could not effectively assist these job seekers in securing jobs as evidenced by the following cases revealed in the Audit Report:
  - (a) while the unemployment rate of young people aged 15 to 24 stayed at a high level at 8.5% in 2017 and the number of target young people (i.e. unemployed young people aged 15 to 24 with educational attainment at sub-degree level or below) only decreased by 26% from 22 000 in 2012 to 16 200 in 2017, the number of trainees enrolled in the Youth Employment and Training Programme ("YETP")<sup>7</sup> decreased by 42% from 8 095 in the programme year 2012-2013 to 4 694 in the programme year 2017-2018;

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<sup>7</sup> YETP is aimed at providing a comprehensive platform of job search with one-stop and diversified pre-employment training and on-the-job training opportunities for young people aged 15 to 24 with educational attainment at sub-degree level or below.

- (b) more than 50% of YETP's pre-employment training courses were cancelled in the programme years 2015-2016 to 2017-2018 due to insufficient enrolment, and 40% of them were core courses, the cancellation of which would affect the training progress of the trainees;
- (c) in the programme years 2013-2014 to 2017-2018, less than 50% of the YETP trainees were enrolled in on-the-job training ("OJT").<sup>8</sup> Of the 2 602 OJTs arranged in the programme year 2016-2017, 1 031 (40%) were not completed (i.e. early termination);
- (d) the percentage of eligible placements with preliminary applications for the Employment Programme for the Elderly and Middle-aged ("EPEM")<sup>9</sup> from 2014 to 2018 was low (ranging from 18% to 27.9%);
- (e) the number of placements for EM job seekers through LD's referrals was not high, ranging from 65 to 116 for the years 2014 to 2018, representing only 7% to 10% of the number of EM job seekers registered with LD;
- (f) the average number of placements for EM job seekers in each large-scale inclusive job fair and district-based job fair was not high (ranging from 2 to 11.5 for the former and 20 to 23 for the latter) from 2016 to 2018; and
- (g) from 2014 to 2018, the placement rates per registered job seeker with disabilities fell from 93% in 2014 to 80.2% in 2018, and only

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<sup>8</sup> Trainees are engaged as employees under full-time or part-time OJT of 6 to 12 months with salary. Employers who engage trainees as paid employees in full-time or part-time OJT may apply for a monthly OJT allowance, the amount of which is 50% of the monthly salary of a trainee during the training period, up to a maximum amount of \$4,000 per month per trainee. During OJT period, a trainee may enrol on relevant vocational courses and apply for reimbursement of course and examination fees up to \$4,000 from YETP.

<sup>9</sup> The Re-employment Training Programme for the Middle-aged was launched in May 2003 and was renamed the Employment Programme for the Middle-aged ("EPM") in early 2006. With effect from 1 September 2018, EPM had been renamed EPEM to reflect the new initiative of EPM on encouraging employment of elderly persons. EPEM is aimed at encouraging employers to engage unemployed job seekers aged 40 or above and provide them with OJT of 3 to 12 months through the provision of training allowance of up to \$4,000 per month per employee to the employers.

about half of the registered job seekers with disabilities (i.e. 49.6% to 52.4%) had placements in a year;

- notes that in 2020, LD will launch a pilot programme in conjunction with non-governmental organizations to provide employment services for EM job seekers through a case management approach;
- expresses serious concern whether some of the employment services provided by LD could achieve cost effectiveness as evidenced by the following cases revealed in the Audit Report:
  - (a) the average number of interviews arranged in each district-based job fair was not high (i.e. 43 in 2016, 33 in 2017 and 26 in 2018), and the average number of placements secured in each job fair was only five in 2016, four in 2017 and three in 2018;
  - (b) there were a large number of job vacancies in the catering, retail and construction industries in 2018, but the average numbers of interviews arranged and placements secured in the job fairs organized by each of the industry-based recruitment centres for these industries were relatively small (average number of interviews arranged in each industry-based job fair for the Recruitment Centre for the Catering Industry ("RCCI"), the Recruitment Centre for the Retail Industry ("RCRI") and CIRC was 20, 34 and 27 respectively, and the average number of placements secured in each job fair for RCCI, RCRI and CIRC was three, eight and two respectively); and
  - (c) from 2016 to 2018, the number of EM job seekers attending the employment briefings was low, with an average number of attendees of 4.4 per briefing, ranging from 1 to 16; and
- urges LD to:
  - (a) conduct a comprehensive review on the various employment and recruitment services with a view to rationalizing these services provided to job seekers and employers to better meet their changing needs;
  - (b) step up efforts in assisting job seekers with special needs, with a view to helping them secure placements and staying in their placements for longer period of time;

- (c) review the effectiveness of YETP and EPEM in serving their objectives of promoting employment of young people and elderly and middle-aged job seekers respectively;
- (d) review the effectiveness of operating and the need to maintain the 13 job centres and three recruitment centres, and consider enhancing their functions and initiating new services to better cater for job seekers' changing needs;
- (e) review the effectiveness of the pilot programme to provide employment services for EM job seekers through a case management approach;
- (f) review the effectiveness of district-based job fairs and the industry-based job fairs in securing placements for job seekers;
- (g) review its manpower deployment and expenditure in view of the low unemployment rate and continuous decrease in the number of LD's registered job seekers, such as redeploying the resources to enhance its dedicated employment services for job seekers with special needs and/or assist those industries with recruitment difficulties;
- (h) review and if necessary revise the performance indicators of LD's various employment services to better measure their effectiveness; and
- (i) devise short, medium and long term plans to address the labour shortage issue in various industries in Hong Kong. There is strong view from a member requesting the Administration to expedite the importation of labour.

<b>Specific comments</b>
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58. The Committee:

General employment services for all job seekers

- expresses grave concern and finds it unacceptable that:
  - (a) the total number of job referrals through LD decreased by 59 354 (45%) from 131 869 in 2014 to 72 515 in 2018 and the number of direct placements through LD's referrals decreased by 7 415 (48.8%) from 15 202 in 2014 to 7 787 in 2018;
  - (b) the number of visits to the Interactive Employment Service ("iES") website decreased by 8 million (40%) from 20 million in 2014 to 12 million in 2018, and the number of iES website page views decreased by 81 million (29%) from 283 million in 2014 to 202 million in 2018;
  - (c) while the number of access to iES mobile application slightly increased by one million (1%) from 144 million in 2014 to 145 million in 2018, there was some useful information provided on iES website which was not available on iES mobile application (e.g. job hunting briefcase which provided template for application letter and Curriculum Vitae, interview techniques, etc.); and
  - (d) while the number of indirect placements (i.e. placements made by direct applications to employers by job seekers without going through LD's referrals) accounted for a high percentage of total placements during the period from 2009 to 2018, ranging from 84% to 94%, LD only reported the total number of placements in the Controlling Officer's Report, without disclosing the details of direct and indirect placements;
- notes that Commissioner for Labour has agreed with the Audit Commission ("Audit")'s recommendations in paragraphs 2.21, 2.30, 2.36 and 2.44 of the Audit Report;

Employment services for young job seekers

- expresses grave concern and finds it unacceptable that:
  - (a) the number of members using Youth Employment Start ("Y.E.S.") services for 2018 was 14 889, representing only 51.3% of the target (i.e. about 29 000 per year) specified in the Y.E.S. Operation Manual;
  - (b) in reporting the actual performance in the Controlling Officer's Report, LD reported the number of times of Y.E.S. services provided instead of the number of young people receiving Y.E.S. services; and
  - (c) for 15% and 24% of the training activities organized in 2018 by the Mong Kok Centre and by the Kwai Fong Centre respectively, the operator failed to achieve the attendance rate of 80%;
- notes that Commissioner for Labour has agreed with Audit's recommendations in paragraphs 3.25 and 3.35 of the Audit Report;

Employment services for elderly and middle-aged job seekers

- expresses serious concern that:
  - (a) in the period from 2014 to 2018, the average number of eligible placements for EPEM was 2 660. However, for only an average of 565 (21.2% of 2 660) eligible placements, the employers had submitted preliminary applications for EPEM;
  - (b) in the period from 2013 to 2017, for 572 (22.2%) of the 2 581 placements with approval-in-principle for EPEM issued by LD, the employers concerned did not claim the OJT allowance. According to LD, the main reason was due to their failure to meet the requirements of EPEM;
  - (c) for 630 (24.4%) of the 2 581 placements with approval-in-principle under EPEM from 2013 to 2017, the employees could not complete the whole approved OJT period. The percentage of placements with completed OJTs decreased from 78.5% in 2013 to 71.2% in 2017;

- (d) the retention surveys on placements under EPEM with OJT allowance granted revealed that the retention rates for six months or above decreased from 77.7% for placements during the period from April to September 2015 to 61.8% for placements during the period from April to September 2017; and
  - (e) the number of "placements secured under EPEM" presented in LD's annual reports and the information provided to the Finance Committee of the Legislative Council was the number of placements eligible under EPEM. In fact, the actual number of placements for which employers joined EPEM (i.e. placements with approval-in-principle under EPEM) was much smaller than the number of placements eligible for EPEM;
- notes that Commissioner for Labour has agreed with Audit's recommendations in paragraph 3.61 of the Audit Report;

Employment services for ethnic minority job seekers

- expresses serious concern that from 2016 to 2018, the percentage of job vacancies posted by employers where the employers indicated that EMs were welcome for the posts was not high, ranging from 12% (in 2016) to 16% (in 2018);
- notes that Commissioner for Labour has agreed with Audit's recommendations in paragraphs 3.74 and 3.79 of the Audit Report;

Employment services for job seekers with disabilities

- expresses grave concern and finds it unacceptable that:
  - (a) from 2014 to 2018, the percentage of indirect placements for job seekers with disabilities increased from 20% in 2014 to 33.8% in 2018. However, LD did not separately report the number of direct and indirect placements in the Controlling Officer's Report;
  - (b) from 2013 to 2017, the percentage of job seekers with disabilities who remained in the jobs for three months or longer was less than 50%, ranging from 35.2% (in 2013) to 45.3% (in 2017). The percentage of job seekers with disabilities who remained in the jobs for less than one month was high, ranging from 38.9% (in 2017) to 52.7% (in 2013);

- (c) there were low retention rates for the Work Orientation and Placement Scheme ("WOPS")<sup>10</sup> placements after the end of its allowance period (i.e. six months for basic WOPS and nine months for enhanced WOPS). In particular, the percentage of WOPS placements with the employees with disabilities still staying in employment were only 37.5%, 38.1% and 37.9% for 2015, 2016 and 2017 respectively; and
- (d) the number of participants in pre-employment training classes decreased by 41.5% from 183 in 2014 to 107 in 2018. The average number of participants per class also decreased by 38% from 10.8 in 2014 to 6.7 in 2018; and
- notes that Commissioner for Labour has agreed with Audit's recommendations in paragraphs 3.98 and 3.117 of the Audit Report.

<b>Follow-up action</b>
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59. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.

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<sup>10</sup> WOPS is aimed at encouraging employers to offer job vacancies and work orientation period to job seekers with disabilities through provision of financial incentive to enhance their understanding of the work abilities of job seekers with disabilities, thereby facilitating their open employment.

The Audit Commission ("Audit") conducted a review to examine the administration of the Civil Aid Service ("CAS").

2. CAS is a uniformed and disciplined auxiliary emergency service financed by the Government. Its work contributes to the policy area of "Internal Security" under the Security Bureau. CAS has an auxiliary force to augment the Government's regular emergency services in emergency situations, provide civic services to government departments and outside agencies, and provide young people (aged 12 to 17) with the opportunity to develop self-confidence and civic-mindfulness through participation in the CAS Cadet Corps. As at 31 December 2018, CAS had an establishment of 103 staff, and there were 3 333 CAS members and 4 262 cadets in the CAS Auxiliary Force. The total expenditure of CAS in 2017-2018 was \$109.4 million.

3. The Committee noted the following findings from the Director of Audit's Report:

- for the years 2016 to 2018, 954 to 1 059 CAS members (representing 28% to 31% of the average strength in the respective years) had not complied with the 60-hour efficiency requirements stipulated in the Civil Aid Service Regulation (Cap. 518A) (i.e. a minimum 30 hours of unit training plus a minimum 30 hours of services in a year as stated in a CAS General Order);
- from 2016 to 2018, 215, 181, and 208 CAS members (representing 6%, 5% and 6% of the average strength) respectively had not attended any unit training nor provided any service;
- from 2016 to 2018, no disciplinary actions had been taken against any CAS members under section 14(1) of the Civil Aid Service Regulation for non-compliance with the efficiency requirements. However, there were no documented justifications for not taking any disciplinary actions on these non-compliance cases;
- in 2017, each of the 61 CAS members who received less than 30 hours of unit training had provided 100 or more hours of services. Of these 61 members, only 16 (26%) had applied for exemption from the efficiency requirements according to CAS General Order No. 3.6.4 and were granted approval by Commissioner of CAS or the Chief Staff Officer of CAS;

- from 2014 to 2018, of the 1 351 new members recruited by CAS, 345 (26%) left CAS before completing the recruitment training programme;
- CAS members who have taken part in emergency or regular services, training courses conducted by CAS and voluntary duties are eligible for pay and allowances. In 2017-2018, CAS's expenditure on CAS members' pay and allowances was \$37.2 million. Audit examination of 315 approved attendance claim forms ("ACFs") submitted by CAS members for training received or services provided between April and June 2018 revealed the following irregularities:
  - (a) 52 (17%) ACFs showed that CAS members left before completion of the scheduled training/voluntary duties. However, no justifications were documented on ACFs;
  - (b) the training/voluntary duties recorded in 58 (18%) ACFs could not be found in the approved programme of activities/orders of operations; and
  - (c) seven (2%) ACFs revealed that the start times of the training/voluntary duties certified by the officers-in-charge were earlier than the arrival times reported in ACFs by the officers, while four (1%) ACFs showed that the dismissal times of the training/voluntary duties certified by the officers-in-charge were later than the departure times reported in ACFs by the officers;
- as at 30 September 2018, the total amount of arrears of revenue was \$111,900, of which \$69,200 (62%) involving 314 cases was related to unreturned uniforms and accoutrements of CAS members/cadets. As at 31 October 2018, 166 (53%) of the above 314 cases had been outstanding for over six years. Audit found that there was delay by CAS staff in issuing demand notes and taking follow-up actions (e.g. informing the Department of Justice for issuing legal notices);
- Audit examination of 50 quotation exercises with a value of over \$50,000 each and the registers for quotations with a value of not exceeding \$50,000 each from 2013-2014 to 2017-2018 revealed that:
  - (a) in a quotation exercise conducted in 2016-2017 with a value of purchases exceeding \$50,000, only three quotations were invited

instead of a minimum of five in accordance with the Stores and Procurement Regulations; and

- (b) the final contract sums for two contracts were 6% and 4% above the approved contract sums due to changes in service requirements. However, no approval had been sought for the contract variations in accordance with the Stores and Procurement Regulations; and
- CAS obtained the Fire Services Department's approval in February 2006 on the quantities of the dangerous goods kept in its Dangerous Goods Store subject to the compliance with a number of fire services requirements. However, Audit's inspection and stocktake revealed the following non-compliances:
  - (a) four dangerous goods items kept inside the Store exceeded the Fire Services Department's approved quantities;
  - (b) conspicuous warning notices (e.g. "no smoking") were not displayed on the front door of the Store;
  - (c) the fire extinguisher inside the Store was not properly maintained; and
  - (d) a self-closing device of a door was broken.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the impact on the service delivery by CAS arising from the non-compliance with the efficiency requirements by some CAS members and improvement measures/plans to address the issue; reasons for not taking any follow-up actions against CAS members not fulfilling efficiency requirements; the granting of pay and allowances to CAS members who failed to meet the efficiency requirements; approval of exemption from efficiency requirements; reasons for new CAS members dropping out of the recruitment training programme; review on the recruitment method and pay and allowances of CAS members; accountability for failure to enforce the CAS General Orders effectively; and concrete plans and measures to enhance the governance of CAS. The consolidated replies from **Secretary for Security** and **Commissioner of CAS** are in *Appendix 11*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

The Audit Commission ("Audit") conducted a review of the Environment and Conservation Fund ("ECF").

2. ECF is a statutory trust fund established under the Environment and Conservation Fund Ordinance (Cap. 450) to provide funding support to local non-profit-making organizations for educational, research and other projects and activities in relation to environmental and conservation matters. As of October 2018, six main types of ECF-funded projects<sup>1</sup> were funded under 11 ECF funding programmes. Secretary for the Environment is the trustee of ECF, and the Environment and Conservation Fund Committee ("ECFC")<sup>2</sup> is set up to advise the trustee on the use of funds. The Environment and Conservation Fund Investment Committee ("ECFIC") is also set up to set policies on investment and monitor the investment of ECF. The Environmental Protection Department ("EPD") is responsible for providing secretariat support to the above committees/subcommittees and support for ECF's administration (e.g. processing applications and monitoring the implementation of approved projects). From its establishment in August 1994 to March 2018, ECF had supported some 5 200 projects with approved grants of some \$2,800 million in total.

3. The Committee noted the following findings from the Director of Audit's Report ("Audit Report"):

- EPD's processing time (from date of receipt of application to date of approval) for 377 (27.6%) of the 1 364 ECF applications approved during 2013-2014 to 2017-2018 ranged from more than one year to four years. Audit examined four of the 377 approved applications and noted that:
  - (a) between the period when EPD informed Applicant A mentioned in Case 1 in paragraph 2.7 of the Audit Report to resubmit its

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<sup>1</sup> These main types of projects are: (a) waste reduction; (b) energy conservation; (c) environmental education and community action; (d) environmental research, technology demonstration and conference; (e) nature conservation management agreement; and (f) large-scale environmental education and awareness.

<sup>2</sup> ECFC is assisted by five subcommittees in vetting applications and overseeing the implementation of approved projects under ECF. These subcommittees are: (a) the Waste Reduction Projects Vetting Subcommittee; (b) the Environmental Education and Community Action Projects Vetting Subcommittee; (c) the Research Projects Vetting Subcommittee; (d) the Energy Conservation Projects Vetting Subcommittee (ceased receiving new applications in April 2012 and disbanded on 15 October 2018); and (e) the Nature Conservation Subcommittee.

application in June 2011 and Applicant A resubmitted its application in November 2012, EPD only sent out two reminders to Applicant A without taking other follow-up actions; and

- (b) Applicant B and its Qualified Service Provider<sup>3</sup> mentioned in Case 2 in paragraph 2.7 of the Audit Report took a long time from July 2011 to April 2013 to respond to the enquiries raised by the Electrical and Mechanical Services Trading Fund<sup>4</sup> regarding Applicant B's application;
- the rejection rates for applications increased from 20% (112 of 559 applications rejected) in 2013-2014 to 48% (217 of 451 applications rejected) in 2017-2018. The major reasons for rejection included: EPD had reservations about the possible value and effectiveness of the proposed projects or activities, the applicants' proposals were not practicable or technically not feasible, and there was insufficient information to support the applications etc.;
- EPD submitted discussion papers/summaries to ECFC's subcommittees to facilitate their discussions and assessments on project applications. The discussion papers/summaries for 45 (47%) of a total of 95 meetings for four subcommittees were issued shortly to members one to five calendar days (averaging 3.7 calendar days) before the scheduled meetings. Only the procedural guidelines for the funding programme of environmental research, technology demonstration and conference projects had stipulated the time frame for issuing discussion papers but not stipulated in those for other funding programmes;
- according to the procedural guidelines for ECF funding programmes:
  - (a) two different practices were adopted to handle applications involving information not provided by the applicants within the specified time period:

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<sup>3</sup> According to the guide to application for the funding programme known as "Energy Conservation Projects for Non-government Organisations", the applicants for energy improvement works should engage a Qualified Service Provider in certifying the detailed scope of the projects.

<sup>4</sup> EPD referred the application to the Electrical and Mechanical Services Trading Fund for vetting in view that the application involved installation works for lighting and air-conditioning items at multiple sites.

- (i) for applications of waste reduction projects, environmental research, technology demonstration and conference projects and energy conservation projects, the processing work would be terminated; and
  - (ii) the applications of environmental education and community action projects would be considered on the basis of information previously provided; and
- (b) two different practices were adopted to check whether the applicants received double benefits on the same budget item from other funding schemes of the Government:
  - (i) for funding programmes of nature conservation management agreement projects, EPD only required the applicants to declare in the application forms regarding the details of other sources of funds; and
  - (ii) for funding programmes of waste reduction projects, environmental education and community action projects and energy conservation projects, in addition to declaration by the applicants in the application forms, EPD would send a list of applications which were selected on a random sampling basis to the pertinent secretariats of other funding schemes of the Government for checking;
- as of September 2018, 99 approved ECF-funded projects had not yet commenced, while 15% of them (15 projects) had been approved for more than one year. 607 approved ECF-funded projects had commenced but not yet been completed, while 47% of them (284 projects) had commenced for more than four years. 303 completed ECF-funded projects had not finalized their project accounts, with 61% (185 projects) of them had been completed for more than 1 year to 11 years;
- Audit examined five ECF-funded projects which had been approved for more than four years but not yet commenced as of September 2018, and noted that no follow-up actions had been taken by EPD on:
  - (a) the project in Case 3 in paragraph 3.4 of the Audit Report for a total of five years (comprising three periods of time) regarding its commencement; and

- (b) the project in Case 4 in paragraph 3.7 of the Audit Report for a total of 6.4 years (comprising three periods of time) regarding its progress;
- the attendance rates of some members at meetings of ECFC, ECFC's subcommittees and ECFIC held in the past three completed terms of membership were below 50%, and eight members with low attendance rates (below 50%) at meetings in the preceding term were reappointed;
- of the total 308 declaration forms required to be submitted by members of ECFC and its four vetting subcommittees for the past three completed terms of membership, 85 (28%) were submitted late with delays ranging from 1 to 256 days (averaging 31 days), and 83 (27%) were not available in EPD records;
- as of January 2019, the minutes for 20 meetings of ECFC, ECFC's subcommittees and ECFIC held in the past three completed terms had not been endorsed by members in subsequent meetings;
- differences were found in the terms of reference and code of conduct of ECFC and its three operating vetting subcommittees; and
- deficiencies were found in the ECF database maintained by EPD for capturing the key information of all ECF applications/approved projects.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding measures to improve the administration of ECF applications and the monitoring of project implementation and accounts finalization; and the governance and administrative issues of ECF. The replies from **Director of Environmental Protection** are in *Appendix 12*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

The Audit Commission ("Audit") conducted a review of the Hong Kong Arts Festival Society Limited ("HKAFSL").

2. HKAFSL is a non-profit-making organization established in 1972 under the then Companies Ordinance (Cap. 32). The mission of HKAFSL is to present the Hong Kong Arts Festival ("HKAF"), an annual arts festival of the highest artistic standard. As at 31 December 2018, HKAFSL had a total of 58 staff. In 2017-2018, HKAFSL had a total income of \$127.7 million (including \$39 million government subventions) and a total expenditure of \$126.1 million. The Leisure and Cultural Services Department ("LCSD") is responsible for overseeing the government subventions provided to HKAFSL.

3. The Committee noted the following findings from the Director of Audit's Report ("Audit Report"):

- in two of 15 procurements of goods and services in 2017-2018 examined by Audit, the required number of quotations<sup>1</sup> had not been obtained in accordance with HKAFSL's procurement guidelines;
- Audit examined the 42 programmes held under 46<sup>th</sup> HKAF in 2018 and found that:
  - (a) there was a large variance in the manpower resources deployed to different programmes. Programme A and Programme B mentioned in Case 1 in paragraph 2.12 of the Audit Report had 26 and 60 programme crews respectively. The ratio of "chief crews to basic crews" of Programme A was 1:8, and that for Programme B was 1:59. HKAFSL records did not document that the above arrangement had been subjected to supervisory scrutiny;
  - (b) HKAFSL had not signed any service agreements stipulating the terms of engagement with 15 programme crews,<sup>2</sup> and information supporting the payments for these crews had not been adequately documented. The service fee paid to a programme crew

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<sup>1</sup> According to HKAFSL's procurement guidelines, at least two quotations should be obtained for expenses between \$5,000 and \$25,000, and at least three quotations should be obtained for expenses above \$25,000.

<sup>2</sup> Audit selected the 15 programme crews on a random basis.

in March 2018 was calculated based on a wage rate which was higher than the standard rate, but HKAFSL records did not show how that particular higher rate was set;

- (c) 708 of the total number of paid audience (i.e. 105 034) HKAFSL reported to LCSD were complimentary tickets provided to press media and guests, while it was stipulated in the funding and service agreements ("FSAs") signed between HKAFSL and LCSD that the number of paid audience<sup>3</sup> should exclude all complimentary tickets; and
- (d) there were no guidelines on the use of blocked seats, and 4 506 of 21 746 blocked seats had subsequently been released;
- HKAFSL had been successful in raising large amounts of money from sponsors and donors over the years. However, heavy reliance on sponsorship/donations might put sustainability of HKAFSL at risk as this income stream was dependent on many factors outside HKAFSL's control;
- when setting ticket prices for HKAFs, HKAFSL had not taken into account the need to recover a target proportion of costs through ticket sales. Moreover, HKAFSL provided discounted tickets only to full-time students and people with disabilities but not to senior citizens;
- when expected level of performance indicator in FSAs was not attained by HKAFSL, the expected level was lowered in the ensuing year and would not be raised again;
- according to FSAs, HKAFSL was required to submit reports/accounts to LCSD by specified dates each year. However, between 2013-2014 and 2017-2018, there were cases of late submission of reports, and records of LCSD and HKAFSL did not show whether four reports/accounts had been submitted;
- in each year from 2014-2015 to 2018-2019, 35% to 54% of members of HKAFSL's Executive Committee and its supporting committees did not sign the undertakings on declaration of conflicts of interest. HKAFSL

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<sup>3</sup> LCSD assesses annually the performance of HKAFSL against performance indicators in FSAs, and number of paid audience excluding complimentary tickets was one of the performance indicators.

had not adopted a two-tier reporting system for the declaration of conflicts of interest; and

- in each year from 2016 to 2018, 22% to 34% of staff left HKAFSL, and 29% to 51% of staff had newly joined HKAFSL for less than one year.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the measures to improve HKAFSL's procurement practices, management of programme crews and ticketing matters, and reporting system for declaration of conflicts of interest for members of HKAFSL's Executive Committee and its supporting committees; the Administration's monitoring of the subventions to and performance of HKAFSL; and the measures to address the high staff turnover rate in HKAFSL. The replies from **Secretary for Home Affairs, Director of Leisure and Cultural Services** and **Executive Director of HKAFSL** are in *Appendices 13 to 15* respectively.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

*Hospitality training provided by the Hotel and Tourism Institute,  
the Chinese Culinary Institute and the International Culinary Institute*

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The Audit Commission ("Audit") conducted a review of the hospitality training provided by the Hotel and Tourism Institute ("HTI"), the Chinese Culinary Institute ("CCI") and the International Culinary Institute ("ICI") (hereinafter, HTI, CCI and ICI are referred to collectively as "the Institutes"), which are member institutions of the Vocational Training Council ("VTC").

2. The Institutes specialize in offering programmes on hospitality.<sup>1</sup> To provide integral vocational training beyond classroom, the Institutes have established a training hotel ("The T Hotel"). In academic year 2017-2018 (unless stated otherwise, all years mentioned hereinafter refer to academic years), the Institutes offered 34 full-time programmes and 43 part-time programmes. The numbers of full-time students and part-time students enrolled were 3 000 and 4 416 respectively.

3. The Committee noted the following findings from the Director of Audit's Report:

- from the Institutes' review of 22 full-time programmes and six part-time programmes conducted in 2016-2017, Audit found that:
  - (a) the enrolment rates of seven (32%) of these 22 full-time programmes only ranged from 0% to 77%;
  - (b) the retention rates of HTI's full-time Certificate programmes, CCI's full-time Certificate programmes and ICI's full-time Diploma programmes were below the target retention rate of 85%; and
  - (c) the pass rates of HTI's full-time Certificate programmes, CCI's full-time Certificate programmes and part-time Diploma programmes and ICI's part-time Certificate programmes were below 80%;
- according to VTC's General Academic Regulations, all students of Higher Diploma programmes were required to complete industrial attachment for graduation. However, there was no industrial

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<sup>1</sup> The programmes are offered at four campuses, which are located in the VTC Pokfulam Complex, the ICI Building, the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building respectively.

*Hospitality training provided by the Hotel and Tourism Institute,  
the Chinese Culinary Institute and the International Culinary Institute*

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attachment module for the Higher Diploma in Baking and Pastry Arts and the Higher Diploma in Culinary Arts offered/to be offered by CCI and ICI, and no documentary evidence was available showing the justifications and approval for the deviation from the above Regulations;

- in the five-year period from financial year 2013-2014 to 2017-2018, the monthly occupancy rates of The T Hotel ranged from 28.3% to 81.5%, averaging 54.9%. The monthly occupancy rates in 53 (88%) of the 60 months were lower than the 70% rate used by the Institutes for planning purpose;
- rooms of The T Hotel could be booked through online booking platforms provided by a travel agency or direct reservation with the hotel by telephone or email. However, in the period from 2016 (May to December) to 2018, less than 20% of room nights were allocated to the agency booking channel, despite that the annual selling rates (i.e. the percentage of allocated room nights sold) of the agency booking channel (ranging from 96.9% to 99.7%) was significantly higher than the annual selling rates of the direct booking channel (ranging from 54.5% to 58.5%);
- the number of guests using the training spa in The T Hotel ranged from 356 to 565 each year between 2016 and 2018, and the percentage of days in 2018 during which no guests used the training spa was 25%;
- The T Hotel collected feedback from guests through comment cards, and the annual response rate in relation to the guest satisfaction decreased from 21% in financial year 2013-2014 to 13% in financial year 2017-2018. The satisfaction survey questionnaire designed for customers of the training restaurants and the lounge only covered trainees' English standard but not their Putonghua standard; and
- in December 2013, VTC's Internal Audit Unit completed an audit on the operation of The T Hotel and made 64 recommendations. In October 2015, actions to implement 38 (59%) of the these recommendations were not completed. As at 30 November 2018, of these 38 recommendations, two had not been followed through.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the price of room nights allocated and sold through the agency booking channel and the direct booking channel; measures to enhance the occupancy rate of The T Hotel and improve the utilization of training spa; the collection of feedback from customers of The T Hotel's training restaurants and the lounge; and the wine sales of The T Hotel. The replies from **Executive Director of VTC** are in *Appendix 16*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

*Sustainable Fisheries Development Fund and Sustainable Agricultural Development Fund*

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The Audit Commission ("Audit") conducted a review of the Sustainable Fisheries Development Fund ("SFDF") and the Sustainable Agricultural Development Fund ("SADF").

2. Hon Kenneth LEUNG declared that his wife was a member of the SADF Advisory Committee. Hon Steven HO Chun-yin declared that he was a member of the SFDF Advisory Committee and the SADF Advisory Committee.

3. The Government established SFDF and SADF (each fund had a commitment of \$500 million) in 2014 and 2016 respectively to put the development of the agriculture and fisheries industries on a sustainable path. With a view to facilitating farmers, fishermen and fish farmers to acquire equipment and related materials to improve productivity and enhance sustainability, two subsidiary funding programmes, namely the Farm Improvement Scheme ("FIS") and the Equipment Improvement Project ("EIP") were set up under SADF in December 2016 and under SFDF in December 2017 respectively. As at 28 February 2019, 11 SFDF and seven SADF projects had been approved with an approved funding of \$59 million and \$82 million respectively; and 238 FIS projects and three EIP projects had been approved with an approved funding of \$6.9 million and \$18.4 million respectively.

4. The Agriculture, Fisheries and Conservation Department ("AFCD") is responsible for administering SFDF, SADF, EIP and FIS.<sup>1</sup> The SFDF Advisory Committee and the SADF Advisory Committee are set up to advise Director of Agriculture, Fisheries and Conservation on the administration of SFDF and SADF respectively. For 2017-2018, the expenditures of the SFDF Secretariat, the SADF Secretariat and the Funding Schemes Section totalled \$6.16 million.

5. The Committee noted the following findings from the Director of Audit's Report:

- from the commencement of SFDF/SADF to December 2018, the Secretariats had processed 23 SFDF and 11 SADF applications respectively, while the time taken for processing some applications was

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<sup>1</sup> An SFDF Secretariat and an SADF Secretariat have been set up within the Fisheries Supporting Services Division of AFCD's Fisheries Branch and the Extension and Funds Division of AFCD's Agriculture Branch respectively to carry out duties specific to the operation of SFDF and SADF. A Funding Schemes Section has also been set up within AFCD's Accounts and Supplies Division to handle specifically financial matters of SFDF and SADF.

long (up to 35 months for SFDF applications and 15 months for SADF applications);

- as at 31 December 2018, only one EIP project had been approved. Audit noted that from the dates when individual fishermen submitted their applications to the applicant<sup>2</sup> to the date of signing the funding agreement between the applicant and the Government, individual fishermen of the above project had waited at least 12 months for the acquisition of the mechanized fishery equipment. The administrative charges (\$1.5 million) amounted to 21% of the approved grant (\$7.2 million) of the project;
- although EIP had the same nature as FIS, individual fishermen and fish farmers could not apply under EIP themselves having regard that SFDF applicants must be legal entities, while FIS allowed farmers to submit applications directly to AFCD;
- 10 SFDF projects had been approved as at 31 December 2018. As at 15 January 2019, delays in submission of reports and financial statements<sup>3</sup> were found in seven projects, averaging 84 and 107 days respectively. Audit further examined three projects and noted that:
  - (a) nine (69%) of 13 reports/financial statements submitted by the grantees were resubmitted once to thrice (as at 31 December 2018);
  - (b) long time<sup>4</sup> had been taken for processing some of the 13 reports/financial statements, ranging from 49 to 311 days (as at 14 February 2019);

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<sup>2</sup> EIP provides grants to applicants (i.e. legal entities connected with fisheries industry) for acquiring mechanized fishery equipment and/or materials on behalf of beneficiaries (i.e. individual fishermen and fish farmers).

<sup>3</sup> According to SFDF/SADF application guidelines, an SFDF/SADF grantee is required to, after project commencement, submit the following information within specific time frames: (a) a progress report and a financial statement; (b) an annual report and an audited financial statement with original receipts; and (c) a final report and an audited financial statement of the project.

<sup>4</sup> Counting from the date of acceptance of a report for assessment purpose by the SFDF Secretariat to the date of provision of the report by the SFDF Secretariat (after its assessment) to a working group of the SFDF Advisory Committee for review.

- (c) some recommendations made by AFCD in the inspection records of SFDF projects<sup>5</sup> had not been implemented by the grantees despite that the same recommendations were made in previous inspections. There were no records indicating that AFCD had taken measures to ensure satisfactory implementation of the recommendations by the grantees;
  - (d) the grantee of a project had not purchased any mandatory insurances as specified in the funding agreements (i.e. employees' compensation insurance, public liability insurance and insurance for collateral) up to 31 January 2019 (34 months after the project commencement date); and
  - (e) grantees of two projects had failed to observe the procurement requirements of the funding agreements for eight project items procured;
- the actual disbursement of SFDF and SADF amounted to only a small portion of the planned disbursement, ranging from 0% to 22.6% between 2014-2015 and 2018-2019 (up to 31 December 2018) for SFDF and from 2.7% to 6.7% for SADF in 2017-2018 and 2018-2019 (up to 31 December 2018);
  - the number of applications for SFDF decreased from 15 in 2014 to three in 2018 and that for SADF decreased from 20 in 2017 to 13 in 2018. As at 31 December 2018, 41% and 12% of SFDF and SADF applications had been rejected respectively for various reasons. The number of FIS applications also decreased from 172 in 2017 to 66 in 2018;
  - AFCD did not have any plans for reviewing the overall achievements of SFDF, SADF, EIP and FIS vis-à-vis the overall objective of putting the development of the agriculture and fisheries industries on a sustainable path;
  - in 2014 to 2018, 28 meetings of the SFDF/SADF Advisory Committees and their working groups were held. Audit noted that:

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<sup>5</sup> For the monitoring of SFDF projects, the Administration conducts inspections on the progress of projects at least every six months and makes inspection reports accordingly.

- (a) in each of the years between 2014 and 2018, some members of the SFDF/SADF Advisory Committees (ranging from one to five members) attended less than half of the meetings of their responsible committees, while two of them were reappointed in 2017;
  - (b) the minutes of 10 meetings did not indicate that the chairmen had made rulings on the interests declared by members; and
  - (c) the agendas, discussion papers and draft minutes were not always distributed in a timely manner; and
- none of the SFDF Advisory Committee members made first-tier declaration<sup>6</sup> in 2016 as the SFDF Secretariat had not distributed first-tier declaration forms to them. In 2018, two SFDF Advisory Committee members did not complete and return the first-tier declaration forms, and the SFDF Secretariat did not follow up the non-submission.

6. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the measures to improve the administration of SFDF, SADF, EIP and FIS applications, the monitoring of project implementation and accounts finalization and the achievement of fund objectives; and the governance issues of committees and working groups of SFDF and SADF. The replies from **Secretary for Food and Health** and **Director of Agriculture, Fisheries and Conservation** are in *Appendices 17* and *18* respectively.

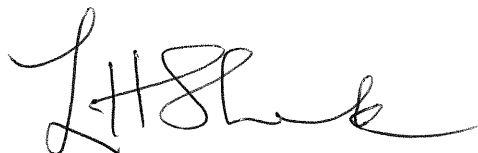
7. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

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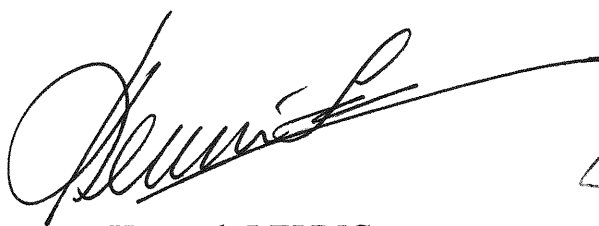
<sup>6</sup> AFCD adopts a two-tier declaration system for managing potential conflicts of interest of members of the SFDF Advisory Committee and the SADF Advisory Committee. Every year, the secretariats of the two funds distributed first-tier declaration forms to committee members for completion.

SIGNATURES OF THE CHAIRMAN,  
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE

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Abraham SHEK Lai-him  
(Chairman)



Kenneth LEUNG  
(Deputy Chairman)



Paul TSE Wai-chun



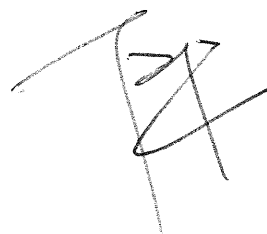
Steven HO Chun-yin



LAM Cheuk-ting



SHIU Ka-fai



Tanya CHAN

20 June 2019

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 72  
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

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**Director of  
Audit's Report  
No. 72**

**P.A.C.  
Report No. 72**

<b><u>Chapter</u></b>	<b><u>Subject</u></b>	<b><u>Chapter</u></b>
1	Planning, provision and management of public parking spaces	1
2	Management of Greening Master Plans	2
3	Employment services provided by the Labour Department	3
4	Administration of the Civil Aid Service	4
5	Environment and Conservation Fund	5
6	Hong Kong Arts Festival Society Limited	6
7	Hospitality training provided by the Hotel and Tourism Institute, the Chinese Culinary Institute and the International Culinary Institute	7
8	Sustainable Fisheries Development Fund and Sustainable Agricultural Development Fund	8

**RULES OF PROCEDURE OF  
THE LEGISLATIVE COUNCIL OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

**72. Public Accounts Committee**

(1) There shall be a standing committee, to be called the Public Accounts Committee, to consider reports of the Director of Audit –

- (a) on the accounts of the Government;
- (b) on such other accounts required to be laid before the Council as the committee may think fit; and
- (c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The committee shall also consider any report of the Director of Audit laid on the Table of the Council which deals with examinations (value for money audit) carried out by the Director relating to the economy, efficiency and effectiveness of any Government department or public body or any organization to which his functions as Director of Audit extend by virtue of any Ordinance or which receives public moneys by way of subvention.

(3) The committee shall consist of a chairman, deputy chairman and 5 members who shall be Members appointed by the President in accordance with an election procedure determined by the House Committee. *(L.N. 214 of 2005)*

(3A) The chairman and 2 other members shall constitute a quorum of the committee. *(L.N. 214 of 2005)*

(3B) In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence. *(L.N. 214 of 2005)*

(3C) All matters before the committee shall be decided by a majority of the members voting. Neither the chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided, in which case he shall give a casting vote. *(L.N. 214 of 2005)*

(4) A report mentioned in subrules (1) and (2) shall be deemed to have been referred by the Council to the committee when it is laid on the Table of the Council.

(5) Unless the chairman otherwise orders, members of the press and of the public shall be admitted as spectators at meetings of the committee attended by any person invited by the committee under subrule (8).

(6) The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members and to any person invited to attend a meeting at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs.

(7) *(Repealed L.N. 214 of 2005)*

(8) The chairman or the committee may invite any public officer, or, in the case of a report on the accounts of or relating to a non-government body or organization, any member or employee of that body or organization, to give information or any explanation or to produce any records or documents which the committee may require in the performance of its duties; and the committee may also invite any other person to assist the committee in relation to any such information, explanation, records or documents.

(9) The committee shall make their report upon the report of the Director of Audit on the accounts of the Government within 3 months (or such longer period as may be determined under section 12 of the Audit Ordinance (Cap. 122)) of the date on which the Director's report is laid on the Table of the Council.

(10) The committee shall make their report upon the report of the Director of Audit mentioned in subrule (2) within 3 months (or such longer period as may be determined by the Council) of the date on which the Director's report is laid on the Table of the Council.

(11) Subject to these Rules of Procedure, the practice and procedure of the committee shall be determined by the committee.

**Paper presented to the Provisional Legislative Council  
by the Chairman of the Public Accounts Committee  
at the meeting on 11 February 1998 on  
Scope of Government Audit in the  
Hong Kong Special Administrative Region -  
'Value for Money Audits'**

**SCOPE OF WORK**

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.
2. The term "audited organisation" shall include -
  - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
  - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
  - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).
3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

## GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

## **PROCEDURES**

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

**Witnesses who appeared before the Committee  
(in order of appearance)**

Dr LAW Chi-kwong	Secretary for Labour and Welfare
Mr Carlson CHAN Ka-shun	Commissioner for Labour
Mr Charles HUI Pak-kwan	Assistant Commissioner for Labour (Employment Services)
Miss Cindy YIM Lai-kwan	Senior Labour Officer (Employment Services) (Operation) Labour Department
Ms Catherine LAW Sui-fong	Senior Labour Officer (Employment Services) (Policy) Labour Department
Ms Jessie LAM Choi-ping	Senior Labour Officer (Youth Employment) Labour Department

政府總部  
發展局  
工務科

香港添馬添美道 2 號  
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Works Branch  
Development Bureau  
Government Secretariat

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傳真 Fax No.: 2869-0167

**By Fax (2543 9197) & by Email**

27 May 2019

Clerk, Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
No.1 Legislative Council Road  
Central, Hong Kong  
(Attn.: Mr Anthony CHU)

Dear Mr Chu,

**Public Accounts Committee  
Chapter 2 of the Director of Audit's Report No. 72  
Management of Greening Master Plans**

Thank you for your letter dated 15 May 2019 to the Secretary for Development regarding the captioned chapter. Our response to Questions 1 and 2 is attached at **Annex** for consideration please.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Vina", written in dark ink.

( Vina WONG )  
for Secretary for Development

Encl

c.c. Secretary for Financial Services and the Treasury (fax no. 2147 5239)  
Director of Audit (fax no. 2583 9063)  
Director of Civil Engineering and Development (fax no. 2246 8708)  
Director of Leisure and Cultural Services (fax no. 2691 4661)

**The Development Bureau's Response to Questions Raised by  
the Public Accounts Committee of the Legislative Council on  
Chapter 2 of the Director of Audit's Report No. 72**

**Management of Greening Master Plans**

**Part 4: Overseeing and public engagement of Greening Master Plans**

- 1) It is mentioned in paragraph 4.6 that “the Civil Engineering and Development Department (CEDD) had not reported the implementation progress to the Greening Master Plan Committee (GMP Committee) and the Steering Committee on Greening, Landscape and Tree Management (GLTM) since commencement of the contracts for the related greening works.” In this connection, please inform this Committee:
  - (a) of the prevailing reporting procedures and guidelines;
  - (b) of the definition of “problematic” cases mentioned in paragraph 4.7(b), which states that “only problematic cases would be escalated to the Steering Committee on GLTM for resolution”;
  - (c) given that it is mentioned in paragraph 4.20 that the Department agrees with the recommendations in paragraph 4.18 to ensure the periodic reporting of the progress and results in implementing greening works under GMPs for the New Territories (NT) to the GMP Committee and Greening, Landscape and Tree Management Section (GLTMS), of the expected dates for implementation of the related recommendations as well as the staff establishment and expenditure in relation to such work?

**Response**

- (a) The CEDD reports the implementation progress of various greening works from time to time to the GMP Committee. If the contents are simple and straightforward, the Department will make the report by circulation of papers. The CEDD reported to the Steering Committee on GLTM at the meeting held on 1 April 2019 and will report again to the Steering Committee on GLTMS depending on the progress and if required.

- (b) “Problematic” cases are those cases that involve the coordination of inter-departmental efforts or collaboration which the departments are unable to handle by themselves. Therefore, these cases have to be escalated to the Steering Committee on GLTM for resolution.
  - (c) The CEDD reported the results of the GMPs for Southeast and Northwest NT to the GMP Committee and the Steering Committee on GLTM (its members include a representative of the Development Bureau’s GLTMS) on 22 March and 1 April 2019 respectively. The Department will, at various implementation stages of the greening works, report to the GMP Committee and the Steering Committee on GLTM the progress and results of the GMPs for Northeast and Southwest NT. As the Department handles the related work with its existing manpower, there is no additional expenditure and no breakdowns of expenditure is available.
- 2) It is stated in paragraph 4.10 that “GMPs for urban areas had not set any time frame for completion of medium and long-term measures”, and as indicated in Table 14, of the 288 to-be-followed-up measures, 102 (35%) were classified as “to be kept in view”, 156 (54%) as “to be explored” and 30 (11%) as “to be implemented”. In this connection, please provide information on the following:**
- (a) It is further stated in paragraph 4.14 that “While GLTMS had taken certain follow-up actions with the responsible departments on the implementation progress of the 221 measures under their purview..., it had not taken specific follow-up actions”. Please advise what the certain follow-up actions were and why no specific follow-up actions had been taken.**
  - (b) What are the latest situation and progress of the 288 to-be followed-up measures?**
  - (c) Currently, are there any guidelines and manpower to assist the assessment officers to follow up on the progress of the measures and allow such officers to complete their monitoring work precisely according to guidelines? If yes, what are the details? If no, will the Administration consider the formulation of them?**

- (d) **What are the reasons that the GMPs for urban areas had not set any time frame for completion of medium and long-term measures? Does it have anything to do with problems relating to expenditures and staff establishments?**
- (e) **Further to the above question, what can be done to alleviate the problems?**

**Response**

- (a) The GLTMS of the Development Bureau had, through letters and memoranda, instructed the departments and encouraged private sector/public organisations to follow up actively on taking forward the implementation of the proposed medium and long-term greening measures whenever the right condition arises (for example, in cases where a related public works project is taken forward or a redevelopment programme is commenced). Subsequently, the GLTMS also obtained constant updates on the progress through face-to-face conversations and phone calls. The “certain follow-up actions” refers to such verbal follow-up actions.

For most of these measures, their next stage of work could only be formulated subject to the actual circumstances. Hence, the GLTMS had not taken specific actions to make it mandatory for the departments to submit written progress reports.

- (b) Regarding the 288 measures mentioned above, the GLTMS has, since March this year, made written requests to the departments and private sector/public organisations to report on the implementation of the greening measures, and provide reasons if the measures are yet to be implemented. Amongst all measures, 65 measures have been completed, 11 measures will be implemented, 66 measures are found infeasible (reasons include the following: the original proposed planting locations are either no longer suitable for planting due to changes in the site surroundings or have been used for other purposes amidst development in local areas) and remaining measures are being reviewed and required further clarifications.
- (c) The GLTMS has been overseeing the work related to GMPs at the policy level covering project proposals, progress, funding

applications and greening targets. Officers responsible for assessing the progress of medium and long-term greening measures are from professional grades with professional qualifications. Being familiar with the implementation of greening works and experienced in project management, they are competent to conduct the monitoring work.

**(d) & (e)**

The medium and long-term greening measures for GMPs should be incorporated with other programmes and urban redevelopment projects. Only by doing so can these measures be taken forward during the delivery of related public works or redevelopment programmes. Works project takes time and we have to take into account the actual circumstances (such as the surrounding developments and public views consideration) before an implementation timetable can be formulated. In view of the various uncertainties, it is indeed difficult to set an exact time frame for completion of medium and long-term greening measures. This has nothing to do with expenditures or staff establishments.

The urban environment is constantly developing and changing while medium and long-term measures involve a long time during which the land situation, public opinion, social demand, etc. may also change. It may be unrealistic to formulate medium and long-term greening measures solely based on the current environment. Hence, the GLTMS issued a technical circular in 2012, stating that for any works projects involving designs for greening on new roads, the departments concerned should make reference to the GMP themes to ensure that the greening themes for various districts can be brought out. The newly developed GMPs for the NT no longer include medium to long-term greening measures, which are susceptible to changes in the actual environment.



土木工程處

Civil Engineering Office

Web site 網址 : <http://www.cedd.gov.hk>  
 E-mail 電子郵件:  
 Telephone 電話 : (852) 2762 5006  
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 Our reference 本署檔號: ( ) in LW-04-0035-1C  
 Your reference 來函檔號: CB4/PAC/R72

Pt.

香港九龍公主道 101 號  
 土木工程拓展署大樓  
 Civil Engineering and  
 Development Building,  
 101 Princess Margaret Road,  
 Kowloon, Hong Kong

Public Accounts Committee  
 Legislative Council Complex  
 1 Legislative Council Road  
 Central, Hong Kong  
 (Attention: Mr. Anthony CHU )

27 May 2019

**By Fax (2543 9197)**  
**and email**

Dear Sir,

**Public Accounts Committee**

**Consideration of Chapter 2 of the Director of Audit's Report No.72**

**Management of Greening Master Plans**

I refer to your letter dated 15 May 2019 regarding the captioned. Please find enclosed our responses to your queries for your consideration.

Yours faithfully,

(WONG Chi-pan, Ricky )  
 for Director of Civil Engineering and Development

**c.c. (w/e)**

Director of Audit  
 Secretary for Financial Services and the Treasury  
 Secretary for Development  
 Director of Leisure and Cultural Services

(Fax No.: 2583 9063)  
 (Fax No.: 2147 5239)  
 (Fax No.: 2147 3691)  
 (Fax No.: 2691 4661)

**Civil Engineering and Development Department's Response to Questions  
raised by the Public Accounts Committee of the Legislative Council on  
Chapter 2 of the Director of Audit's Report No. 72  
Management of Greening Master Plans**

- 3) According to Note 1 to Table 3 of paragraph 2.7, "a total of 2,568 additional trees... and 713,187 additional shrubs were planted", please advise the purpose of planting these additional plants, the additional expenditure and staff resource incurred?

Civil Engineering and Development Department (CEDD)'s Reply

During the construction phase, the resident site staff would review the greening design as necessary to suit site condition. The engineering team would also endeavor to identify the possibility of additional planting locations to enhance the green setting in the district.

Under the seven contracts of Phase 3 Urban Greening Master Plan (GMP) as a whole, the cost of additional greening works concerned was around \$19M (including civil engineering works, landscape softworks and establishment works, miscellaneous works such as irrigating systems, tree guards, etc.), i.e. about 8% of the total contract expenditure. Overall speaking, the environment of the districts was further improved as more trees/shrubs were planted compared to the original design. On the other hand, as the overall awarded tender price for the seven contracts was lower than expected, the total expenditure was still less than the approved funding. In relation to the additional greening works concerned, no additional staff resource was incurred in the Government and the consultants.

- 4) According to Table 4 of paragraph 2.7, one of the reasons for not planting at potential planting areas under the works contracts for Phase 3 of urban areas was objections, please advise what were the reasons involved in the objections?

CEDD's Reply

Before the commencement of the planting works on site, the engineering team would consult the relevant stakeholders such as district councils, local residents, owners of the nearby shops and

estate management offices, etc. Various reasons for objections included the concerns on reduction of footpath width due to greening works, the planters becoming blackspots for littering, blockage of shop frontage and signage, and fallen leaves or fruits into private property, etc.

- 5) According to paragraph 2.8(a), “more investigation works had been carried out during the design stage, including excavating more trial pits (from about 10% in urban areas to about 16% in Southeast and Northwest NT)”, please advise:
- (a) As it was said that the no-dig utility detection method was quick, inexpensive and effective in detecting metallic cables or pipes, will this method be 100% used in future for utility detection ?
  - (b) If the answer to (a) is positive, what will be the required additional expenditure and additional staff resource?
  - (c) If the answer to (a) is negative, what are the reasons and difficulties for not fully applying this method?

#### CEDD's Reply

There are many types of underground utilities and of different materials, such as metal, plastic and concrete, etc. As the no-dig detection method can only detect metallic utilities but no other materials, the accuracy of this detection method is not absolute. The situation of underground utilities cannot be comprehensively reflected if we solely adopt the no-dig detection method for utility detection. Therefore, the consultants have to review utility records provided by utility undertakers, verify the locations of manhole covers on site, excavate trial pits or adopt no-dig detection method in order to obtain more information to reveal the actual situation of underground utilities on site in order to increase the successful rate for planting.

- 6) Referring to Table 5 of paragraph 2.9, please advise why it was not necessary to propose additional shrubs for planting at potential planting areas after contract commenced?

#### CEDD's Reply

For Yuen Long district, the total number of shrubs planted at potential planting areas happened to be similar to the quantity as

stipulated in the contract. Therefore, there was no additional quantity of shrub planting at potential planting areas as shown in Table 5 of the Audit Report.

However, in order to enhance greening of the districts, we also identified other suitable planting areas. For Yuen Long district, a total of 846,505 shrubs were planted, exceeding the estimated quantity of planting 655,542 shrubs in the contract (please refer to Appendix E of the Audit Report on the actual planting number for all districts).

- 7) According to Case 1 in paragraph 2.11, although CEDD reduced the proposed planting quantity after identifying the presence of underground utilities to avoid clash with the utilities, planting at Location A still could not be implemented due to the obstruction of utilities, and this caused waste of manpower resource and cost. Please advise:
- (a) The current methods for detecting underground utilities;
  - (b) Will CEDD consider adopting other measures in order to enhance the assessment on the feasibility of planting at locations with underground utilities? If positive, what are the details? If negative, what is the reason?
  - (c) The consultants conducted 3 trial pits in March 2013 and another 5 trial pits during construction stage at Location A. Please advise the details, cost and human resource involved in carrying out these 8 trial pits.

#### CEDD's Reply

- (a) For general planting projects, the planting locations would be clearly specified within the site under the contract. In view of the extensive area of NT GMPs and the planting proposals are widely scattered in each districts, we anticipated that the planting areas might have to be adjusted to address the actual site condition. Therefore, the greening proposals under the works contracts were specified as "potential planting area". At design stage, the consultants assessed the feasibility of tree planting proposals through checking utility records provided by utility undertakers, inspecting exact locations of manhole covers on site, excavating trial pits at selected locations and applying no-dig utility detection method.
- (b) We will conduct more trial pit excavation and no-dig utility detection at the proposed planting locations in NT Northeast and

NT Southwest taking into account the cost-effectiveness and the experience gained during implementation of greening works under NT Northwest and NT Southeast. For those planting proposals which cannot be implemented at potential planting areas, we will endeavor to identify suitable alternative planting locations adjacent to the original proposals as priority in order to fulfill the expectation of the local residents on greening in the district.

- (c) The cost for site investigation was covered in the consultancy agreement. In view of the extensive area of NT GMPs and cost-effectiveness, trial pits were recommended at selected locations by the consultants to eliminate infeasible tree planting proposals. CEDD then arranged the Term Contractor to carry out 3 trial pits at Location A (including about 900m long footpath and cycle track along the riverside of Shing Mun River) and the cost involved was about \$9,000. No additional staff resource was incurred. During construction stage, the contractors conducted 5 trial pits in order to ascertain the site condition and further identify possible locations for planting. The cost was included in the contracts and no additional staff resource was incurred.
- 8) According to Case 2 of paragraph 2.11, the works contract for the greening works in NT Southeast (i.e. including Sha Tin) commenced in December 2014. The contract included planting of 1,901 shrubs at Location C. However, after construction of a planter for shrub planting in June 2016 at Location C, CEDD received public objections expressing the concerns on occupying one-third of the footpath by the planter. As a result, CEDD did not proceed with planting works at Location C and the planter at a cost of \$70,000 was subsequently removed. An additional cost of about \$105,000 was incurred under the works contract for demolishing the planter and reinstating the pavement and beam barriers. Please advise:
- (a) Had pedestrian flow survey been conducted during the preparation of design proposals under GMPs?
  - (b) Whether consultancy agreement clearly specified the relevant duties of the consultants?
  - (c) In addition to assessing the feasibility of planting proposals, paying attention to the width of footpath and reviewing pedestrian flow and pavement condition, please advise other factors to be considered during site investigation?
  - (d) After formulation of the greening proposals under GMPs through

site investigation, how the consultants ensure that the planting proposals could be implemented on site?

- (e) The additional cost of about \$105,000 was incurred under the works contract for demolishing the planter and reinstating the pavement and beam barriers. Who were the responsible government officers and who should bear the cost incurred?

#### CEDD's Reply

- (a)&(b) The consultant had inspected the pedestrian flow condition of existing footpath and proposed suitable locations for planting, with adequate clearance reserved to meet the width requirements of footpath. When conducting site investigation, the consultant was also required to consider the conditions of underground utilities such as exact location of manhole covers, sightlines of pedestrians and drivers, width of central medians, areas reserved for loading/unloading and other business activities, obstructions from nearby structures to determine the feasibility of planting proposals and the appropriate species for planting.
  - (c)&(d) During the detailed design stage, the consultant assessed the feasibility of tree planting proposals through checking of utility records and relevant site investigation results. At construction stage, the contractor would carry out trial pit excavation to confirm the feasibility of each planting proposal on site.
  - (e) Although the greening proposals had obtained support from consultations with district councils and site investigation had been conducted, it was unavoidable that greening proposals have to be adjusted on site to address the actual site condition. In order to address the latest requests of local stakeholders and to cope with the increased pedestrian flow generated from nearby new residential development, that section of footpath was reinstated to its condition before planting works. The cost of \$105,000 for reinstatement of footpath was paid under the works contract.
- 9) According to Case 3 in paragraph 2.11, in September and October 2013, the Housing Department (HD) presented to the Sha Tin District Council (DC) a development proposal for Phase 2 of a public housing estate including the associated realignment of a road section, which covered Location D, and obtained its support for the proposal.

In June 2015, CEDD received an enquiry from a member of the Sha Tin DC expressing concerns that greening works under the Sha Tin GMP might be affected by the development proposal for Phase 2 of the public housing estate and the associated road realignment works. In July 2015, CEDD decided not to proceed with planting at that location after discussion with HD. Please advise:

- (a) Why the consultants could not identify any conflicting development during the formulation of greening proposals under GMPs?
- (b) Is there any written record showing that the consultant had consulted HD regarding the planting proposal within or near the housing site?
- (c) Will CEDD consider strengthening measures to ensure the works under GMPs and other projects could be coordinated?
- (d) CEDD invited and awarded tenders in August 2014 and December 2014 respectively. What was the resource deployed? As planting at Location D was not implemented, how did CEDD handle the issue associated with the tender and contract awarded?

#### CEDD's Reply

- (a)&(b) During the design stage in 2012 to 2014, the consultant consulted relevant departments in writing, including Housing Department, on the proposed greening works and we had received no opinion or suggestion on the planting proposals.
- (c) In view of the possible changes of the actual site condition before the commencement of construction works, we would liaise with the relevant district councilors to ascertain the latest development and concerns of the district. We will also strengthen communications with other departments to coordinate the project interface issues.
- (d) In view of the fact that the potential planting areas might have to be adjusted to suit the actual site condition, the greening works under NT Northwest and NT Southeast adopted re-measurement contract containing Bills of Quantities. The final contract sum would base on the actual work done on site. Therefore, the final works expenditure did not include the omitted planting proposal at location D. In the process of tendering and award of the contracts, no additional staff resource was incurred.

- 10) In paragraph 2.12, it mentioned that “while CEDD had stepped up efforts in development of GMPs for Southeast and Northwest NT, a considerable number of trees and shrubs were still not planted at potential planting areas. Unlike that for Phase 3 of Urban GMPs, CEDD had not made specific review on the reasons for the significant deviations.” Please advise:
- (a) How CEDD review the reasons for the significant deviation?
  - (b) What were the difficulties during review?
  - (c) Did the arrangement in the review of GMPs for NT Northwest and NT Southeast different from that of for Phase 3 Urban GMPs?

#### CEDD's Reply

The arrangement in the review of GMPs for NT Northwest and NT Southeast is similar to that in Phase 3 of GMPs for urban areas. After completion of planting works, the contractors were required to maintain the plants for one year before handover to relevant departments. All planting works under the GMPs for NT Northwest and NT Southeast were handed over to relevant parties for maintenance in December 2018. We then conducted a review of the completed greening works to summarize the reasons for not planting at potential planting areas. The review was completed in May 2019 and it is found that the reasons are underground utilities obstruction, public's objection and the effect of latest development in the district.

- 11) According to Table 8 of paragraph 2.18, the percentages of theme trees planting in Sha Tin and Tuen Mun under works contracts as well as the actual percentages of theme trees planting in Sha Tin, Sai Kung and Tuen Mun could not meet the internal reference rates. Please advise:
- (a) Why the internal reference rates were not specified in the works contract;
  - (b) Why the internal reference rates could not be achieved;
  - (c) How to monitor the works in order to achieve the internal reference rates for theme tree planting by the government? How to follow up if the internal reference rates cannot be achieved?

#### CEDD's Reply

- (a) We adopt the ‘Right tree, right place’ principle to select suitable plant species at appropriate locations taking into consideration on

the comments from the local stakeholders and maintenance concerns. Therefore, there is no specific requirement on planting percentage of individual species under the GMPs in design stage. The rate of 20-30% theme tree species was proposed by the consultants upon review during implementation of the planting works as internal reference for consideration when changes of species were required during implementation.

- (b) Due to underground utilities or other site constraints adversely affecting the potential planting areas in the original proposals, new planting locations had to be identified for planting. Under the new planting locations, we had to review the plant species to address comments from local stakeholders and maintenance concerns. Theme tree species were replaced by other more suitable species at the new planting locations and so the number of theme trees planted varied from the estimated quantities stipulated in the contract. Apart from the theme tree species, reference could also be made to plant palette consists of other recommended species for each districts. With reference to the plant palette of each districts, suitable plants were selected in line with the district theme, with over 70% of the planted tree species in Sha Tin, Sai Kung, Tuen Mun and Yuen Long districts being theme tree species and recommended species under the plant palette.
- (c) There is no specific requirement on the planting percentage of theme tree species in the GMPs. We will adopt the recommendation from the Audit Report and request the consultants of future GMP projects to set an appropriate rate for planting theme tree species in the formulation of planting design and follow the implementation of the planting works according to the established rate for planting theme tree species.

12) Regarding Table 9 of paragraph 2.22, please advise:

- (a) Why one of the focal points was not included in contract and no planting was proposed;
- (b) Among the 18 focal points without planting of theme tree species, 8 focal points had no planting and the remaining 10 focal points were planted with species other than theme tree species. How does the government address the issue? Will there be any guideline in the future to ensure that theme tree species can be selected for planting?
- (c) Will there be any measure to strengthen the assessment on the feasibility of planting at focal points under GMP.

CEDD's Reply

- (a) One of the focal points in Sha Tin was located in central median. During design review, it was found that the planting space was too restrictive and planting of theme trees or other plant was not suitable. As a result, the site was not included in the contract.
  - (b) Focal points are mainly located at areas with high pedestrian or vehicular flow (for example, bus terminus, roundabout and road central median) and they are subject to relatively more site constraints. Therefore, theme tree species and other plants might not be suitable for planting at some of these focal points. At focal points with available space for planting, apart from the theme tree species, we will also select suitable plant species as recommended in the plant palette of respective district to tally with the theme for greening and effectively improve the environment.
  - (c) We will obtain the most updated information of underground utilities from public utilities authorities and companies and increase the amount of trial pits to ascertain the distribution of underground utilities in order to facilitate the identification of suitable planting locations within focal points. Subject to the concerns on cost-effectiveness, impact on programme and extent of nuisance to the public, relocation of the underground utilities to provide suitable space for planting will also be considered if practically feasible.
- 13) As mentioned in paragraph 2.30 “CEDD had repeatedly reminded the consultant engaged for monitoring the contractor’s works to plant more native species to meet the estimated rate of 35% reported to LegCo.”, please advise:
- (a) Whether the quantity of native species planted was reported in the consultant’s monthly progress report;
  - (b) If positive, the follow up action, other than verbal requests from CEDD, when the estimated rate could not be achieved; If negative, will CEDD strengthen the current measure or establish a more effective monitoring mechanism to ensure that the consultant can follow the requirement to meet the rate of planting native species?

CEDD's Reply

- (a) The rate of planting native species was based only on the estimate of planting quantity during design stage. As we adopt the 'Right tree, right place' principle to select suitable plant species at appropriate locations taking into consideration on the comments from the local stakeholders and maintenance concerns, there is no specific requirement on planting percentage of native species under the GMPs. During the implementation of the greening works, the quantity of native species planted was reported in the consultant's monthly progress report for reference.
  - (b) We will adopt the recommendation from the Audit Report and request the consultants in future GMP projects to set an appropriate rate for planting native tree species in the formulation of planting design and follow the implementation of the planting works according to the established rate for planting native species.
- 14) Regarding paragraph 3.7, please advise:
- (a) CEDD and Leisure and Cultural Services Department (LCSD) had different definitions of tree and different measurements basis for shrubs which led to significant problems associated with the handover records. Please advise the measure to resolve the problem.
  - (b) How to ensure that officers involved can properly archive the handover records?

CEDD's Reply

- (a) During the handover of plants to Leisure and Cultural Services Department (LCSD) for maintenance, we had provided memos/letters with record drawings covering the planting information such as plant species, quantity and planting locations, etc. for reference by LCSD. CEDD makes reference to the "Check List of Hong Kong Plants" (the Checklist) published by Agriculture, Fisheries and Conservation Department (AFCD) to determine whether a plant is classified as a tree. As for LCSD, apart from making reference to the Checklist, they also follow the Technical Circular issued by the Development Bureau (DEVB) to determine a plant with 95mm Diameter at Breast Height (DBH) (i.e. trunk diameter at 1.3m height) as a tree so as

to carry out routine tree maintenance works and annual tree risk assessment as required by DEVB. Since most of the plants planted under GMPs were young trees with DBH less than 95mm, there were differences in the number of trees recorded by CEDD and LCSD. Regarding shrub planting, we adopt “number” as the unit for shrub based on the design and contract drawings. LCSD measures planting area for shrubs instead of number to facilitate maintenance works.

For the GMPs for NT Northeast and NT Southwest, in addition to the information (including the quantity of newly planted trees and shrubs) currently provided to LCSD, we will include records showing the trees with DBH 95mm or more and the planting areas of shrubs to clearly record the quantities of plants to be handed over and to facilitate maintenance works after handover of the plants.

- (b) We will provide both hard copy and electronic copy to LCSD to facilitate updating of maintenance record.

15) According to Case 5 mentioned in paragraph 3.19, CEDD planted 3 *Michelia x alba* along a footpath in Kowloon City in June 2011. In January 2019, all the 3 trees were removed. Please advise:

- (a) LCSD advised that upon taking over the handover records from CEDD, the trees were damaged by typhoon on 1 July 2017 before the data of these trees were uploaded in its tree inventory. Had CEDD encountered similar problem in the past? Had CEDD enhanced communication with LCSD for sharing of experience in tree maintenance?
- (b) The site at Location F was very windy and not suitable for tree planting. Had it taken into account the effect of weather condition during the formulation of planting proposals under GMPs?

#### CEDD's Reply

- (a) We do not have the record on the condition of plants after handover to the maintenance departments. We will strengthen communication with LCSD to share experience in the maintenance of plants in order to facilitate implementation of the planting works under GMPs.
- (b) We have to consider the site conditions and constraints (including micro-climate and maintenance requirements, etc.) and consult maintenance departments in order to select suitable

plants species in the planting proposals based on the principle of “Right tree, right place”.

- 16) It is mentioned in paragraph 4.6 that “the Civil Engineering and Development Department (CEDD) had not reported the implementation progress to the Greening Master Plan Committee (GMP Committee) and the Steering Committee on Greening, Landscape and Tree Management (GLTM) since commencement of the contracts for the related greening works.” In this connection, please inform this Committee:
- (a) of the prevailing reporting procedures and guidelines;
  - (b) of the definition of “problematic” cases mentioned in paragraph 4.7(b), which states that “only problematic cases would be escalated to the Steering Committee on GLTM for resolution”;
  - (c) given that it is mentioned in paragraph 4.20 that the Department agrees with the recommendations in paragraph 4.18 to ensure the periodic reporting of the progress and results in implementing greening works under GMPs for the New Territories (NT) to the GMP Committee and Greening, Landscape and Tree Management Section (GLTMS), of the expected dates for implementation of the related recommendations as well as the staff establishment and expenditure in relation to such work?

#### CEDD’s Reply

- (a) The progress of implementation of greening works under GMPs will be reported during the meetings or by circulation of information paper to the committee members.
- (b) Unresolved inter-departmental interface issues arising from the formulation of the GMPs and the implementation of the greening works could be escalated to the Steering Committee for decision.
- (c) We reported to the Greening Master Plan Committee (GMPC) and the Steering Committee on Greening, Landscape and Tree Management (GLTM) (including the GLTM Section of the DEVB) on 22 March 2019 and 1 April 2019 respectively regarding the achievement of the greening works completed under GMPs in NT Northwest and NT Southeast. We will keep on reporting the progress and achievement of the GMPs for NT Northeast and NT Southwest at appropriate milestones. No additional staff or financial resource would be incurred on reporting the progress on the implementation of greening works under GMPs.

- 17) It is stated in paragraph 4.10 that “GMPs for urban areas had not set any time frame for completion of medium and long-term measures”, and as indicated in Table 14, of the 288 to-be-followed-up measures, 102 (35%) were classified as “to be kept in view”, 156 (54%) as “to be explored” and 30 (11%) as “to be implemented”. In this connection, please provide information on the following:
- (a) It is further stated in paragraph 4.14 that “While GLTMS had taken certain follow-up actions with the responsible departments on the implementation progress of the 221 measures under their purview..., it had not taken specific follow-up actions”. Please advise what the certain follow-up actions were and why no specific follow-up actions had been taken.
  - (b) What are the latest situation and progress of the 288 to-be followed-up measures?
  - (c) Currently, are there any guidelines and manpower to assist the assessment officers to follow up on the progress of the measures and allow such officers to complete their monitoring work precisely according to guidelines? If yes, what are the details? If no, will the Administration consider the formulation of them?
  - (d) What are the reasons that the GMPs for urban areas had not set any time frame for completion of medium and long-term measures? Does it have anything to do with problems relating to expenditures and staff establishments?
  - (e) Further to the above question, what can be done to alleviate the problems?

### CEDD's Reply

Question 17 has been referred to DEVB and DEVB's reply is as follows:

- (a) The GLTMS of the Development Bureau had, through letters and memoranda, instructed the departments and encouraged private sector/public organisations to follow up actively on taking forward the implementation of the proposed medium and long-term greening measures whenever the right condition arises (for example, in cases where a related public works project is taken forward or a redevelopment programme is commenced). Subsequently, the GLTMS also obtained constant updates on the progress through face-to-face conversations and phone calls. The “certain follow-up actions” refers to such verbal follow-up actions.

For most of these measures, their next stage of work could only be formulated subject to the actual circumstances. Hence, the GLTMS had not taken specific actions to make it mandatory for the departments to submit written progress reports.

- (b) Regarding the 288 measures mentioned above, the GLTMS made written requests to the departments and private sector/public organisations to report on the implementation of the greening measures, and provide reasons if the measures are yet to be implemented since March this year. Amongst all measures, 65 measures have been completed, 11 measures will be implemented, 66 measures are found infeasible (reasons include the following: the original proposed planting locations are either no longer suitable for planting due to changes in the site surroundings or have been used for other purposes amidst development in local areas) and remaining measures are being reviewed and required further clarifications.
- (c) The GLTMS has been overseeing the work related to GMPs at the policy level covering project proposals, progress, funding applications and greening targets. Officers responsible for assessing the progress of medium and long-term greening measures are from professional grades with professional qualifications. Being familiar with the implementation of greening works and experienced in project management, they are competent to conduct the monitoring work.
- (d)&(e) The medium and long-term greening measures for GMPs should be incorporated with other programmes and urban redevelopment projects. Only by doing so can these measures be taken forward during the delivery of related public works or redevelopment programmes. Works project takes time and we have to take into account the actual circumstances (such as the surrounding developments and public views consideration) before an implementation timetable can be formulated. In view of the various uncertainties, it is indeed difficult to set an exact time frame for completion of medium and long-term greening measures. This has nothing to do with expenditures or staff establishments.

The urban environment is constantly developing and changing while medium and long-term measures involve a long time during which the land situation, public opinion, social demand, etc. may also change. It may be unrealistic to formulate medium and long-term greening measures solely based on the current environment. Hence, the GLTMS issued a technical circular in 2012, stating that for any works projects involving designs for greening on new roads, the departments concerned should make reference to the GMP themes to ensure that the greening themes for various districts can be brought out. The newly developed GMPs for the NT no longer include medium to long-term greening measures, which are susceptible to changes in the actual environment.

18) Regarding paragraph 4.23, please advise:

- (a) the reasons of delaying the uploading of GMPs information for NT Southeast & Northwest and NT Northeast & Southwest onto CEDD website;
- (b) How CEDD can improve the situation;
- (c) When will CEDD upload the information on planting species of GMPs in NT Northeast & Southwest onto its website?

#### CEDD's Reply

In response to Audit's recommendations, we have uploaded the relevant information of NT GMPs to CEDD website. We will timely update the information when necessary.

19) Para 4.26 mentioned "community forums had been arranged, and stakeholders from public organizations and private sector had been invited to participate in the formulation of GMPs"; "arranged exhibitions and talks to schools, tertiary institutions and relevant professional bodies"; "arranged community planting ceremonies to cover all districts under GMPs". Please advise:

- (a) the numbers of community forums, exhibitions, talks and community planting ceremonies held in the past 5 years;
- (b) Please advise CEDD's expectation on the effectiveness of these activities? What are the expenditure and staff establishment involved?

CEDD's Reply

- (a) During the planning stage of the NT GMPs from 2010 to 2014, we organized 12 community forums. In past 5 years, we organized 11 public participation activities, including talks, community planting events and planting ceremonies
- (b) Public participation not only enables us to tap into valuable local knowledge about a district but also let public understand more about greening works within the district and promotes ownership of the GMPs by the local residents, which is instrumental to the smooth implementation and long-term caring of vegetation. The involved manpower resources and expenditure were absorbed by departmental establishment and included in the works contracts.



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27 May 2019

Mr Anthony CHU  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee  
Consideration of Chapter 2 of the Director of Audit's Report No. 72  
Management of Greening Master Plans**

Thank you for your letter of 15 May 2019, referring the views of the Public Accounts Committee for "Chapter 2 of the Director of Audit's Report No. 72 – Management of Greening Master Plans". We would like to provide our response to the matters set out in the Appendix (both Chinese and English versions).

Should you have any enquiries, please contact me or Mr CHUNG Wah-hing, Senior Leisure Manager (Landscape) at 2601 8915.

Yours sincerely

(Ms Wendy OR)

for Director of Leisure and Cultural Services

Encl.

c.c. Secretary for Development (fax no. 2147 3691)  
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Director of Audit (fax no. 2583 9063)

**Report No.72 of the Director of Audit  
Chapter 2 – Management of Greening Master Plans**

**Response from the Leisure and Cultural Services Department  
to Public Accounts Committee**

**Part 1: Introduction**

- 20) Regarding paragraph 1.13, why is there no breakdown of the cost solely for maintenance of greening works under Greening Master Plans (GMPs)?

**Leisure and Cultural Services Department (LCSD)’s Response**

LCSD is dedicated to the promotion of greening, enhancement of landscape planting and beautification of the environment. In addition to planting and maintenance of vegetation in venues, parks, gardens and roadside amenity areas under its purview, LCSD also collaborates with the Civil Engineering and Development Department (CEDD) by taking over the maintenance of greening works implemented by CEDD under GMPs. As the majority of greening works under GMPs are located at roadside areas (some in newly established planting areas, some adjacent to roadside planting currently maintained by LCSD, some even in existing planting beds), LCSD would, after taking over the greening works under GMPs, put these plants together with the adjacent vegetation under daily maintenance by its front-line staff or horticultural maintenance contractors. As no separate maintenance is provided for greening works under GMPs, no breakdown of the cost for such work is available.

**Part 3: Handover and Maintenance of Greening Works under GMPs**

- 21) Regarding paragraph 3.7, please inform this Committee of the following:
- (a) While CEDD and LCSD have different definitions of trees and different measurement bases for shrubs, posing a serious hindrance to the handover, how will the problem be solved?
  - (b) How will the Department ensure proper keeping of handover records by its staff?

## LCSD's Response

- (a) CEDD and LCSD have different definitions of trees. CEDD adopted classification by plant species as set out in the "Check List of Hong Kong Plants" published by the Agriculture, Fisheries and Conservation Department. In addition to the classification mentioned above, LCSD also makes reference to the Technical Circular of the Development Bureau (DEVB) on tree preservation requirements (DEVB TC(W) No. 7/2015) for the definition of trees, by which a plant is classified as a tree only if its diameter at breast height (DBH) (measured at a height of 1.3m) is 95mm or more. For such trees, a tree risk assessment has to be conducted at least once a year. However, since most of the trees planted by CEDD under GMPs were young trees with DBH less than 95mm, the number of trees handed over by CEDD and the number of trees taken over by LCSD were different.

As for shrubs, CEDD adopted the number of shrubs as the unit of quantity for handover, whereas LCSD adopted the size of planting area as the unit of quantity for takeover. CEDD used the number of shrubs for the sake of cost calculation for purchasing and monitoring of contractors' planting work. At the time of the handover, the shrubs had grown up after one year's establishment period. It was likely that each shrub had developed new plantlets that could hardly be identified separately. Moreover, shrubs are planted in large numbers, usually in tens of thousands, making it impractical and not cost effective to count them one by one during the handover. Besides, it is also a common practice in the field of horticulture that plant maintenance contractors use planting area as a unit in calculating the tender cost for shrub maintenance. In view of the above, LCSD, as a department responsible for plant maintenance, adopts shrub planting area as a unit for takeover.

Although CEDD and LCSD adopted different units for counting the number of trees and measuring shrubs with regard to their actual operational needs, it did not affect LCSD's taking over and maintenance of greening works under GMPs. During the handover, CEDD would issue memoranda/letters with record drawings to LCSD. LCSD would base on these documents to confirm the species of plants and the quantity and location of the trees before taking over all the plants, and arrange its staff or contractors to carry out daily horticultural maintenance work such as watering, weeding, pruning and fertilising.

LCSD and CEDD will work out a common form of plant handover records for future use upon completion of the projects of Southwest and

Northeast New Territories, so as to cater for the different operational needs of the works department and maintenance department.

- (b) In future, LCSD will keep the relevant handover records properly and input all information on the trees taken over into its Tree Data Bank System to record the number of such trees. As for shrubs, since it would be impractical and not cost-effective to count the shrubs one by one during the handover, LCSD will continue to use planting area as the unit in handover records.
- 22) It is stated in paragraph 3.17 that “there were no replanting plan for some of these locations due to the dense planting conditions”. Please tell this Committee how the Department determines if the planting conditions are dense.

#### LCSD’s Response

LCSD will make reference to DEVB’s tree maintenance guidelines for the proper planting practice and arrange replanting as appropriate according to the “right-species-at-the-right-place” principle, and take into account factors such as the height and size of the tree when mature and sufficiency of space for growth. For example, when the crown of a tree overlaps with that of an adjacent tree, the understorey plants will be overshadowed and their exposure to sunlight will be reduced, which is undesirable for the healthy growth of these plants. In such case, replanting between these two trees is not recommended.

- 23) In Case 4 in paragraph 3.19, CEDD planted 200 trees of *Juniperus chinensis* “Kaizuca” (龍柏) at the median strip of a road in Sham Shui Po in June 2011. However, all the 200 *Juniperus chinensis* “Kaizuca” planted at Location E under the works contract had been removed as at December 2018. Please inform this Committee of the time when LCSD staff normally carried out plant maintenance work and the difficulties encountered that resulted in the removal of all the 200 trees.

#### LCSD’s Response

Plants are living organisms and their health conditions are affected by various external factors which may even cause death. These external factors include the micro-climatic conditions, soil quality, traffic flow and even human damage in the planting area. The *Juniperus chinensis* “Kaizuca” planted in

the planters at the median strip of the road were subject to a number of environmental limitations and challenges: the planters were relatively narrow and unfavourable for plant growth; the location of the planters on a road with busy traffic had posed certain limitations on the daily plant maintenance work such as watering, pruning, fertilising and pest and disease control, thus exposing these plants under greater environmental pressure than ordinary roadside plants planted on the ground. After years of maintenance, the plants were eventually removed due to undesirable growth. At the present stage, it is difficult to ascertain the actual reasons for the undesirable growth of the plants at that time. Drawing from the experience, LCSD has grown plants which are more tolerant of harsh environment and stepped up plant maintenance work for that location. LCSD will share its experience and difficulties in carrying out daily maintenance for plants at that location with CEDD, so as to take forward the greening works under GMP for the New Territories more effectively.

- 24) In Case 5 in paragraph 3.19, CEDD planted 3 trees of *Michelia x alba* along a pavement in Kowloon City in June 2011. In January 2019, all these 3 trees had been removed. Please inform this Committee of the following:
- (a) LCSD remarked that after receiving the handover records from CEDD, the trees were damaged by a typhoon on 1 July 2013 before the data of these trees were recorded in its tree inventory (i.e. Tree Data Bank System). Did LCSD discover similar problems in the past? Has communication with relevant departments been enhanced to share its tree maintenance experiences?
  - (b) Location F was very windy and not suitable for replanting of replacement trees. Were the weather-related effects on trees taken into account during the development of GMPs?

LCSD's response

- (a) It was unfortunate that the trees were damaged by a typhoon right after the handover. There were no similar records in the past. LCSD considered that the location was not suitable for replanting of replacement trees as it was relatively windy. Other low-growing shrubs were therefore replanted to maintain the original greening area. LCSD will share its tree maintenance experiences with relevant works departments and provide its views according to the “right-species-at-the-right-place” principle.

- (b) Healthy growth of trees is subject to challenges of micro-climate of specific locations. In developing GMPs for Southwest and Northeast New Territories, LCSD will closely communicate with CEDD to share its experiences and problems encountered in daily plant maintenance at different planting locations, so as to select the suitable planting locations and plant species to facilitate effective and sustainable greening works.
- 25) It is stated in paragraph 3.19(c) that “LCSD had not issued any guidelines requiring its staff to make reference to the greening themes and the plant palettes of GMPs for replanting of trees and shrubs during maintenance.” Please inform this Committee of the following:
- (a) Will LCSD issue guidelines requiring its staff to make reference to the greening themes and the plant palettes of GMPs for replanting of trees and shrubs during maintenance in future? If not, what are the reasons?
  - (b) Further to the above question, if such guidelines are to be issued, will any of the staff responsible for the above work check staff’s compliance with the guidelines? If non-compliance is found, how will it be followed up?

LCSD’s response

- (a) LCSD agrees with the audit recommendations. It will enhance its existing working guidelines and remind its staff and contractors to make reference to the greening themes and the plant palettes of GMPs and select suitable species for replacement planting according to the “right-species-at-the-right-place” principle.
- (b) When LCSD replants trees and shrubs during maintenance, its staff will not only follow the working guidelines, and make reference to the greening themes, colour coordination and plant palettes of GMPs, but will also consider a host of factors, including plant maintenance experiences, growth conditions of a particular species, views of the local community, availability of relevant plant species in the market, and select suitable species for replanting according to the “right-species-at-the-right-place” principle. LCSD will remind its staff to follow the guidelines concerned and strengthen plant maintenance work, so as to take forward the greening works more effectively.



**Labour Department (Headquarters)**

勞工處 (總處)

Your reference    來函編號 :    CB4/PAC/R72  
Our reference    本處檔案編號 : ES 10/2/114  
Tel. number    電話號碼 :    2852 4102

15 May 2019

Mr Anthony CHU  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr CHU,

**Public Accounts Committee**

**Consideration of Chapter 3 of the Director of Audit's Report No. 72**  
**Employment services provided by the Labour Department**

Thank you for your letter dated 2 May 2019 to the Secretary for Labour and Welfare on the captioned subject. This department has been authorised to reply. At the Committee's request, we provide the required information in the Annex.

Yours sincerely,

(Charles HUI)

for Commissioner for Labour

c.c. Secretary for Labour and Welfare (Attn: Mr Dominic CHOW)  
Secretary for Financial Services and the Treasury  
(Attn: Ms Kinnie WONG)  
Director of Audit (Attn: Mr PANG Kwok-sing)

**Public Accounts Committee of the Legislative Council**  
**Consideration of Chapter 3 of the Director of Audit's Report No.72**  
**Employment Services provided by the Labour Department**

**Information provided in response to the letter of 2 May 2019**

**Staffing of Labour Department (LD) providing employment services**

**(a) Number of staff members and expenditure**

Information on the number of staff members and expenditure of the four Divisions of LD providing employment services from 2014-15 to 2018-19 is at Appendix 1.

**(b) Number of employment service cases handled by frontline staff**

**Employment Information and Promotion Division (EIPD)**

2. The Job Vacancy Processing Centre (JVPC) and the Telephone Employment Service Centre (TESC) of EIPD provide recruitment service for employers and telephone employment service for job seekers respectively.

3. JVPC provides free recruitment service for employers. Employers may send their vacancy information to JVPC by fax or through the Internet. After vetting, the vacancy information is disseminated through 13 job centres, 3 industry-based recruitment centres, Interactive Employment Service website and its mobile application, as well as vacancy search terminals. In the past five years, the total numbers of private-sector job vacancies processed and posted up by JVPC are as follows:

<b>Year</b>	<b>No. of job vacancies processed by JVPC</b>	<b>No. of staff members as at 31 December of the year*</b>
2014	1 220 405	52
2015	1 343 035	73
2016	1 347 613	73
2017	1 419 270	75
2018	1 468 394	74

\* JVPC deployed outsourced agency workers to process job vacancies up to mid-July 2017. The number of outsourced agency workers was not included in the column.

4. TESC provides telephone employment service to job seekers. Registered job seekers may call TESC for job referral service. Through conference calls, staff of the centre can make arrangement for job seekers to talk to employers direct. In mid-July 2017, TESC also took over the JVPC hotline to answer telephone enquiries from employers. The statistics of TESC services in the past five years are as follows:

Year	No. of incoming calls handled			No. of staff members as at 31 December of the year
	From job seekers	From employers*	Total	
2014	37 990	N/A	37 990	14
2015	37 162	N/A	37 162	15
2016	41 567	N/A	41 567	14
2017	33 047	15 741	48 788	15
2018	21 193	30 332	51 525	15

\* As TESC only took over the JVPC hotline fully since mid-July 2017, the number of calls handled before 2017 is not available.

#### Selective Placement Division (SPD)

5. There are now 20 employment consultants in SPD to provide personalised employment services including employment counselling, job-matching and referral services as well as post-placement follow-up service to persons with disabilities. The average numbers of cases handled by each employment consultant from 2014 to 2018 are as follows:

Year	2014	2015	2016	2017	2018
No. of employment consultants (as at 31 December of the year)	18	21	21	21	20
No. of cases (No. of registrants)	2 650	2 720	2 790	2 833	2 766
Average no. of cases handled by each employment consultant	147	130	133	135	138

#### Employment Services Division (ESD) and Youth Employment Division (YED)

6. Job centres of LD provide a wide range of employment and recruitment services to job seekers and employers, including employment advisory services, job referral service, employment briefings, implementation of employment programmes, job placement service and experience sharing

sessions for employers, online job interviews, district-based job fairs, canvassing job vacancies and providing follow-up services in respect of vacancies advertised through LD, etc. These employment services are of different nature and complexity. Some of the tasks, such as canvassing job vacancies, and ensuring the integrity of job vacancy and employment information that facilitates job seekers to find jobs and employers to recruit staff, cannot be quantified. As the staff of job centres discharge many other duties apart from handling cases of job seekers, we are unable to provide any meaningful number of employment service cases handled per frontline staff member.

7. YED of LD administers the Youth Employment and Training Programme (YETP) and Youth Employment Start (Y.E.S.) to provide young people with employment and self-employment support services. These services are all along rendered by service providers commissioned under service contracts with the Government. YED is mainly responsible for contract management, administration and monitoring as well as publicity and promotion work. Therefore, the relevant average number of employment service cases handled by frontline staff members is not applicable.

**(c) New initiatives and enhancements in the employment services provided by LD**

8. New initiatives and enhancements with respect to employment services launched by LD from 2014-15 to 2018-19 are at Appendix 2.

**(d) Number of new posts created for the Youth Pre-employment Training Programme (YPTP) and the Youth Work Experience and Training Scheme (YWETS)**

9. YPTP and YWETS were launched by LD in 1999 and 2002 respectively. The two programmes were enhanced and integrated since September 2009 into a “through-train” programme – YETP.

10. When YPTP was first set up, the Programme Office was run with the support of staff through internal redeployment within LD and engagement of Non-Civil Service Contract (NCSC) staff, while the YWETS Office was run with the support of time-limited civil service staff and NCSC staff.

11. Throughout the years, to support the on-going implementation of YPTP and YWETS, some of the said time-limited civil service posts were made permanent while some of the NCSC posts were converted to civil service posts. Before the integration into YETP in September 2009, the number of staff members under YPTP and YWETS were 32 and 40 respectively. As at the end of March 2019, the number of staff members under YETP was 65.

## **Youth Employment and Training Programme**

### **(e) Guidelines to training bodies issued by LD**

12. Guidelines to training bodies on the minimum number of trainees for each training course under YETP are detailed in the Conditions of Contract/Service Specifications of the “Tender for the Provision of Pre-employment Training for Trainees of YETP” (in English only) and the “Operation Manual on Pre-employment Training for Training Bodies” (in Chinese only). The relevant provisions of the Conditions of Contract/Service Specifications and Operation Manual are at Appendix 3.

13. LD constantly reviews the Conditions of Contract/Service Specifications and Operation Manual and revises them as and when appropriate to better the services and operation of YETP. In addition, regular meetings were held with service providers to have exchanges with them for enhancing the attractiveness of courses and course arrangements.

14. To encourage more young people to participate in pre-employment training under YETP, LD raised the training allowance payable to trainees from \$50 to \$70 per training day with effect from September 2017. Starting from September 2018, LD allowed young trainees aged 15 to 19 to enrol on two elective courses before attending the core course both to boost enrolment and expedite the training process. With built-in flexibility in the existing contract provisions, service providers may conduct half-day courses, schedule courses on Saturdays and Sundays, adjust the training time and the number of training days so as to suit the needs of trainees and increase enrolment.

15. To further tackle the high class cancellation rate, LD proposed to revise the tender provisions under the new pre-employment training tender in September 2018 to allow the training bodies more flexibility in adjusting downwards the number of trainees required for commencement of classes so that more training classes may be held successfully. The proposal will be implemented under the new contract commencing in September 2019. Moreover, training bodies will be given more flexibility in hiring suitable trainers thereby offering more variety of classes for trainees’ choices. LD has also revised the content, module and training hours of different course types to cater for the needs of the youths and the rapid changing labour market.

### **(f) Costs for cancelled training courses**

16. According to the Tender for the Provision of Pre-employment Training for Trainees of YETP, LD will only need to pay service fees to the service providers for successfully held courses, subject to the relevant contract terms and conditions. As such, no costs would be incurred by LD for

cancelled courses. LD does not have information on the cost to service providers on cancellation of courses under the circumstances.

**(g) Breakdown on the profile of trainees with incomplete on-the-job training (OJT)**

17. Profiles of trainees with incomplete OJT in Programme Year (PY) 2016/17 with breakdown by trainees' gender, age and education level are tabulated below:

By gender

<b>Gender</b>	<b>Length of OJT / No. of incomplete OJT cases</b>			<b>Total</b>
	<b>6 months</b>	<b>9 months</b>	<b>12 months</b>	
Male	106	51	581	738
Female	112	84	97	293
Total	218	135	678	1 031

By age

<b>Age</b>	<b>Length of OJT / No. of incomplete OJT cases</b>			<b>Total</b>
	<b>6 months</b>	<b>9 months</b>	<b>12 months</b>	
15 to 17	5	0	96	101
18 to 20	44	33	288	365
21 to 22	84	70	172	326
23 to 24	85	32	122	239
Total	218	135	678	1 031

By education level

<b>Education level</b>	<b>Length of OJT / No. of incomplete OJT cases</b>			<b>Total</b>
	<b>6 months</b>	<b>9 months</b>	<b>12 months</b>	
Form 3 or below	10	3	182	195
Form 4 to Form 6	152	81	398	631
Diploma to sub-degree	56	51	98	205
Total	218	135	678	1 031

18. LD has studied the 1 031 OJT cases of PY2016-17 with pre-mature termination. The numbers of resignation and dismissal cases were respectively 895 (87%) and 136 (13%). The underlining reasons for the

resignation cases were multi-faceted, e.g. unsuitable job nature, having found other jobs, looking for a change in work environment and further studies, while dismissal cases were often related to trainees' performance and attitude. For cases warranting special attention by the case managers, LD will relate the cases to them for rendering counselling and assistance as appropriate.

## **Review of employment services**

### **(h) Performance indicators**

#### **ESD**

19. For general employment services provided by LD, the number of able-bodied job seekers registered and the number of placements have been used as performance indicators in the Controlling Officer's Report (COR) of LD.

#### **YED**

20. The performance indicator of YETP stated in COR is the number of trainees enrolled. Meanwhile, Y.E.S. adopts the number of services provided to young people as its key performance indicator.

#### **SPD**

21. The performance indicators of SPD listed in COR are the number of registered job seekers with disabilities and the number of placements.

### **(i) Records of reviews on employment services**

22. To meet the needs of different job seekers and employers, LD reviews its operation in providing employment services on a continuous basis, and carries out adjustments or enhancements in a timely manner. From 2014-15 to 2018-19, LD has conducted the following major reviews relating to employment services:

#### **ESD**

- Employment Services Ambassador Programme for Ethnic Minorities (EMs) – The review report is at Appendix 4 (in English only);
- Registration for services of ESD – The relevant report of the working group is at Appendix 5 (in English only); and

- Recruitment Centre for Retail Industry/ Recruitment Centre for Catering Industry – The review results are at Appendix 6 (in English only)

#### YED

- Records of LD's reviews on YETP in the past 5 years are at Appendix 7 (in English only).

23. Divisional targets of SPD are worked out every year by making reference to past experience and other factors like the prevailing labour market situation. Discussions on setting the targets were not recorded in minutes/notes.

#### **(j) Employment status of job seekers**

24. When job seekers/ trainees register for services, ESD, YED and SPD do not require them to provide information on whether they are unemployed.

#### **(k) Management staff responsible for conducting reviews**

25. As part of their routine duties, all Senior Labour Officers, Labour Officers, Assistant Labour Officers I and II working in the relevant divisions are involved in reviewing the employment services/ programmes under their purview.

### **Other issues**

#### **(l) Breakdown of unemployment rate by age groups**

26. The breakdowns of labour force and unemployment rate (2008 to 2017) by age groups 15 to 19 and 20 to 24 are tabulated below:

Year	Unemployment rate by age group (Labour force)		
	15-19	20-24	15-24 Overall
2008	16.0% (8 900)	7.1% (21 700)	8.4% (30 600)
2009	21.8% (11 100)	11.0% (32 300)	12.6% (43 500)
2010	20.8% (8 600)	10.9% (29 800)	12.2% (38 400)
2011	15.8% (6 400)	8.4% (23 200)	9.3% (29 500)

**\*Note by Clerk, PAC:** *Appendix 7 not attached.*

Year	Unemployment rate by age group (Labour force)		
	15-19	20-24	15-24 Overall
2012	13.8% (5 800)	8.6% (24 200)	9.3% (29 900)
2013	14.5% (6 600)	8.7% (25 100)	9.5% (31 700)
2014	12.5% (5 700)	8.7% (24 000)	9.2% (29 700)
2015	14.3% (6 300)	9.9% (27 800)	10.5% (34 100)
2016	13.8% (5 900)	9.1% (25 200)	9.8% (31 100)
2017	11.1% (3 800)	8.2% (21 900)	8.5% (25 700)

*Source: Census and Statistics Department*

#### **(m) Measures to help young people secure employment**

27. Apart from the lack of work experience, other factors such as higher job mobility and more wait-and-search contribute to a higher youth unemployment rate than the overall figure. This phenomenon is also common in many economies.

28. Since 2009, LD has been administering the integrated YETP to provide one-stop pre-employment and OJT for young school leavers aged 15 to 24 with educational attainment at sub-degree level or below to enhance their employability. Through the provision of training allowance, LD encourages employers to employ young people under YETP and provide them with OJT.

29. YETP launched a new project named “Career Kick-start” in the second quarter of 2017, targeting at young people aged 15 to 24 with low educational attainment, emotional/ behavioural problems, learning difficulties or suffering from prolonged unemployment and in need of special assistance. Service providers of YETP are subsidised by the Government to employ targeted young people and offer them OJT of 12 months to enhance their employability. Under this project, service providers are encouraged to assist trainees in securing full-time jobs in the open market and are offered “Placement Incentive” for such employment.

30. Through the operation of two Y.E.S. resource centres, one-stop employment and self-employment support services including career assessments on members, career guidance, professional counselling service, recruitment activities and training programmes are rendered to young people

aged 15 to 29. Y.E.S. aims to enhance their employability and facilitate their access to the latest employment market information so that they can secure a firm footing in the employment market and sustain their development. Y.E.S. works closely with schools to assist students to understand the world of work and encourage them to make early and better career planning.

**(n) Breakdown of the number of placements for EM job seekers through LD's referrals**

31. Job seekers (including EMs) can secure employment either through LD's referrals or by direct application to employers after identifying suitable vacancies advertised through LD. Therefore, the number of placements achieved by LD consists of two components, namely direct placements through LD's referrals and indirect placements without going through LD's referrals. With the vast majority of vacancies advertised through LD providing employers' contact details and with the increasing number of job seekers using mobile devices to seek jobs, more and more job seekers may make job applications to employers directly, without going through LD's referrals.

32. In 2014, 2015, 2016, 2017 and 2018, there were respectively 65, 75, 82, 94 and 116 EM job seekers placed through LD's employment referral services, with breakdowns by industry and monthly earnings provided at Appendix 8. LD does not record the average starting salary of these placements.

Labour Department  
May 2019

**Number of staff members and expenditure of the four Divisions of the Labour Department  
providing employment services from 2014-15 to 2018-19**

Division	2014-15		2015-16		2016-17		2017-18		2018-19	
	No. of staff members (as at 1.3.2015)	Expenditure (\$ million)	No. of staff members (as at 1.3.2016)	Expenditure (\$ million)	No. of staff members (as at 1.3.2017)	Expenditure (\$ million)	No. of staff members (as at 1.3.2018)	Expenditure (\$ million)	No. of staff members (as at 1.3.2019)	Expenditure (\$ million)
Employment Information and Promotion Division	78	37.1	101	45.3	103	45.1	104	46.6	100	45.4
Employment Services Division	199	111.8	227	124.1	223	136.2	225	139.2	219	137.5
Selective Placement Division	38	35.5	41	37.2	41	39.4	40	40.3	39	40.8
Youth Employment Division	78	134.8	77	138.2	77	142.5	77	139.6	75	135.2
<b>Total</b>	<b>393</b>	<b>319.1</b>	<b>446</b>	<b>344.7</b>	<b>444</b>	<b>363.1</b>	<b>446</b>	<b>365.7</b>	<b>433</b>	<b>359.0</b>

*Note: Individual figures may not add up exactly to the total owing to rounding.*

**Major new initiatives and enhancements concerning  
employment services provided by the Labour Department  
from 2014-15 to 2018-19**

Year	New initiatives and enhancements
2014-15	<ul style="list-style-type: none"> <li>• Implemented the Employment Services Ambassador (ESA) Programme for Ethnic Minorities (EMs) to engage trainees of the Youth Employment and Training Programme (YETP) who can communicate in EM languages as Employment Services Ambassadors in the job centres/ industry-based recruitment centres to strengthen employment services for EMs</li> <li>• Organised thematic job fairs to enhance the dissemination of employment market information</li> <li>• Strengthened YETP's collaboration with employers and various organisations and launched various pilot employment projects</li> <li>• Set up a job centre in Tung Chung to strengthen employment support to residents living in remote districts</li> </ul>
2015-16	<ul style="list-style-type: none"> <li>• Extended the Employment Programme for the Middle-aged (EPM), which originally covered only full-time employment, to cover part-time jobs to encourage employers to provide more suitable part-time employment opportunities and on-the-job training to the middle-aged and elderly job seekers</li> <li>• To give priority to local workers in employment, set up the Construction Industry Recruitment Centre to conduct on-the-spot job interviews and organise job fairs for local construction workers, and assist contractors in according priority to employing qualified local skilled workers</li> <li>• Enhanced the post-placement follow-up service provided for job seekers with disabilities by extending the service period from three months to six months</li> </ul>

Year	New initiatives and enhancements
2016-17	<ul style="list-style-type: none"> <li>• Set up the Higher Education Employment Information e-Platform to help job seekers with higher education better understand the Hong Kong employment market and facilitate them to search and apply for suitable job openings through the e-platform</li> <li>• Strengthened the employment support for job seekers with disabilities by engaging a non-governmental organisation under a pilot scheme to help job seekers with disabilities in need of emotional and psychological counselling service</li> </ul>
2017-18	<ul style="list-style-type: none"> <li>• Engaged two employment assistants proficient in EM languages to provide services at two selected job centres of LD on a pilot basis</li> <li>• Implemented “Career Kick-start” under YETP to strength employment support for young people with special employment needs</li> </ul>
2018-19	<ul style="list-style-type: none"> <li>• Enhanced the following three special employment programmes: <ul style="list-style-type: none"> <li>(a) To reflect the new measures for promoting the employment of the elderly, EPM has been renamed as the Employment Programme for the Elderly and Middle-aged. Under the programme, employers engaging elderly job seekers aged 60 or above who have left the workforce or are unemployed are offered a monthly on-the-job training allowance up to \$4,000 per employee for a period of six to 12 months;</li> <li>(b) The training allowance under YETP has been raised to encourage employers to hire young people and provide them with quality on-the-job training. The maximum amount of monthly allowance payable to employers who engage young people and provide them with on-the-job training has been increased from \$3,000 to \$4,000 for a period of six to 12 months. Furthermore, to meet the needs of some youth, the scope of YETP has also been expanded to cover part-time on-the-job training; and</li> <li>(c) The work adaptation period under the Work Orientation and Placement Scheme has been extended from two months to three months. The ceiling of monthly</li> </ul> </li> </ul>

Year	New initiatives and enhancements
	<p>allowance has also been raised from \$5,500 to \$7,000 during the three-month work adaptation period and from \$4,000 to \$5,000 for the ensuing six months. With this enhancement, the maximum period within which allowance is payable is extended from eight to nine months, with maximum allowance payable to employers increased by \$16,000 to a total of \$51,000 for each person with disabilities with employment difficulties.</p> <ul style="list-style-type: none"> <li>• Extended the on-the-job training period for ESAs from six months to one year to strengthen the training for EM trainees</li> </ul>

with the terms and conditions of the Contract to the satisfaction of the Government Representative.

4.2 Without prejudice to the generality of Clause 4.1, the Service Provider shall:

- (a) comply with all manuals, guidelines and instructions in relation to the Services issued by the Government Representative from time to time;
- (b) maintain proper records including, without limitation, all course timetables, Deliverables, attendance records, course evaluation summaries and forms of all Services provided by the Service Provider for each and every Training Class; the Service Provider shall at all times make available all such records for inspection by the Government; and
- (c) attend all meetings convened by the Government Representative, advise and assist the Government on all matters, and provide such information relating to the provision of the Services as the Government Representative may require.

## **5. Service Provider's Premises**

Where the Services are carried out at the Service Provider's premises, such premises shall be open to inspection by the Government Representative at all reasonable times and the Service Provider shall make any arrangements necessary for the inspection.

## **6. Rejection**

Without prejudice to other rights and remedies the Government may have, in the event that the Government Representative finds any part of the Training Class has not been conducted in accordance with the requirements of the Contract or otherwise not to the satisfaction of the Government during the inspection, the Service Provider shall, forthwith upon demand by the Government, re-conduct such part of the Training Class at such time and in such manner, and where applicable amend the Deliverables, to the satisfaction of the Government. No Service Fee shall be payable until and unless the Service Provider has re-conducted the Training Class and/or amended the Deliverables to the satisfaction of the Government. No additional amount shall be chargeable by the Service Provider for re-conducting the Training Class or such part thereof or for amending the Deliverables.

## **7. Payment and Reimbursement**

7.1 In consideration of the due and proper performance by the Service Provider of the Contract and strictly in accordance with the terms and conditions of the Contract, and subject always to any deductions the Government may be entitled under the provisions of the Contract, the Government shall pay the Service Provider the Service Fee at the rate as specified in the Price Schedule at Contract Schedule B in respect of each Training Class commenced pursuant to Clause 17 of the Service Specifications and as determined in the following manner. The Service Fee so determined is inclusive of

any training hours of a Training Class provided in addition to those set out in Clause 11 of the Service Specifications. For the purpose of calculating the Service Fee under this Clause 7.1, if the total number of training hours approved by LD under Clause 17.1(a), 17.2(b) and 17.3(b) of the Service Specifications is higher than (the upper limit of, if applicable) the minimum number of training hours per Training Class as specified in Clause 11 of the Service Specifications for the Course Type to which the Contract relates, the Service Provider shall provide the additional training hours at its own cost.

hourly rate per Trainee as specified in Contract Schedule B	x	total number of training hours per Training Class as approved by LD under Clause 17.1(a), 17.2(b) or 17.3(b) of the Service Specifications for the Course Type to which the Contract relates and subject to any approval of LD under Clause 17.2(d) or 17.3(d) of the Service Specifications	x	number of Trainees actually attended the Training Class
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- 7.2 (a) If the Contract relates to any of Course Types (1) to (30) and the number of Trainees actually attended the Training Class as referred to in Clause 7.1 above is less than six (6), the Government shall pay the Service Provider the Service Fee at the rate as specified in the Price Schedule at Contract Schedule B in respect of each Training Class commenced pursuant to Clause 17 of the Service Specifications and as determined in the following manner. The Service Fee so determined is inclusive of any training hours of a Training Class provided in addition to those set out in Clause 11 of the Service Specifications.

hourly rate per Trainee as specified in Contract Schedule B	x	total number of training hours per Training Class as approved by LD under Clause 17.1(a) or 17.2(b) of the Service Specifications for the Course Type to which the Contract relates and subject to any approval of LD under Clause 17.2(d) of the Service Specifications	x	six (6) Trainees
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- (b) If the Contract relates to any of Course Types (31) to (34) and the number of Trainees actually attended the Training Class as referred to in Clause 7.1 above is less than five (5), the Government shall pay the Service Provider the Service

Fee at the rate as specified in the Price Schedule at Contract Schedule B in respect of each Training Class commenced pursuant to Clause 17 of the Service Specifications and as determined in the following manner. The Service Fee so determined is inclusive of any training hours of a Training Class provided in addition to those set out in Clause 11 of the Service Specifications.

hourly rate per Trainee as specified in Contract Schedule B	x	total number of training hours per Training Class as approved by LD under Clause 17.3(b) of the Service Specifications for the Course Type to which the Contract relates and subject to any approval of LD under Clause 17.3(d) of the Service Specifications	x	five (5) Trainees
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- (c) For the avoidance of doubt, Clause 7.2 shall not apply to any Training Class commenced pursuant to Clauses 17.1(f), 17.2(h) or 17.3(i) of the Service Specifications. The Service Fee for such Training Class shall be determined in accordance with Clause 7.1 above.
- (d) For the purpose of calculating the Service Fee under Clauses 7.2(a) and (b) above, if the total number of training hours approved by LD under Clause 17.1(a), 17.2(b) and 17.3(b) of the Service Specifications is higher than (the upper limit of, if applicable) the minimum number of training hours per Training Class as specified in Clause 11 of the Service Specifications for the Course Type to which the Contract relates, the Service Provider shall provide the additional training hours at its own costs.
- 7.3 For the avoidance of doubt, Clauses 7.1 and 7.2 shall not apply to any training re-conducted by the Service Provider pursuant to Clause 6 hereof, or any Training Class cancelled pursuant to Clause 19 of the Service Specifications, or any make-up sessions provided pursuant to Clause 22 of the Service Specifications.
- 7.4 Any additional Training Classes assigned to the Service Provider pursuant to Clause 21 of the Service Specifications shall be subject to the same rate of Service Fee as stipulated in the Price Schedule at Contract Schedule B.
- 7.5 (a) If the Contract relates to any of Course Types (1) to (28), the Service Provider is required to submit its claim for the Service Fee in the form as specified by the Government Representative within three (3) months upon completion of a Training Class commenced pursuant to Clause 17 of the Service Specifications.
- (b) If the Contract relates to any of Course Types (29) to (34), the Service Provider is required to submit its claim for the Service Fee in the form as specified by the Government Representative together with a copy of the Hong Kong Identity

## **Medium of Instruction**

16. Other than Course Type (28) (i.e. vocational language usage), Course Types (32) and (34) (i.e. course for ethnic minority Young Persons and course for Young Persons with other special needs) and the vocational language training of Course Types (4) to (27) (i.e. elective III(A) and (B) courses), the Training Class shall be conducted mainly in Cantonese and supplemented by English, while handouts and training materials should be preferably written in Chinese and supplemented in English where necessary. For special occasions where the Training Class must be conducted in English, Putonghua or other languages, prior approval must be obtained from LD on the medium of instruction.

## **Enrolment of Trainees and Commencement of Training Class**

### **17.1 Course Types (1) to (28) (i.e. core and elective courses)**

- (a) The Service Provider shall prepare and submit a training schedule for each six-month period to LD in accordance with Clause 9 above. The training schedule shall specify all the modules under the relevant Course Type as stipulated in Annex II, the proposed training topics, the proposed class commencement date, time, Training Venue(s), total number of training hours, number of training hours per day, the maximum number of enrolment, details of innovative suggestion(s) and other details of the Training Classes to be organised during that six-month period. The training schedules shall be sent electronically and must be of the same file format and layout as prescribed by LD. Upon LD's approval of the training schedule, LD will refer Trainees for enrolment of a Training Class to the Service Provider.
- (b) Each Training Class is intended for enrolment of a maximum of fifteen (15) Trainees. The Service Provider may, at the time when submitting the training schedule, in writing seek LD's approval for extending the maximum enrolment to not exceeding twenty (20) Trainees. LD may grant or refuse such request at its sole discretion.
- (c) The Service Provider must admit all Trainees of the Programme applying for Pre-employment Training under Course Types (1) to (28) and must not prescribe any other admission criteria without prior approval of LD.
- (d) The Service Provider shall be notified in writing if the number of Trainees enrolled by LD is eight (8) or more at least seven (7) working days before the class commencement date as proposed in the training schedule. Upon receipt of the notification and subject to the fulfilment of the requirements and specifications as set out in the Contract, the Service Provider shall accordingly commence the Training Class.
- (e) Where the number of Trainees enrolled by LD for a Training Class is less than eight (8), the Service Provider may, at least ten (10) working days before the class commencement date as proposed in the training schedule, in writing seek LD's approval for commencing such Training Class. LD may grant or refuse such request at its sole discretion.

- (f) If LD grants written approval to the Service Provider to commence the Training Class under Clause 17.1(e) **and** the number of Trainees approved by LD for commencement of class is **less than** six, the Government shall only pay to the Service Provider the Service Fee in accordance with Clause 7.1 of the Conditions of Contract.
- (g) Under no circumstances shall the Service Provider commence a Training Class without receipt of LD's written notification or approval.

## **17.2 Course Types (29) and (30) (i.e. tailor-made training courses)**

- (a) Before submitting a project proposal to LD for approval in accordance with sub-clause (b) below, the Service Provider must diligently search for employers who have considerable manpower needs, i.e. a minimum of ten (10) vacancies for a particular post from the same employer or a minimum of fifteen (15) vacancies for the same kind of post from different employers of the same industry, and invite such employers to co-organise "Tailor-made Training-cum-employment Project" under the Programme. LD may from time to time review the minimum number of vacancies required.
- (b) The Service Provider shall submit a project proposal in accordance with Clause 9 above. The project proposal shall specify the vacancy information, all the modules under the relevant Course Type as stipulated in Annex II, the proposed training topics, the proposed class commencement date, time, Training Venue(s), total number of training hours, number of training hours per day, the maximum number of enrolment, details of innovative suggestion(s) and other details of the Training Class to LD for approval. LD has the sole discretion to approve or reject such project proposal.
- (c) Each Training Class is intended for enrolment of a maximum of fifteen (15) Trainees. However, depending on the recruitment needs of the employers, the Service Provider may, at the time when submitting the project proposal, in writing seek LD's approval for extending the maximum enrolment to not exceeding twenty-five (25) Trainees.
- (d) The Service Provider may be permitted to adjust downward the minimum number of training hours. The Service Provider must submit the written request together with the project proposal to LD for approval. LD may grant or refuse such request at its sole discretion.
- (e) Upon LD's due approval on the project proposal, the Service Provider shall arrange a recruitment seminar for the employer(s). The Service Provider must admit all Trainees who have been selected by the employer(s) during the recruitment seminar.
- (f) The Service Provider shall be notified in writing if the number of Trainees enrolled by LD is eight (8) or more at least one (1) working day before the class commencement date as proposed in the project proposal. Upon receipt of the notification and subject to the fulfilment of the requirements and

specifications as set out in the Contract, the Service Provider shall accordingly commence the Training Class.

- (g) Where the number of Trainees enrolled by LD for a Training Class is less than eight (8), the Service Provider may, within three (3) working days after the recruitment seminar, in writing seek LD's approval for commencing such Training Class. LD may grant or refuse such request at its sole discretion.
- (h) If LD grants written approval to the Service Provider to commence the Training Class under Clause 17.2(g) **and** the number of Trainees approved by LD for commencement of class is **less than six**, the Government shall only pay to the Service Provider the Service Fee in accordance with Clause 7.1 of the Conditions of Contract.
- (i) Under no circumstances shall the Service Provider commence a Training Class without receipt of LD's written notification or approval.

### **17.3 Course Types (31) to (34) (i.e. Targeted Career Training Mission courses)**

- (a) Before submitting a project proposal to LD for approval in accordance with sub-clause (b) below, the Service Provider must approach and refer eligible Young Persons with special needs as specified in sub-clauses (i) to (iv) below to join the Programme.
  - (i) Course Type (31) (i.e. course for Young Persons receiving outreach services): the Young Persons must be referred by non-governmental organisations operating outreach service for youth under the auspices of the Social Welfare Department;
  - (ii) Course Type (32) (i.e. course for ethnic minority Young Persons): the Young Persons must be ethnic minority youth and are legally employable in Hong Kong;
  - (iii) Course Type (33) (i.e. course for disabled and chronically ill Young Persons): the Young Persons must be those with disabilities or with chronic illness and are referred by healthcare professionals or medical social workers.
  - (iv) Course Type (34) (i.e. course for Young Persons with other special needs): the Young Persons must be those who need special attention and care from others. These Young Persons normally include:
    - Those Young Persons who have arrived Hong Kong from the Mainland for less than seven years on the date of application (i.e. the day on which LD received the application form) and are legally employable in Hong Kong;
    - the Young Persons referred by professional social workers, educational psychologists or teachers and who have been evaluated as having learning difficulties or special learning needs (including

those who were students of special schools or students with learning difficulties, or those who have received or been receiving psychiatric treatment);

- the Young Persons referred by the Probation and Community Service Orders Offices, professional social workers of residential drug treatment and rehabilitation centres, or healthcare professionals (including those who have a criminal record, or under a probation order, or have been cautioned under the Police Superintendent's Discretion Scheme, or those who are ex-drug abusers), etc.; and
  - other Young Persons who need special attention. Young persons under the category of Course Types (31), (32) and (33) should not be the service targets of this course type unless they have other problems which deserve special care.
- (b) The Service Provider shall submit a project proposal in accordance with Clause 9 above. The project proposal shall specify all the modules under the relevant Course Type as stipulated in Annex II, the proposed training topics, the proposed class commencement date, time, Training Venue(s), total number of training hours, number of training hours per day, the maximum number of enrolment, details of innovative suggestion(s) and other details of the Training Class to LD for approval. LD has the sole discretion to approve or reject such project proposal.
- (c) Each Training Class is intended for enrolment of a maximum of twelve (12) Trainees. The Service Provider may, at the time when submitting the project proposal, in writing seek LD's approval for extending the maximum enrolment to not exceeding fifteen (15) Trainees. LD may grant or refuse such request at its sole discretion.
- (d) The Service Provider may be permitted to adjust downward the minimum number of training hours. The Service Provider must submit the written request together with the project proposal to LD for approval. LD may grant or refuse such request at its sole discretion.
- (e) Upon LD's due approval on the project proposal, the Service Provider shall submit the application form together with a copy of the Hong Kong Identity Card of the Young Persons to be enrolled on the class for LD's screening. The Service Provider shall not admit Young Persons who are not enrolled as Trainees of the Programme by LD to attend Pre-employment Training under any Course Types of (31) to (34).
- (f) If the Service Provider is not contracted to provide case management and employment support services for Trainees of the Programme, the Service Provider shall liaise with those Case Management Organisations of the Programme, so as to facilitate the smooth delivery of services to the Trainees. Where necessary, LD will render assistance.
- (g) The Service Provider shall be notified in writing if the number of Trainees

enrolled by LD is six (6) or more at least one (1) working day before the class commencement date as proposed in the project proposal. Upon receipt of the notification and subject to the fulfilment of the requirements and specifications as set out in the Contract, the Service Provider shall accordingly commence the Training Class.

- (h) Where the number of Trainees enrolled by LD for a Training Class is less than six (6), the Service Provider may, at the time of submitting the application forms of the Young Persons, in writing seek LD's approval for commencing such Training Class. LD may grant or refuse such request at its sole discretion.
- (i) If LD grants written approval to the Service Provider to commence the Training Class under Clause 17.3(h) **and** the number of Trainees approved by LD for commencement of class is **less than five**, the Government shall only pay to the Service Provider the Service Fee in accordance with Clause 7.1 of the Conditions of Contract.
- (j) Under no circumstances shall the Service Provider commence a Training Class without receipt of LD's written notification or approval.

18. For all Course Types, upon receipt of LD's notification or approval issued under Clauses 17.1(d), 17.1(e), 17.1(f), 17.2(f), 17.2(g), 17.2(h), 17.3(g), 17.3(h) or 17.3(i) but before the commencement of the Training Class, the Service Provider shall download the enrolment list (showing the personal particulars of Trainees enrolled on the class) from the online system of the Programme. The Service Provider shall contact the Trainees on the enrolment list and confirm their attendance. Where appropriate, the Service Provider shall encourage the Trainees to attend the Training Class.

19. In case of any Trainees informing the Service Provider of their intention to drop out after the Service Provider has confirmed their attendance in accordance with Clause 18 such that the number of the remaining enrolled Trainees is less than five (5) for Course Types (1) to (28), the Service Provider may cancel the Training Class by applying to LD in writing for approval at least four (4) working days before the class commencement date. Upon obtaining such approval from LD, the Service Provider must inform all affected Trainees individually of the cancellation. For the avoidance of doubt, no Service Fee, charges or whatsoever will be payable to the Service Provider for any Training Class cancelled pursuant to provisions in this Clause.

20. Under no circumstances shall the Service Provider combine any Training Classes, or transfer Trainees to other Course Types or other Training Classes of the same Course Type, or cancel a Training Class without prior written approval of LD.

21. If in a particular Quarter, the Service Provider has commenced all of the Training Classes assigned, (i) LD may by notice in writing initiate to negotiate with the Service Provider for commencing additional Training Classes for the Course Type to which the Contract relates; or (ii) the Service Provider may apply in writing to LD for commencement of additional Training Classes provided that the Service Provider has through its own network referred Trainees to apply for Pre-employment Training under the Course Type to which the Contract relates. All additional Training Classes must comply with the requirements and

specifications as set out in the Contract.

### **Make-up Sessions**

22. For Course Type (1), if so requested by LD, the Service Provider shall arrange a Trainee who fails to attain an attendance rate of at least 80% to attend make-up training sessions, so that after attending such sessions, the Trainee's attendance rate will add up to 80%. The Service Provider shall not charge LD for any Service Fee for the make-up sessions attended by such Trainee.

### **Qualification of the Major Trainer(s)**

23. Notwithstanding the number of trainers involved for teaching a Training Class, the Major Trainer(s) must be Qualified Trainer(s). The Government requires that Qualified Trainer(s) must:

- (a) in the past three years immediately preceding the commencement of the Training Class, have either an aggregate of at least 60 hours of teaching experience in the same type of employment-related or vocational training as the Course Type to which this Contract relates or have an aggregate of at least 120 hours of teaching experience in any employment-related or vocational training irrespective of Course Type; and
- (b) immediately preceding the commencement of the Training Class, have at least two years of full-time relevant working experience in any of the job categories as set out in Annex III for the Course Type to which this Contract relates or a Diploma in any of the subjects as set out in Annex III for the Course Type to which this Contract relates.

Notwithstanding the foregoing, if the Service Provider has committed in Contract Schedule A that its Major Trainer(s) shall possess such minimum length of experience and/or minimum academic qualification over and above those of a Qualified Trainer, the Major Trainer(s) engaged by the Service Provider shall possess such minimum length of experience and/or minimum academic qualification as committed in Contract Schedule A. For the avoidance of doubt, the Service Provider may engage trainers who are not Qualified Trainer and who do not possess the minimum length of experience and/or minimum academic qualification as committed in Contract Schedule A to teach at most 40% of the total number of training hours of the Training Class.

24. If the Service Provider fails to comply with Clause 23 above, without prejudice to other rights and remedies (including the right to terminate the Contract pursuant to Clause 14.1 of the Conditions of Contract), the Government may withdraw the written notification or approval issued under Clause 17 for commencing Training Classes, suspend the referral of Trainees to the Service Provider under Clause 17.1(a), withdraw the approval given for the project proposal under Clauses 17.2(b) or 17.3(b), and/or to re-allocate the unused number of Training Classes of the Service Provider to another service provider(s), as it considers appropriate. The Government shall further be entitled to withhold payment of the Service Fee or any part thereof.

- 4.2.2 如機構並非計劃下的個案管理服務機構，應聯絡學員的個案經理，讓個案經理為學員報讀有關課程。若服務機構希望轉介其他合適但尚未成為計劃學員的青年人報讀課程，機構應盡快將有關青年人的申請表格遞交至計劃辦事處，以便計劃辦事處能盡快安排學員到個案管理服務機構接受前期評估。

## 5. 確定開辦課程

- 5.1 為配合全年收生，個案經理可在課程截止報名前，透過計劃網上系統為學員報讀課程。因此，服務機構應透過計劃網上系統密切留意課程的報讀情況。【有關服務機構登入計劃網上系統後的各項功能，請參閱附件 P2】
- 5.2 無論服務機構是否有按本章第 3.2 節向計劃辦事處申請上調課程的最高報讀名額，所有核心及選修課程的最低開班人數劃一為 8 人。
- 5.3 於課程開班日期前 7 個工作天（下稱：「**截數日**」），若課程的報讀人數已達最低開班人數（即 8 人），計劃辦事處會以書面通知服務機構，確認有關課程將如期開辦。按此情況開辦的課程（即服務規格第 17.1(d)條），其課程費用將以實際出席人數或 5 人計算，兩者以較高者為準。【請參閱本手冊第七章第 2.1 及 2.2 節】
- 5.4 若服務機構發現課程的報讀人數未達最低開班人數，但仍希望如期開辦有關課程，服務機構可於課程開班日期前不少於 10 個工作天，以書面向計劃辦事處提出申請，並同時調低該課程的最低開班人數。否則，若課程的報讀人數於截數日仍未達 8 人，該課程將因收生不足而取消，計劃辦事處不會另行通知。按此情況開辦的課程（即服務規格第 17.1(e)條），其課程費用將以實際出席人數計算。【請參閱本手冊第七章第 2.1 及 2.3 節】

- 5.5 服務機構有責任經常留意課程的報讀情況，以確定課程是否能如期開辦。不過，為協助服務機構監察課程的報讀情況，如課程的報讀人數在開班日期前 12 個工作天仍未達最低開班人數，計劃辦事處會向有關服務機構發出電郵，提示收生情況未如理想。服務機構須按電郵指示在開班日期前 10 個工作天作出回覆。
- 5.5.1 若服務機構未有如期回覆，而有關課程的報讀人數於截數日仍未達 8 人，該課程將因收生不足而取消，計劃辦事處不會另行通知。
- 5.5.2 若服務機構已如期回覆，並向計劃辦事處確認會如期開辦課程及調低最低開班人數，經計劃辦事處批准後，有關的課程費用將以實際出席人數計算。【請參閱本手冊第七章第 2.1 及 2.3 節】
- 5.6 請留意，上述的提示電郵只會發給在開班日期前 12 個工作天，報讀人數仍未達最低開班人數的課程的服務機構。故此，若課程的報讀人數於開班日期前 12 個工作天已達最低開班人數，但其後因學員退出或其他特殊理由，令課程的報讀人數於截數日跌至至少於最低開班人數，此課程亦會因收生不足而取消，而計劃辦事處不會另行通知。因此，服務機構必須自行密切留意課程的報讀情況。
- 5.7 所有確定開辦的核心及選修課程均會繼續收生至額滿或開班前 2 個工作天。由於學員名單在開班前仍有可能更新，服務機構務必在開班前登入計劃網上系統下載最新的學員名單。
- 5.8 任何情況下，服務機構都不可在未接獲計劃辦事處的確認開班通知前，擅自舉行課程。否則，計劃辦事處有權不向服務機構發放有關班別的課程費用。
- 5.9 在接獲計劃辦事處的確認開班通知後，服務機構應主動聯絡學員名單內所列的學員，確定及提醒他們如期上課。若服務機構得悉有學員退出課程，服務機構應盡快登入計劃網上系統為該學員辦理退出課程手續，以騰出學位讓其他學員報讀。

5.10 服務機構不可擅自調動學員到其他班別或課程。如服務機構在未徵得計劃辦事處批准下擅自調動學員至其他班別或課程，計劃辦事處將不會發放有關學員的課程費用。

5.11 詳細的流程請參閱附件 P3A。

## 6. 取消課程

6.1 有關因收生不足而導致課程被取消的情況，請參閱本章第 5 節。

6.2 若課程的報讀人數於截數日已達最低開班人數，並獲計劃辦事處確認如期開辦，但其後卻因學員退出或其他特殊原因，以致課程的報讀人數跌至少於 5 人（即 4 人或以下），服務機構可於開班日期前最少 4 個工作天，向計劃辦事處遞交表格 P4，申請取消課程。

6.3 若課程早前已按本章第 5.4 或 5.5.2 節，獲計劃辦事處批准調低最低開班人數，則有關課程的報讀人數必須少於 5 人或已獲調低的最低開班人數，兩者以較低者為準，服務機構才可於開班日期前最少 4 個工作天，向計劃辦事處遞交表格 P4，申請取消課程。

6.4 所有按本章第 6.2 或 6.3 節取消的課程，必須獲計劃辦事處批准後方可作實。任何情況下，服務機構都不可在未獲計劃辦事處書面同意前，擅自取消課程，或將兩個或以上的課程合併舉辦。此外，服務機構在獲准取消課程後，務必立即通知所有已報讀有關課程的學員。

6.5 詳細的流程請參閱附件 P3A。

## 7. 增加課程班別

7.1 如服務機構於個別季段獲批核的課程班別不敷應用，而服務機構又成功透過其網絡招募了合資格的學員參加該課程，服務機構可向計劃辦事處申請增加課程班別。服務機構須在開班日期前不少於 8 個工作天向計劃辦事處提交申請（表格 P5A），並獲批准後方可作實。

**4. 確定開辦課程**

- 4.1 招聘講座結束後，計劃辦事處會審核已獲僱主揀選的青年人／計劃學員的入讀課程的資格，以確定合資格報讀相關度身訂造培訓課程的學員人數。
- 4.2 無論服務機構是否有按本章第 2.6 節向計劃辦事處申請上調課程的最高報讀名額，度身訂造培訓課程的最低開班人數劃一為 8 人。
- 4.3 若合資格報讀課程的人數已達最低開班人數（即 8 人），計劃辦事處會以書面通知服務機構，確認有關課程將如期開辦。按此情況開辦的課程（即服務規格第 17.2(f)條），其課程費用將以實際出席人數或 5 人計算，兩者以較高者為準。【請參閱本手冊第七章第 3.1 及 3.3 段】
- 4.4 若合資格報讀課程的人數未達最低開班人數，但服務機構仍希望如期開辦有關課程，服務機構可於招聘講座結束後 3 個工作天內，以書面向計劃辦事處提出申請，並同時調低該課程的最低開班人數。否則，課程將因收生不足而取消。按此情況開辦的課程（即服務規格第 17.2(g)條），其課程費用將以實際出席人數計算。【請參閱本手冊第七章第 3.1 及 3.4 段】
- 4.5 課程獲確認開辦後，計劃辦事處將在課程開班日期前最少 1 個工作天，向服務機構提供課程的學員名單（樣本見附件 P6）。服務機構應盡快聯絡及確認學員將出席課程。
- 4.6 由於學員名單在開班前仍有可能更新，服務機構務必在開班前登入計劃網上系統下載最新的學員名單。
- 4.7 任何情況下，服務機構都不可在未接獲計劃辦事處的確認開班通知前，擅自舉行課程。否則，計劃辦事處有權不向服務機構發放有關班別的課程費用。
- 4.8 服務機構亦不可擅自調動學員到其他班別或課程。如服務機構在未徵得計劃辦事處批准下擅自調動學員至其他班別或課程，計劃辦事處將不會發放有關學員的課程費用。
- 4.9 詳細的流程請參閱附件 P3B。

- 3.2.2 如現有第一類及第二類學員報讀課程，則只須遞交已填妥的學員申請表 - 附表（第三類申請人之服務機構適用）（樣本見附件 P7B），並於「職場特訓班 - 學員資料總表」（表格 P11）填上學員編號即可。
- 3.2.3 如現有第三類學員報讀課程，則無須再次遞交文件，請於「職場特訓班 - 學員資料總表」（表格 P11）填上學員編號即可。
- 3.2.4 職場特訓班課程，只可接受屬同一類服務對象的學員報讀。學員不得同時報讀兩個上課日子相同的課程。
- 3.2.5 如機構並非計劃下的個案管理服務機構，便須先與計劃的個案管理服務機構接洽，以確保新加入計劃的學員可在計劃下接受合適的個案管理服務。

#### 4. 確定開辦課程

- 4.1 在收到服務機構遞交的資料後，計劃辦事處會審核由服務機構轉介的青年人的入讀課程的資格，以確定合資格報讀相關職場特訓班課程的學員人數。
- 4.2 無論服務機構是否有按本章第 2.4 節向計劃辦事處申請上調課程的最高報讀名額，職場特訓班課程的最低開班人數劃一為 6 人。
- 4.3 如合資格報讀課程的人數已達 6 人，按此情況開辦的課程（即服務規格第 17.3(g)條），其課程費用將以實際出席人數或 4 人計算，兩者以較高者為準。【請參閱本手冊第七章第 4.1 及 4.3 段】
- 4.4 如合資格報讀課程的人數未達 6 人，但服務機構仍希望如期開辦有關課程，服務機構可於遞交報讀課程的學員資料時，以書面向計劃辦事處提出申請，並同時調低該課程的最低開班人數。否則，課程將因收生不足而取消。按此情況開辦的課程（即服務規格第 17.3(h)條），其課程費用將以實際出席人數計算。【請參閱本手冊第七章第 4.1 及 4.4

段】

- 4.5 課程獲確認開辦後，計劃辦事處將在課程開班日期前最少 1 個工作天，向服務機構提供課程的學員名單（樣本見附件 P6）。服務機構應盡快聯絡及確認學員將出席課程。
- 4.6 由於學員名單在開班前仍有可能更新，服務機構務必在開班前登入計劃網上系統下載最新的學員名單。
- 4.7 任何情況下，服務機構都不可在未接獲計劃辦事處的確認開班通知前，擅自舉行課程。否則，計劃辦事處有權不向服務機構發放有關班別的課程費用。
- 4.8 服務機構亦不可擅自調動學員到其他班別或課程。如服務機構在未徵得計劃辦事處批准下擅自調動學員至其他班別或課程，計劃辦事處將不會發放有關學員的課程費用。
- 4.9 詳細的流程請參閱附件 P3C。

## 5. 增加課程班別

- 5.1 如服務機構獲批核的課程班別不敷應用，而服務機構又成功透過其網絡招募了合資格的青年人參加課程，服務機構可按本章第 2 節，先向計劃辦事處提交項目計劃書。
- 5.2 服務機構必須在不少於開班日期 8 個工作天前，利用表格 P5C 向計劃辦事處申請增加課程班別，並同時遞交報讀有關課程的學員資料。計劃辦事處會在批准服務機構的增加課程班別申請後，才向服務機構發出確認開班通知及提供課程的學員名單。
- 5.3 所有獲准增加的課程班別，其服務費用必須按合約附表 B 內所列的服務費用為計算單位，而課程亦必須符合所有合約的條款及要求。
- 5.4 請注意，所有按本章第 5.2 節增加的課程班別的服務費用均會被視作合約更改的累積價值。一般而言，有關的累積價值不應超過原來合約價值的 50%。

## **Review of Employment Services Ambassador Programme for Ethnic Minorities**

### **Purpose**

This report summarises and reviews the implementation and effectiveness of the pilot Employment Services Ambassador Programme for Ethnic Minorities (the Programme) since its launch in September 2014.

### **Background**

2. The Labour Department (LD) launched in September 2014 the Programme, under which ethnic minority (EM) trainees<sup>1</sup> of the Youth Employment and Training Programme (YETP) are employed as employment services ambassadors (ESAs) for six months. The objectives of the Programme are to enhance the employability of EM young people through on-the-job training on one hand while helping LD to strengthen its provision of employment services to EM job seekers on the other.

3. As the response to the Programme has been positive so far, LD launched phase two and three of the Programme in March 2015 and September 2015 respectively. A total of 48 YETP trainees have been employed as ESAs under these three phases of the Programme. Background information of these ESAs is at *Appendix 1*.

4. The estimated expenditure on the Programme in 2015-16 is about \$1.65 million, which includes payment for the salary and benefits of ESAs, expenditure for training programmes, training allowance for the trainees, etc.

### **Scope of review**

5. Having been put on trial for a year, we consider it should be the opportune time to conduct a review to look into the operation experience and evaluate the implementation and effectiveness of the Programme. The review

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<sup>1</sup> Non-EM trainees who can communicate in EM language will also be considered.

covers the following aspects:

- I. Promotion of the programme among EM communities and recruitment of ESAs
- II. Pre-employment and in-service training
- III. On-the-job training
- IV. Difficulties encountered in implementation
- V. Effectiveness of the programme
- VI. Views from stakeholders

#### I. Promotion of the Programme and recruitment of ESAs

6. Employment Services Division (ESD) and the Youth Employment Division (YED) have made a joint effort in promoting the Programme among EM communities and sourcing suitable candidates for appointment. Apart from making use of the mass publicity channels such as the website and mobile app of LD's Interactive Employment Service (iES), YETP website/ Facebook, posters displayed at job centres/ selected housing estates/ YETP service providers, the two divisions have made special promotion efforts targeted specifically at EM communities.

7. For the past three recruitment exercises, we reached out to EMs through a variety of channels, including establishments/ non-governmental organisations (NGOs) serving EMs, dedicated web page for EMs at iES, SMS/ emails sent to eligible YETP trainees and ESD registrants, social and family networks of serving and former ESAs, publicity leaflets distributed at mosques/ grocery shops/ food establishments serving EMs, Chungking Mansions, etc. Continuous attempts have been made to identify new locations or channels to appeal to EM communities. In early 2015, LD was approached by TVB for identifying a suitable ESA to appear in their public affairs programme "Sunday Report" (星期日檔案), featuring as one of the cases on lives of EMs in Hong Kong. The story of the identified ESA, which was fairly and positively presented in the episode, has also helped enhance the popularity of the Programme.

8. ESD and YED collaborated to hold a recruitment day for each batch of ESAs. There were 31, 26 and 40 EMs attending the three recruitment days on 31 July 2014, 28 January 2015 and 10 July 2015 respectively. Selection interviews were conducted by Assistant Labour Officers or Clerical Officers of ESD. The entry requirements of ESAs are set out in *Appendix 2*.

## II. Pre-employment and in-service training

9. To equip ESAs with relevant work knowledge and skills, a series of pre-employment and in-service training were provided for them.

### *Pre-employment training*

10. Prior to the commencement of the on-the-job training, the trainees would undergo an 8-day (48-hour) pre-employment training arranged by YETP. The training covered self-understanding and career planning, work ethics, interpersonal communication and team building, stress and emotional management, job search/ interview skills, briefings on employment traps/ Employment Ordinance, etc.

### *In-service training*

11. Having considered their background and work nature, a wide range of training courses on Chinese, vocational skills and anti-discrimination legislation were arranged for ESAs. Details are at **Appendix 3**. In general, ESAs showed positive responses to the training arrangements and found the training, in particular the Chinese courses useful in boosting their employability.

## III. On-the-job training

12. During the six-month on-the-job training, ESAs were mainly responsible for facilitating effective communication with EM job seekers and handling general clerical duties. Their duty list, which took effect from September 2015 and is applicable to the third batch of ESAs, is at **Appendix 4**. Among other minor revisions, the scope of their duties has been expanded to incorporate a new task of publicising the Work Incentive Transport Subsidy (WITS) Scheme to EM visitors of the job centres<sup>2</sup>.

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<sup>2</sup> The A.I.M. Group of the Catholic Diocese of Hong Kong – Diocesan Pastoral Centre for Workers (Kowloon) made a submission to the Legislative Council (LegCo) Secretariat after the meeting of LegCo Manpower Panel on 10 February 2015, indicating the difficulties EMs faced when applying for WITS and requesting LD to implement improvement measures to facilitate EMs to make WITS applications. In this regard, duties of the third batch of the ESAs have been expanded to cover promotion of WITS Scheme to EM visitors in job centres.

13. Apart from other general clerical duties, ESAs offered effective assistance in organizing large-scale and district-based job fairs targeting at EMs. In addition to availing themselves of their own network to refer relatives and friends to participate in job fairs, ESAs assisted in promoting the job fairs among EM communities by establishing contacts with places of worship like Hindu/Sikh temples, masjids and mosques as well as grocery shops run by EMs. Some ESAs also assisted in translating the promotional materials into different EM languages and rendered on-site support in job fairs, in particular handling enquiries from EM job seekers.

14. To enrich their work portfolio, job centres also fine-tuned the work procedures to facilitate the ESAs who knew little Chinese to take up duties that involved reading Chinese such as updating job cards. Depending on individual ESA's level of Chinese proficiency, some job centres trained them to categorise the job cards by job codes, instead of job titles while other job centres assisted and taught the ESAs to identify common Chinese job titles.

#### IV. Difficulties encountered in implementation

15. With one year's operation experience in implementing the Programme, the following major difficulties have been identified:

- (a) sourcing sufficient number of candidates to participate in the Programme in view of the tendency of EM communities to find jobs through personal network;
- (b) arranging Chinese training for ESAs who have very diverse education background and levels of Chinese proficiency;
- (c) accommodating various cultural and religious customs of different ethnic groups which may cause disruption to ESAs' daily work<sup>3</sup>; and
- (d) the generally low Chinese standard of ESAs which may hinder their integration into the workplace and provision of services to the general public.

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<sup>3</sup> For instance, some ESAs who are devoted Muslims need to pray during office hours or to attend religious gatherings on Friday afternoons. Some female ESAs are hesitant about serving clients of opposite sex. Some have requested to take a long period of no-pay leave for joining pilgrimage trip to Mecca or attending funeral service of relatives in their home country.

16. Job centres endeavored to overcome the above challenges in a number of ways such as deploying special promotional tactics targeted at EM communities, motivating ESAs to attend training, exercising flexibility in making work arrangements and affording reasonable accommodation to address the needs of ESAs, translation of important internal reminders and documents into English, assignment of suitable mentors with good English standard to ESAs, arranging and organising cultural sensitivity training for the staff and training on work culture in Hong Kong for ESAs<sup>4</sup>, etc. While respecting the religious or cultural differences of EM staff, we are also mindful of the need to ensure a consistent supervisory standard among all staff regardless of their ethnic origin.

## V. Effectiveness of the Programme

17. To evaluate how far the Programme has achieved its two-fold objectives, the review would focus on ESD's performance indicators in respect of EM registrants and the employment situation of the first two batches of ESAs who intended to seek further employment upon completion of the on-the-job training.

### *Strengthened services for EM job seekers*

18. In terms of EM registrants, job referrals made and results of EM surveys, there are notable percentage increases after the implementation of the Programme, albeit the figures in absolute terms may not be very impressive. The major figures are as follows:

- (a) From September 2014 to August 2015, a total of 1 017 EM job seekers registered for LD's employment services (+19.8% when compared with the preceding 12 months, amidst the trend of a drop in the overall number of job registrants), of whom 80 secured employment through LD's referral services (+25.0% when compared with the preceding 12 months).
- (b) From September 2014 to August 2015, a total of 1 779 job referrals were made for EM job seekers (+42.0% when compared with the

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<sup>4</sup> Such training includes those staged by the Centre for Harmony and Enhancement of Ethnic Minority Residents (CHEER) of Hong Kong Christian Service, Civil Service Training and Development Institute and LD during the ESD/EIPD Seminar in January 2015.

preceding 12 months), of which 514 referrals were made at the district-based thematic job fairs (+170.5% when compared with the preceding 12 months<sup>5</sup>).

- (c) Job centres reached a total of 577 EM job seekers (who registered for ESD's services from Q3 2014 to Q2 2015<sup>6</sup>) to conduct questionnaire surveys and follow up on their employment situation, representing an increase of 16.8% when compared with the preceding four quarters.

19. The upward trends in the above indicators reflect to a certain extent both the efforts of job centres and positive outcome of the Programme in strengthening the promotion and provision of LD's employment services to EM job seekers.

#### *Employability of ESAs*

20. Before taking up this on-the-job training, it was observed that most ESAs did not have much clerical work experience and some ESAs were yet to develop a sense of work commitment. The six-month on-the-job training provided a real work setting for ESAs, not only to enrich their work profiles but also facilitate them to realize their own strengths and weaknesses so as to put up a more pragmatic career plan.

21. Among the first batch of 15 ESAs, 11 successfully completed the six-month on-the-job training<sup>7</sup>. For these 11 ESAs, eight had found work and the remaining ESAs either decided to leave Hong Kong for family matters or pursued further study. Among the 17 ESAs of the second batch, seven<sup>8</sup> had found work while four would pursue further studies and six<sup>9</sup> had no intention to find work for the time being due to personal or health reasons. In gist, all ESAs of the first and second batches who intended to enter the labour market had successfully found a job.

22. With intensive coaching and guidance of the mentors and other staff of

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<sup>5</sup> The first district-based thematic job fair for EMs was organised on 29 October 2013.

<sup>6</sup> EM surveys are conducted among the EM job seekers who have registered for ESD's services one quarter after the time of their registration.

<sup>7</sup> The remaining four ESAs resigned prematurely on grounds of taking up other jobs or pursuing further studies.

<sup>8</sup> Including one who resigned prematurely

<sup>9</sup> Including two who resigned prematurely

job centres, we are of the view that most ESAs enhanced their employability during the six-month on-the-job training. They built up self-confidence; acquired work skills by having hands-on experience in clerical/ customer service duties and cultivated proper work ethics.

*Increased cultural sensitivity among staff of ESD*

23. ESD has all along been providing cultural sensitivity training for its staff, mostly in the form of talk/ seminar. Implementation of the Programme has in effect broadened the staff's perspective on the culture and customs of different ethnic groups, bringing a more inclusive work culture in job centres and enhancing their sensitivity in serving EM job seekers.

VI. Views from stakeholders

24. LD has made continuous efforts to publicise the ESA Programme and engage the stakeholders such as NGOs serving EMs, EM groups and members of the Legislative Council (LegCo) in the course of its implementation. During the process, LD have received five submissions on relevant issues from the A.I.M Group of the Catholic Diocese of Hong Kong – Diocesan Pastoral Centre for Workers (Kowloon)(A.I.M. Group); and attended meetings arranged by the LegCo<sup>10</sup>, a LegCo member<sup>11</sup>, Home Affairs Department (HAD)<sup>12</sup> and Hong Kong Council of Social Service (HKCSS)<sup>13</sup> during which implementation of the Programme had been discussed. The major views and suggestions collected are consolidated as follows:

(a) The stakeholders were generally supportive of the Programme.

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<sup>10</sup> The then AC(ES) attended a LegCo closed-door case conference, which had been set up in response to a submission of A.I.M. Group, on 23 July 2014 when the Programme was first introduced to the LegCo members. On 19 May 2015, CL and AC(ES) attended the LegCo Manpower Panel meeting to deliberate on the latest development of LD's employment services, during which Hon CHEUNG Kwok-che and Hon LEE Cheuk-yan urged LD to address the concerns over the employment support for EMs.

<sup>11</sup> Hon TANG Ka-piu and representatives of the A.I.M. Group met AC(ES) on 2 July 2015 to discuss the employment services of LD for EM job seekers, including implementation of the Programme.

<sup>12</sup> Representatives of LD gave a presentation on the Programme to members of the Committee on the Promotion of Racial Harmony of HAD on 21 July 2015.

<sup>13</sup> Representatives of LD attended meetings of the EM Network of HKCSS (of which the A.I.M. Group was also a member) on 10 July 2014 and 6 August 2015 and gave briefings on LD's services for EMs and the Programme.

- (b) Some were of the view that LD should consider extending the period of the on-the-job training to one year, regularising the pilot Programme into a recurrent project, or converting the trainee posts to permanent ones.
- (c) Some reflected that the age limit of the ambassadors should be removed so that LD could engage those mature EMs to serve middle-aged EM job seekers.

25. On the other hand, we have received negative feedback and a query on the justifications of employing ESAs to serve job seekers who are mostly conversant with Chinese only<sup>14</sup>.

#### *Assessment of the stakeholders' proposals*

26. Regarding the duration of on-the-job training, we consider that a six-month period for the ESA post is appropriate in the light of its job nature and complexity. The duration is also on a par with similar training posts approved under YETP. More importantly, the current arrangement can allow more EM youngsters to join the Programme to gain work experience and exposure to local work culture, which are key to sustainable employment in the open market. With more EMs joining the Programme, we can also potentially reach out to more EM communities through these EMs' personal network.

27. Given the population of EMs<sup>15</sup> in Hong Kong and the number of EM job seekers we are serving (which occupies around 1.5% of all registrants), it would be very difficult to justify the employment of additional EM staff in job centres. We need to be wary of the sentiments of other job seekers, especially those from the vulnerable groups such as new arrivals and persons with disabilities, over the seemingly unfair allocation of resources geared towards EM communities. As all job centres and recruitment centres have been stationed with ESAs, under the current labour market situation, if we are to employ permanent EM staff on non-civil service contract (NCSC) basis to work

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<sup>14</sup> An anonymous letter from a non-EM job seeker was received in October 2015, alleging that his/ her request for assistance had been denied by an ESA who could only speak English. The complainant was also perplexed by the employment of ESAs who could not communicate in Chinese to work in a job centre where the overwhelming majority of its visitors were Chinese.

<sup>15</sup> Based on the 2011 Census, after discounting foreign domestic helpers, EMs accounted for 2.9% of Hong Kong's total population while South Asian EMs accounted for 0.9% only.

in these centres, we will have to reduce at least a corresponding number of ESAs engaged. While employing a permanent staff would ensure long-term employment for that individual EM and it would lighten LD staff's burden in providing on-the-job training to ESAs on a recurrent 6-month cycle basis, it will, on the other hand, reduce the number of EMs that can benefit from the Programme. As stated in paragraph 21 above, all ESAs who intended to enter the labour market after finishing the Programme successfully found a job. Therefore, employing a permanent EM staff would potentially reduce the chances of at least several EMs in gaining open employment.

28. It is anticipated that employing a permanent EM staff would not reduce NGOs' pressure on LD. There would still be continuous requests to employ more EM permanent staff (as the effect of having only one or two EM permanent staff in our 15 job centres/ recruitment centres could be minimal); to employ EMs of different ethnicity to serve job seekers of their respective EM groups; to convert the NCSC EM posts which offer no career prospect to the post holders to civil service posts, etc. Having considered that the launching of the Programme has already addressed to a large extent NGOs' concern over LD's capacity in serving EM job seekers and having carefully weighted the pros and cons of engaging EM staff on a permanent basis, we are of the view that we should continue to operate the Programme and not to pursue the employment of EM NCSC staff.

29. Likewise, we do not see the need to engage middle-aged EMs on top of the present staff line-up at job centres. The present mode of delivering services to EM job seekers is a three-pronged mechanism which comprises (1) ESAs who handle general enquiries of EM visitors to job centres or job fairs in their EM language, (2) local employment officers who are acquainted with local employment market and job search skills to offer personalised employment advisory service to EM job seekers in English, and (3) professional interpretation services provided by the CHEER or other relevant NGOs which are available through telephone or on site (during the inclusive job fairs targeting at EMs). Each constituent plays a complementary role and the arrangements are as a whole effective in meeting the needs of EM job seekers, regardless of their age, sex, education and employment history.

## **Conclusions and recommended way forward**

30. To conclude, the above analyses of the stakeholders' views and evaluation on the effectiveness of the Programme provide good grounds for the furtherance of the Programme. We therefore do not recommend any major changes in the mode of engaging EMs for the provision of LD's employment services in the near future, in particular detachment from the on-the-job arrangements under YETP.

31. On the other hand, we have noted that quite a number of ESAs did not intend to join the labour market upon completion of the on-the-job training. In this regard, we would strengthen our efforts to encourage ESAs to make better use of the personalised employment advisory services available in job centres, such as meeting with the employment officers to obtain job search advice and information on training/ retraining courses, receiving career aptitude assessment, etc., so as to boost their confidence and motivation to obtain gainful employment in the open market.

Employment Services Division  
November 2015

**Gender and Nationality of ESAs****First batch**

<b>Nationality</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Pakistani	5	8	13
Indian	1	-	1
Chinese*	1	-	1
<b>Total</b>	<b>7</b>	<b>8</b>	<b>15</b>

**Second batch**

<b>Nationality</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Pakistani	6	6	12
Nepalese	3	1	4
Filipino	1	0	1
<b>Total</b>	<b>10</b>	<b>7</b>	<b>17</b>

**Third batch**

<b>Nationality</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Pakistani	4	9	13
Filipino	0	1	1
Nepalese	0	1	1
Chinese*	0	1	1
<b>Total</b>	<b>4</b>	<b>12</b>	<b>16</b>

\* The Chinese ESA can communicate in Thai.

**Entry Requirements of  
Employment Services Ambassador for Ethnic Minorities**

	<b>Requirement</b>	<b>Reason for such requirement</b>
Education Attainment	Completing Form 5 Level or equivalent	Same educational requirement for existing Service Ambassador
Language Ability	Able to communicate in <u>either</u> English or Chinese in written and spoken forms	<ul style="list-style-type: none"> <li>• To communicate with co-workers and non-EM job seekers</li> <li>• To read circulars/notices in the office or instruction manual for using facilities in JC</li> <li>• The applicant has to fill in application form when applying the job as a Service Ambassador and to assist members of the public in filling registration forms</li> </ul>
	Be proficient in one of the following languages in written and spoken forms: <ul style="list-style-type: none"> <li>• Hindi</li> <li>• Indonesian</li> <li>• Nepali</li> <li>• Tagalog</li> <li>• Thai</li> <li>• Urdu</li> <li>• Punjabi</li> </ul>	To communicate with EM and provide interpretation service

	<b>Requirement</b>	<b>Reason for such requirement</b>
	Ability to speak or write in a third language which is either Chinese or English will be an advantage	To provide additional channels of communication with job seekers
Computer Literacy	<ul style="list-style-type: none"> <li>• General computer and internet knowledge</li> <li>• Having knowledge in word processing in English and South Asian language(s)</li> </ul>	<ul style="list-style-type: none"> <li>• To teach members of the public to use iES</li> <li>• To assist in production of publicity materials in South Asian language(s)</li> </ul>
Others	With initiative and patience to serve the public and communicate with people	<ul style="list-style-type: none"> <li>• Same requirement for existing Service Ambassador</li> </ul>
	Preference for those who understand EM culture/ practices	<ul style="list-style-type: none"> <li>• Better understand and serve EM job seekers' needs</li> </ul>
	May work in different locations and/or outdoor	<ul style="list-style-type: none"> <li>• To assist in job fairs organized by other job centres or EIPD</li> <li>• To reach out to the EM communities</li> </ul>

**In-service Training for Employment Services Ambassadors**

**1. Chinese courses provided by Employees Retraining Board**

To enable ESAs to be capable of understanding and communicating in simple Cantonese in daily life and the workplace, as well as reading and writing simple sentences in Chinese, day-time release (either whole day or half day) was granted to ESAs to attend a series of Chinese courses conducted by the training bodies of the Employment Training Board as follows:

- Foundation Certificate in Vocational Cantonese I (Daily Life) for Non-Chinese Speakers
- Foundation Certificate in Vocational Cantonese III (Workplace) for Non-Chinese Speakers
- Foundation Certificate in Workplace Chinese (Reading and Writing)I for Non-Chinese Speakers

ESAs would receive a certificate for each course on attaining an attendance of at least 80% and having a pass in the course assessment.

**2. “Integrity at Work” by the Independent Commission Against Corruption**

To promote integrity at work and equip ESAs with knowledge of the work of the Independent Commission Against Corruption (ICAC), ICAC was invited to give a talk to the first batch of ESAs on “Integrity at Work” on 8 October 2014.

**3. “Anti-discrimination Legislation on Employment” by the Equal Opportunities Commission**

To enrich ESAs’ knowledge on the anti-discrimination legislation in Hong Kong, the Equal Opportunities Commission (EOC) delivered a briefing to the second batch of ESAs on 28 July 2015 on “Anti-discrimination Legislation on Employment”, outlining the four anti-discrimination ordinances and the role of EOC.

#### **4. ESD/EIPD Seminar**

The annual ESD/EIPD Seminar serves as a platform for providing vocational training to all staff of both divisions. The first batch of ESAs attended the seminar in January 2015, in which three thematic talks were held, namely “Understanding Ethnic Minorities”, “Comprehending Personal Data (Privacy) Ordinance” and “Quality Sleep for Better Work Efficiency”.

**Duty list of Employment Services Ambassadors**

1. To assist in manning the reception counter, handling enquiries from job seekers, in particular ethnic minority (EM) job seekers, on employment services of ESD and assist members of the public in filling forms;
2. To assist members of the public, in particular EM job seekers, to use various facilities in JCs;
3. To assist in preparing or disseminating publicity materials on employment services of LD and publicising the Work Incentive Transport Subsidy (WITS) Scheme to the EM communities;
4. To render on-site assistance in job fairs by performing duties such as setting up venue, manning counter, distributing form/chit, performing crowd control, handling enquiries from the public, in particular EM job seekers, or facilitating communication with EM job seekers;
5. To assist in establishing contact and maintaining liaison with members of the EM communities to promote the employment service of the department;
6. To assist in discharging general clerical duties in office such as photocopying, data entry or filing matter; and
7. To assist in conducting questionnaire survey and telephone follow up with EM job seekers.

# Report of the Working Group on Registration Study

## Introduction

1. Job seeker (JS) registration was once a prerequisite for acquiring employment services of Labour Department (LD). Given the introduction of open-up vacancies, able-bodied JSs can get access to the pool of vacancies and arrange job interviews on their own without registration. Thus, the registration figure is becoming an illusive indicator to the actual JS population we served.
2. Against such background, a working group comprising LO(ES)(TM), ALOI(EOS)(TSW)2, ALOII(ES)(IS)2, ALOII(ES)(TM)1, ALOII(ES)(TW)1 and ALOII(ES)(TC)2 was formed to explore measures that can provide a more realistic representation of able-bodied JS population receiving employment services of LD. After reviewing the current registration system and the practices of Singapore and the United Kingdom, three options were identified.

## Options Identified

*Option I: Enhancing the existing “Online Application” function of iES to capture active online users who do not register before.*

3. At present, online application is a function exclusively available to registered employer (ER) members of iES. ERs who accept online application can get access to registered JSs’ resume through iES if the registered JSs submitted application online. Considering the trend of job search by electronic means and making reference to prominent job search websites, the working group proposed to **enhance the online application services on iES, make it an convenient and effective mode of job application** by (i) opening online application function to all kinds of vacancies and (ii) introducing incentives to attract more online users to register on iES for using the function. The mechanism proposed is similar to the current function of ER selecting JS online that registered JS can apply for job online by clicking “online application”, after which the brief information of the JS will be extracted from the respective iES registration and made ready for download by ER.

4. To attract more JSs to use the enhanced online application function on iES, six incentives were suggested:

1	Application status check	Status of application, e.g. “Application sent”, “Application read”, “Successful”, can be checked.
2	“People also viewed” feature	A list of similar jobs viewed by other JSs will be displayed.
3	Other openings of the same company	Other current openings of the company will be shown.
4	Ask ER questions	Registrants can ask ER questions about the jobs or the company.
5	ER words	A brief description of the company prepared by the ER will be shown.
6	“Clip jobs” function	Registrants can clip a number of jobs they like and store them in “My clip jobs”.

***Option II: Introducing a brand new “Two-tier Registration System”.***

5. Stemmed from the study on the current registration system in which the functions of registration are (i) for targeted promotion, (ii) for job matching, (iii) for participation in employment programmes, it was proposed to stratify the registration in two tiers for encouraging JSs to register in a convenient manner.
6. For the first tier registration (a skeleton registration), “JobConnect” and “Telephone Registration” would be introduced. By giving very brief contact information via either a JobConnect card, iES or by phone, JSs could receive promotional information such as job fair information, vacancies send-for, and use the Telephone Employment Service (TES).
7. For the second tier registration (a full registration), a revamp of the JS registration form (LES1A) was proposed. A simplified and reorganised LES1A might make registration more user friendly and reconcile with the functions of registration. The concept of “Wish List” would also be introduced for more effective job matching.

***Option III: Serving job seekers without job seeker registration.***

8. Job centres (JCs) would act as a hub for providing self-help service to majority JSs in which registration would not be necessary at all. For JSs with special needs, transaction-based semi-self-help service would be provided and no information would be kept as registration record.

## Consultation on options identified

9. A presentation cum consultation session was conducted on 16.10.2018 to canvass comments on the proposed options. The views and concerns shared by participants including AC(ES), SLO(ES)(O), SLO(ES)(P), SLO(ES)(OSS), SLO(ES)(C), SLO(EIP) and LOs of ESD are summarised as below:

Issues	Views and comments
<b>Option I</b>	
Opening online application to all vacancies	<ul style="list-style-type: none"> <li>● Online application would be convenient to JSs, by which more JSs might register for using such function.</li> <li>● For EMJSs, applying jobs online would be particularly beneficial as language barrier has been a hindrance to them.</li> <li>● Might consider requesting ERs receiving email applications to adopt online application mandatorily.</li> <li>● It might be difficult to forecast the magnitude of increase in number of registration with the enhanced online application function.</li> </ul>
The six incentives of online application	<p><i>Incentive 2 &amp; 3: "People also viewed" &amp; "Other openings of the same company"</i></p> <ul style="list-style-type: none"> <li>● JSs might compare vacancy information easily which would probably lead to more complaints and enquiries.</li> </ul> <p><i>Incentive 4: "Ask ER questions"</i></p> <ul style="list-style-type: none"> <li>● More enquires and complaints would be expected for lateness or failure to respond or improper responses from ERs.</li> <li>● ERs might not be able to cope with the overwhelming questions which in turn would undermine their willingness to use online application.</li> <li>● Mechanism to avoid abuse of the functions should be considered.</li> </ul> <p><i>Incentive 5: "ER words"</i></p> <ul style="list-style-type: none"> <li>● Workload implication was envisaged for vetting the brief description submitted by ERs.</li> </ul>
<b>Option II</b>	
JobConnect	<ul style="list-style-type: none"> <li>● Given the incentives for joining JobConnect were for receiving promotional material and using TES, the attractiveness would be in doubt as people were not keen on receiving promotional information nor using TES nowadays.</li> <li>● It would be difficult for staff to deliver job referral / job matching service for JobConnect registrants without the information such as qualifications, work experiences and job preferences.</li> <li>● Information collected would not be sufficient for conducting</li> </ul>

	<p>JPS and other targeted send-for, such as EPEM send-for, SMS send-for, etc. It was suggested capturing more information, such as date of birth, job preference, etc. on the JobConnect.</p> <ul style="list-style-type: none"> <li>● The effectiveness of altering the existing registration system enormously for acquiring limited number of new registrations should be prudently considered.</li> </ul>
Telephone Registration	<ul style="list-style-type: none"> <li>● It would be challenging for staff to conduct registration by phone for the following reasons: <ul style="list-style-type: none"> <li>➢ It would be difficult to obtain the oral declaration from JSs that they were legally employable in Hong Kong as the issues involved were complicated.</li> <li>➢ Given the lack of recording system in JCs and TESC, we could not retrieve record to verify JSs' declaration or any other information provided. In fact, there would be other operational concerns which required further deliberation if telephone recording systems were installed.</li> <li>➢ The PDPO statement would be too lengthy for frontline staff to read it out at every registration, and JSs might not have the patience to listen through the PDPO statement to complete the registration.</li> </ul> </li> <li>● Work procedures needed to be refined and practicability of the proposal be further considered.</li> </ul>
Revamp of LES1A	<ul style="list-style-type: none"> <li>● A simplified LES1A form would be more user-friendly and tie in better with the functions of registration.</li> </ul>
<b>Option III</b>	
	<ul style="list-style-type: none"> <li>● Not feasible as most of the current services could not be delivered and no statistics could be captured to evaluate the effectiveness of our services.</li> </ul>
<b>Other comments</b>	
<ul style="list-style-type: none"> <li>● The number of registrants would fluctuate with the economic cycle. Adopting any measures to extend the valid period of registration solely for the purpose of increasing the number of live registrants would pose unnecessary burden to us, in particular, during economic downturn with soaring unemployment rate.</li> <li>● Other performance indicators, such as page view of iES, could be adopted to replace the number of registrants as the one of the key performance indicators.</li> <li>● Might explore the possibility of allowing online application without registration and capture the number of online applications as a performance indicator.</li> <li>● All details of different proposed incentives under the enhanced online application services on iES should be studied thoroughly before its actual implementation.</li> </ul>	

## Recommendations

10. Having regard to the comments gathered, the working group proposes to work further on “**Online Application**” and “**Revamp of the LES1A**” as detailed below, with a view to encouraging and facilitating active service users to register so that a more realistic representation of able-bodied JSs receiving our employment services could be captured.

### *Online Application*

11. The working group shares the views that the enhanced online application function would be a convenient service to JSs and it could attract non-registrants to register on iES for such service. Major concerns are how effective it could be in reflecting the actual JS population we served, and the operational challenges brought by the proposed incentives to be introduced.
12. To ensure the number of registrations through the enhanced online application function is more close to the actual population of able-bodied JSs we served, the working group recommends **making online application become mandatory for those vacancy orders accepting applications through email by JSs.**
13. To allow the swift implementation of the enhanced online application function on the one hand and sufficient time for resolving the operational challenges of those more complicated and controversial issues on the other, the working group also recommends **launching the enhanced online application function by phases, namely putting in place the basic and less controversial items, i.e. incentives 1: “Application status check” and incentive 6: “Clip jobs” as soon as possible, leaving the remaining incentives 2 to 5 be launched after thorough deliberation at a later stage in which incentive 4: “Ask ER questions” and incentive 5: “ER words” would become optional.**

### *Revamp of LES1A*

14. To make the JS registration form more user friendly and congruous to the functions of registration more effectively, the working group recommends **adopting the revised version of LES1A form as at Appendix.**

### **Review on performance of the Recruitment Centre for the Retail Industry (RCRI) and the Recruitment Centre for the Catering Industry (RCCI)**

In view of the downward trend in the number of job seekers attending job fairs at RCs, we have mapped out a three-pronged strategy to tackle the situation. In what follows, we would try to dig out the reasons behind the downward trend and map out our strategy to tackle the situation in light of the tight labour market.

#### **Discrepancies in the Number of Retail and Catering Vacancies between RCs and EIPD**

The employers staging job fairs at RCs are large or medium-sized employers which have to meet the minimum threshold of offering at least 10 vacancies in each job fair. Thus, the statistics of RCs cannot reflect the whole picture of LD which also allows small employers to post job advertisements on iES.

#### **General Observation**

In 2017, there were decreases of 19.9% and 33.8% in the number of participants of job fairs at RCCI and RCRI respectively compared with the figures in 2016 while the number of participants at the district-based job fairs of JCs also dropped by 26.9%.

#### **Age Profiles of Job Seekers at RCCI and RCRI**

LESS statistics indicated that young job seekers aged 15 to 29 formed a significant proportion of job seekers at RCRI (71.2% in 2015, 69.3% in 2016, 60.7% in 2017) while young job seekers aged 15 to 29 formed a smaller proportion of total job seekers at RCCI (54% in 2015, 43.3% in 2016, 38.4% in 2017). As such, RCRI would be hardest hit if there was a drop in youth population coupled with the tight labour market situation in Hong Kong.

#### **Analysis on the Downward Trend in the Number of Job Seekers Attending Job Fairs at RCCI and RCRI**

The downward trend in the number of job seekers attending job fairs at RCCI and RCRI might be due to a number of factors, including the demographic change, increasing educational opportunities for the young, nature of jobs in the catering and retail sectors, tight labour market situation and the changing job-seeking behaviour of job seekers.

#### **Demographic Change and Increasing Educational Opportunities for the Young**

Statistics collected by the Census and Statistics Department in the 2016 Population By-census showed that youth population (persons aged 15-24) had been declining for 30 years from 1986 to 2016 (Table A below).

圖 3.1 1986 年至 2016 年的青年數目（不包括外籍家庭傭工）及比例

Chart 3.1 Number and proportion of youths (excluding foreign domestic helpers), 1986-2016

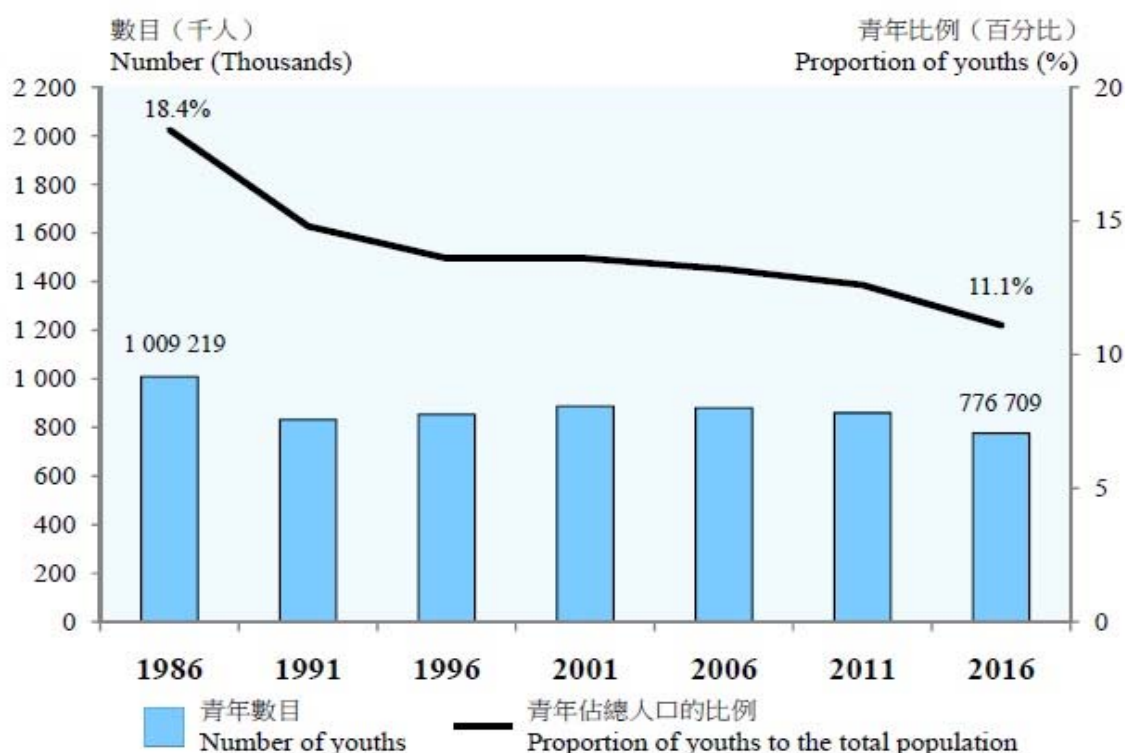


Table A

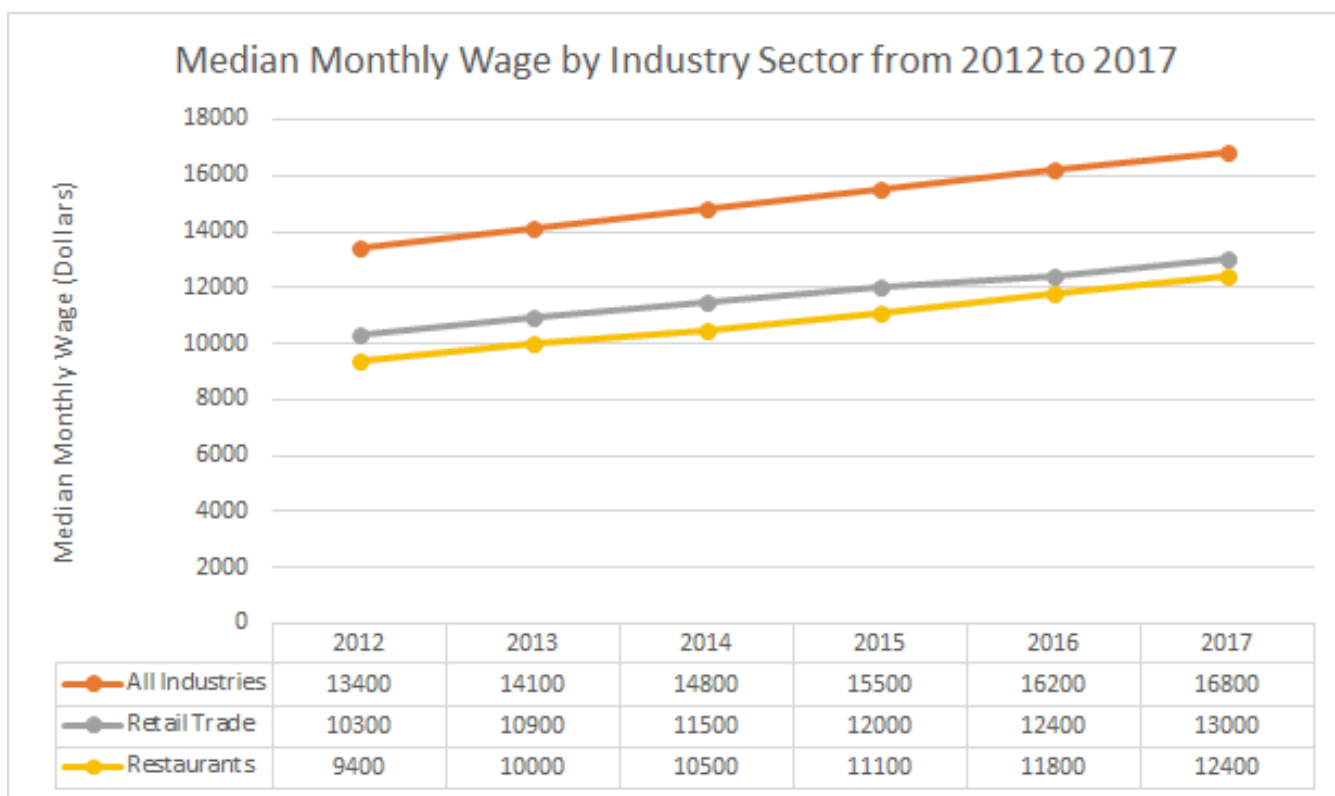
Moreover, with increasing educational opportunities for the young people, school attendance rate for the age group 17-18 increased from 82.9% in 2006 to 89.3% in 2016 while that for the age group 19-24 increased from 39.3% to 47.9% over the same period. Hence, youths tended to enter the labour market at a later age. The labour force participation rate of youths declined from 46% in 2006 to 43% in 2016. Youths in the labour force also decreased by 70 058 (17.3%) in the same period.

Since a large proportion of job seekers at RCRI were young people, RCRI would be particularly susceptible to the decline in youth population and later entry of youths into the labour market.

Last but not least, a higher education level of the youths also implied that they would be more reluctant to seek employment in low-paying sectors such as the catering and retail sectors than before.

#### Characteristics of Jobs in the Catering and Retail Industries

As shown in Table B below, while the median monthly wages of all industries, retail trade and restaurants has been increasing steadily, the median monthly wages of retail industry and restaurants remained at a level well below that of all industries in the same period. Besides being low-paying, jobs in the catering and retail industries are notorious for their long and unstable working hours and offering few holidays.



**Table B**

(Source: 2012 - 2017 Report on Annual Earnings and Hours Survey, Census and Statistics Department)

### Tight Labour Market Situation

When the unemployment rate is low and different sectors are scrambling for the limited number of available workers, the two industries concerned would be more difficult to attract job seekers without offering significantly improved packages.

### Changing Job-seeking Behaviour of Job Seekers

According to the views of some employers at RCs, job seekers have more ways to look for jobs nowadays with the advance of modern technology. Some job seekers might prefer to find jobs through recruitment webpages, mobile applications and social media platforms instead of approaching LD for job fairs. Such new ways of seeking jobs appear to be popular among young people. The number of job seekers approaching LD for employment services may decrease as a result.

### **New Initiatives to Boost the Number of Job Seekers at RCCI and RCRI**

In view of the above, we have mapped out a three-pronged strategy to tackle the situation. We would take up new strategies to target the stakeholders of RCs, i.e. employers, training bodies and NGOs, and job seekers:

#### **A. Adoption of a 'Merit Point' System in Selecting Employers to Participate in Job Fairs**

Currently, only employers that are able to offer 10 or more vacancies are allowed to stage job fairs at the two centres. Besides, the scale of business and past performances (in terms of number of job fair participants) of employers would also be considered when allocating job fair time slots to them. Some very popular employers are allocated more job fair time slots in a month. To better evaluate the popularity of participating employers with a view to attracting more job seekers, we propose to adopt a 'Merit Point' system in selecting employers to participate in job fairs in the second half of 2018. We formed a working group to work out details of the new mechanism. In a gist, employers with better performances in terms of number of on-the-spot interviews would be invited to stage more job fairs.

The performances of participating employees would be evaluated from time to time so that we would adjust the number of interview time slots allocated to them. Meanwhile, we would continue to advise employers with a poor turnout of job seekers to improve their employment packages if need be.

#### B. 'Special Interview Time Slots' for Trainees of Training Bodies/NGOs

To foster our collaboration with relevant training bodies/ NGOs, we have implemented the new initiative of 'Special Interview Time Slots' for trainees of training bodies/ NGOs. Under the 'Special Interview Time Slots' arrangements, RCs would collaborate with relevant training bodies/ NGOs and reserve a special time slot for their trainees so that the interested trainees could come together to attend on-the-spot interviews at RCs without the need to make individual booking arrangements. For instance, Baptist Oi Kwan Social Service (浸會愛群社會服務處) had sent some trainees of their “Barista course” to attend job interviews in one go at RC.

In addition, RCs have been providing the latest job fair information to training bodies & NGOs on a weekly basis for their dissemination to their service users. Thanks to the efforts of colleagues at RCs, we have managed to establish contacts with new training bodies & NGOs. The number of training bodies & NGOs on our list has increased from 64 in January 2018 to 76 as at end of March 2018.

#### C. Publicity Targeting Job Seekers

We will step up our efforts in publicity in the new financial year targeting job seekers of different age groups. We plan to publicise our services on new online platforms which are more popular among the young generation and to display our new publicity materials at the public housing estates targeting job seekers of different age groups. We also plan to promote our services inside MTR trains to reach a larger number of potential job seekers.

Currently, most of the job seekers entering our centres would have interviews with their targeted employers only. In fact, other employers having job fairs on the same day might be doing similar businesses and offering similar positions but the job seekers might not know it. In order to attract more job seekers and arouse their interests to have interviews with other employers, we will display two easy-roll banners showing the lists of participating employers on that day in a conspicuous place outside RCCI and RCRI respectively.

In a nutshell, we would make every effort to boost the number of job seekers attending job fairs at RCs in light of the tight labour market with the implementation of new initiatives.

RCRI & RCCI

April 2018

**Ethnic minority job seekers placed through  
the Labour Department's employment referral service from 2014 to 2018**

**(i) By industry**

<b>Industry</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Manufacturing	5	2	3	9	1
Construction	3	6	4	6	5
Wholesale, retail and import/export trades	17	19	16	9	22
Restaurants and hotels	13	20	20	31	23
Transport, storage and communications	7	13	12	17	42
Financing, insurance, real estate and business services	12	5	21	7	11
Community, social and personal services	8	9	6	8	9
Others	0	1	0	7	3
<b>Total</b>	<b>65</b>	<b>75</b>	<b>82</b>	<b>94</b>	<b>116</b>

**(ii) By monthly earnings**

<b>Monthly earnings</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Below \$4,000	4*	2*	3*	1*	-
\$4,000-below \$5,000	1*	-	2*	1*	1*
\$5,000-below \$6,000	1*	4*	2*	-	4*
\$6,000-below \$7,000	3	2	2*	2	2*
\$7,000-below \$8,000	2	4	3	-	3*
\$8,000-below \$9,000	5	3	6	5	4*
\$9,000-below \$10,000	13	14	8	2	6
\$10,000-below \$11,000	12	17	19	11	5
\$11,000-below \$12,000	8	8	8	9	17
\$12,000-below \$13,000	8	9	7	12	7
\$13,000-below \$14,000	2	1	7	16	16
\$14,000 or above	6	11	15	35	51
<b>Total</b>	<b>65</b>	<b>75</b>	<b>82</b>	<b>94</b>	<b>116</b>

\* All placements were part-time jobs.

**A brief account of Chapter 3 of Report No. 72  
“Employment services provided by the Labour Department”  
by the Director of Audit  
at the Public Hearing of the Public Accounts Committee  
of the Legislative Council on Saturday, 18 May 2019**

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 3 of Report No. 72 of the Director of Audit, entitled “Employment services provided by the Labour Department”.

This Audit Report comprises three PARTs.

**PART 1 of the Report, namely “Introduction”, describes the background of the audit.**

The Labour Department (LD) provides general employment and recruitment services to job seekers and employers through primarily 13 job centres, 3 industry-based recruitment centres, an Interactive Employment Service (iES) website and an iES mobile application. LD also provides dedicated employment services for job seekers with special needs, including young job seekers, elderly and middle-aged job seekers, ethnic minority (EM) job seekers and job seekers with disabilities, to promote their employment. As at 31 December 2018, LD provided employment services through its 422 civil service staff and 21 non-civil service contract staff. In 2017-18, the total expenditure of LD for providing employment services was \$365.7 million.

**PART 2 of the Report examines the general employment services provided by LD for all job seekers.**

LD reports the number of registered job seekers in the Controlling Officer’s Report as one of the performance indicators. The Audit Commission (Audit) noted that in the period from 2008 to 2017, while the number of unemployed persons only decreased by 3.6%, the number of LD’s registered job seekers decreased by 70.8%. Since the number of job seekers using mobile

devices to seek jobs is increasing and they may make direct applications to employers without registering with LD, it appears that the number of registered job seekers is no longer a good indicator to reflect the performance of LD.

Audit also found that from 2014 to 2018, the total number of job referrals decreased by 45% and during the same period, the number of direct placements through LD's referrals for registered job seekers decreased by 48.8%. Moreover, Audit analysed the number of visitors of the 13 job centres and the 3 recruitment centres for the period from 2016 to 2018 and noted that the number of visitors of the job centres decreased by 18%, whereas the number of visitors of the Construction Industry Recruitment Centre decreased by 12%. For the Recruitment Centre for the Catering Industry and the Recruitment Centre for the Retail Industry, they did not keep statistics on the number of visitors.

In view of the audit findings mentioned before, Audit has recommended that LD should conduct a comprehensive review on the general employment services with a view to rationalising the various employment services provided.

**PART 3 of the Report, sub-divided into PARTs 3A, 3B, 3C and 3D, examines LD's dedicated employment services for job seekers with various special needs.**

**Regarding dedicated employment services for young job seekers,** LD administers the Youth Employment and Training Programme (YETP) to provide a comprehensive platform of job search with one-stop and diversified pre-employment training (PET) and on-the-job training (OJT) opportunities for young people aged 15 to 24 with educational attainment at sub-degree level or below. Audit noted that from 2012 to 2017, the overall unemployment rates of young people aged 15 to 24 stayed at a high level ranging from 8.5% to 10.5%. While the number of target young people only decreased by 26% during the period, the number of young people enrolled in YETP decreased by 42% from the programme year 2012/13 to the programme year 2017/18. Moreover, during the programme years 2015/16 to 2017/18, more than 50% of the YETP courses arranged were cancelled due to insufficient enrolment of trainees, affecting the training progress of some trainees and the choices in course selection for trainees.

Under YETP, LD makes arrangements with employers to offer OJT vacancies to trainees so that they have the opportunity to learn and be engaged as direct employees for a period of 6 to 12 months. However, in the period from programme years 2013/14 to 2017/18, less than half of the trainees enrolled in OJT and in 2016/17 programme year, 40% of the 2,602 OJTs arranged were not completed.

**Regarding dedicated employment services for elderly and middle-aged job seekers**, one of the employment services provided by LD is the Employment Programme for the Elderly and Middle-aged (EPEM). The objective of EPEM is to encourage employers to engage unemployed job seekers aged 40 or above and provide them with OJT through the provision of training allowance to the employers. After employing an eligible job seeker, the employer joining EPEM has to submit a preliminary application form for OJT to LD. The employer should only commence OJT recognised under EPEM after obtaining approval-in-principle for the preliminary application. Upon completion or termination of OJT, the employer should submit the assessment-cum-claim form for LD's approval to claim the OJT allowance. Audit found that in the period from 2014 to 2018, the average percentage of eligible placements with preliminary applications for EPEM submitted was only 21.2%. In the period from 2013 to 2017, for placements with approval-in-principle, only 75.6% of the employees concerned could complete the whole approved OJT period. For placements under EPEM, the retention rates for six months or above decreased from 77.7% for the period from April to September 2015 to 61.8% for the period from April to September 2017.

**Regarding dedicated employment services for EM job seekers**, LD assists EMs in job seeking through various measures and services, such as special counters and resource corners, employment advisory service, dedicated webpage for EM job seekers, Employment Services Ambassador Programme for EMs, etc. Audit found that for the years 2014 to 2018, the number of placements for EM job seekers through LD's referrals was only 7% to 10% of the number of EM job seekers registered with LD.

When employers submit information to place job vacancies with LD for advertising, there is an option for them to specify that EMs are welcome for the posts. Audit found that in the period from 2016 to 2018, the percentage of vacancies where employers indicated that EMs were welcome for the posts was not high, ranging from 12% to 16% per year.

**Regarding dedicated employment services for job seekers with disabilities**, the Selective Placement Division was established under LD to assist job seekers with disabilities in seeking jobs. The Selective Placement Division provides free recruitment services to employers and assists job seekers with nine types of disabilities in securing jobs that cater for their special needs through matching and referral service, the Work Orientation and Placement Scheme (WOPS), etc. Audit found that for the period from 2014 to 2018, only about half of the registered job seekers with disabilities had placements in a year.

WOPS aims to encourage employers to offer job vacancies and work orientation period to job seekers with disabilities through provision of financial incentive. Employers participating in WOPS are entitled to a monthly allowance for up to nine months. Audit found that, in the period from 2015 to 2017, after the end of WOPS allowance period, the percentage of WOPS placements with the employees with disabilities still staying in employment was at a low level of around 38%.

In the light of the audit findings on the dedicated employment services provided to young job seekers, elderly and middle-aged job seekers, EM job seekers and job seekers with disabilities, Audit has made recommendations to LD accordingly.

Our views and recommendations were agreed by LD. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the staff of LD during the course of the audit review.

Thank you, Mr. Chairman.

**Public Hearing of Public Accounts Committee  
of the Legislative Council on 18 May 2019**

**Director of Audit's Report No. 72  
Chapter 3: Employment services provided by the Labour Department**

**Opening remarks by the Secretary for Labour and Welfare**

Chairman,

The Government accepts the recommendations set out in Chapter 3 of the Director of Audit's Report No. 72 on the employment services provided by the Labour Department (LD). We will explore practicable ways to take forward the recommendations of the Audit Commission to strengthen LD's employment and recruitment services.

2. LD has been striving to provide effective and convenient employment and recruitment services for job seekers and employers. It reviews its operation from time to time and initiates adjustments or enhancements in a timely manner. Riding on the solid growth of the local economy, labour demand in recent years surged and unemployment rate held low, decreasing significantly from 3.4% in 2016 to the 20-year low of 2.8% in 2018. While the total number of unemployed persons shows a corresponding downward trend, the number of private sector vacancies recorded by LD reached a historic high of over 1.46 million in 2018. Amidst the significant tightening of labour market, quite a number of employers are facing problems of insufficient manpower and recruitment difficulties. As such, job centres and industry-based recruitment centres of LD proactively adopt measures and strengthen liaisons with employers to help them recruit workers. Job centres in various districts also organise a large number of district-based and thematic job fairs to facilitate job seekers in their locality to meet with employers and attend on-the-spot interviews in the centres. Employers have responded favourably and participated actively in these events.

3. We have also noted the continuous upsurge in the penetration rate of smart phones in Hong Kong. Many job seekers search and apply for jobs through job portals or mobile applications. To match job seekers' needs and enhance the efficiency in disseminating job vacancy information and the whole

recruitment process, LD also provides its on-line platform, Interactive Employment Service (iES), on which employers are welcomed to open up their contact details along with the vacancy information to enable job seekers to approach them direct for application. As a user-friendly measure, job seekers are not required to register with LD before gaining access to the relevant information and applying for these vacancies. LD will continue to enhance the design and functionality of the iES website and its mobile application to improve user experience and expedite job seekers' search for suitable vacancies and access to the required employment information.

4. Young people, elderly persons, the ethnic minorities and persons with disabilities may face different problems and considerations in their job search. To support their employment, LD implements a wide range of initiatives targeting at the particular employment needs of each of these groups.

5. We noticed that the Audit Commission's study and recommendations on LD's employment services were made against the background of solid growth of the local economy and tight labour market situation in the past several years. The number of job vacancies needed to be filled was on the increase while the number of job seekers was on the decline. LD will continue to keep tabs on the changes in the economy and, in view of the latest labour market situation, explore measures for furtherance of the Audit Commission's recommendations to better serve the needs of job seekers and employers.

6. My colleagues and I would be pleased to answer questions raised by Members. Thank you, Chairman.

Labour and Welfare Bureau  
Labour Department  
May 2019



**Labour Department (Headquarters)**

勞工處 (總處)

Your reference    來函編號 :    CB4/PAC/R72  
Our reference    本處檔案編號 : ES 10/2/114  
Tel. number    電話號碼 :    2852 4102

3 June 2019

Mr Anthony CHU  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr CHU,

**Public Accounts Committee**

**Consideration of Chapter 3 of the Director of Audit's Report No. 72**

**Employment services provided by the Labour Department**

Thank you for your letter dated 21 May 2019 to the Secretary for Labour and Welfare on the captioned subject. This department has been authorised to reply. At the Committee's request, we provide the required information in Annexes 1 and 2.

Yours sincerely,

(Charles HUI)  
for Commissioner for Labour

c.c. Secretary for Labour and Welfare (Attn: Mr Dominic CHOW)  
Secretary for Financial Services and the Treasury  
(Attn: Ms Kinzie WONG)  
Director of Audit (Attn: Mr PANG Kwok-sing)

**Public Accounts Committee of the Legislative Council  
Consideration of the Director of Audit's Report No. 72 (Audit Report)  
Chapter 3: Employment Services provided by the Labour Department**

**Information provided in response to the letter of 21 May 2019 (Appendix I)**

**Part 1: Introduction**

**(a) Manpower deployment and expenditure on providing employment services (Table 2 in paragraph 1.8 of the Audit Report)**

The Labour Department (LD) strives to provide effective and convenient employment and recruitment services for job seekers and employers. Furthermore, to meet the employment needs of various groups with special needs, and in view of the local economic and employment situation, LD has been reviewing its employment services and launching a series of measures to promote the employment of job seekers and to assist employers in recruiting staff. In the past five years, through internal deployment of resources, LD has introduced various new initiatives and enhancement measures, including implementation of the Employment Services Ambassador (ESA) Programme for Ethnic Minorities (EMs), launching various pilot employment projects under the Youth Employment and Training Programme (YETP), extending the Employment Programme for the Middle-Aged (EPM) to cover part-time jobs, providing emotional and psychological counselling service for job seekers with disabilities, engaging employment assistants proficient in EM languages to provide employment services, implementation of "Career Kick-start", etc. Having regard to changes in the economic and labour market situation, LD will continue to review and implement employment and recruitment services that meet the needs of job seekers (including those special needs groups) and employers (including those from industries with recruitment difficulties), and ensure the cost-effectiveness of those services.

**Part 2: General employment services for all job seekers**

**(b) Number of unemployed persons and registered job seekers (Figure 1 in paragraph 2.8 of the Audit Report)**

2. Concerning Figure 1 in paragraph 2.8 which shows the number of unemployed persons and registered job seekers from 2008 to 2017, the information sought is provided as follows:

- (i) Unemployed persons and registered job seekers broken down by age group from 2008 to 2017, unemployed persons in 2011 and 2016 as well as registered job seekers from 2010 to 2017 broken down by ethnicity are at Appendix 1. The breakdown of unemployed persons by ethnicity is based on the results of the 2011 Population Census and the 2016 Population By-census conducted by the Census and Statistics Department (C&SD). C&SD does not have relevant statistics of other years over the above period while LD does not have the breakdown of registered job seekers by ethnicity before 2010.
- (ii) Owing to the prevailing buoyant economy and further tightening of the labour market, the overall unemployed persons in Hong Kong and the number of job seekers registered in LD have dropped accordingly. Moreover, as the vast majority of vacancies advertised through LD at present provide employers' contact details, job seekers may make use of the job vacancy information disseminated by LD through various channels to submit job application to employers directly without registering with LD beforehand. This further reduces the number of job seekers registered with LD.
- (iii) LD considers that the arrangement of allowing employers to choose to open up their contact details for job seekers' direct application and not requiring job seekers to register with LD before browsing the vacancy information and applying for the jobs not only can enhance the efficiency in disseminating job vacancy and labour market information, but also is more user-friendly for both job seekers and employers, notwithstanding that LD may not be able to capture the number of all service users.

To encourage job seekers to register with LD for employment services, an internal working group was formed in 2018, with its report completed in January 2019. The working group recommended strengthening the online application function available on the Interactive Employment Service (iES) website to attract more job seekers to register, thereby better reflecting job seekers' actual usage of LD's employment services. LD is in the process of implementing the relevant recommendations.

**(c) Number of visitors to job centres and recruitment centres (Table 5 in paragraph 2.15 of the Audit Report)**

3. Regarding the number of visitors to the job centres and recruitment centres from 2016 to 2018 in Table 5 in paragraph 2.15, the information sought is provided as follows:

- (i) Detailed breakdowns of job centres and recruitment centres in 2016 to 2018 are tabulated in Appendix 2 and Appendix 3 respectively.
- (ii) For general employment services provided by LD (including the job centres and recruitment centres), the number of able-bodied job seekers registered and the number of placements have been used as performance indicators in the Controlling Officer's Report of LD.
- (iii) At present, LD helps job seekers find work in the district and employers recruit staff through a network of 13 job centres across the territory. While the pattern of using LD's employment services may vary among job seekers in different districts, LD considers it necessary to maintain these 13 job centres so as to provide convenient employment services and support to job seekers in respective districts, in particular those with special employment needs and those who do not use LD's online employment services. Given the application of technology and tight labour market situation, job centres have transformed from solely providing employment information and referral service to job seekers in the past by extending to the following services:
  - Providing employment advisory service to job seekers with special needs through exploring with the job seekers their employment needs, assisting them to improve job-seeking techniques, providing them with latest information on the labour market and training/retraining courses, and undergoing career aptitude assessments as appropriate;
  - organising employment briefings to help job seekers better understand the current labour market situation and master job interview techniques;
  - organising district-based job fairs to help employers recruit staff and facilitate placements of job seekers in the vicinity of their residences;
  - providing employer-based job placement service by

matching suitable job seekers for the employers based on the criteria set by the employers;

- organising experience sharing sessions for employers to promote the recruitment and employment services of LD, encourage employers to engage the elderly, new arrivals and EMs, exchange views with employers on the current job market, and provide a platform for employers to share and exchange views on their recruitment needs, recruitment strategies and employment issues; and
- establishing network with employers in the district to canvass job vacancies for job seekers, as well as handle enquiries and complaints from job seekers and the public on the job vacancies advertised through LD.

LD will continue to review the services of job centres from time to time and, having regard to changes in the labour market, implement improvement measures to meet the needs of both job seekers and employers.

The recruitment centres also strive to provide the most appropriate employment and recruitment services to job seekers and employers. LD constantly reviews the effectiveness of these recruitment centres' services through monitoring the usage of and response to the recruitment activities, etc. LD also keeps in view changes in the economic and employment market, and listens to the views of the industries and service users, so as to continuously improve and enhance the services of the recruitment centres to meet the needs of job seekers and employers.

In view of the drop in number of job seekers attending job fairs at the Recruitment Centre for the Catering Industry and the Recruitment Centre for the Retail Industry, LD, in April 2018, reviewed the performance of these two recruitment centres. In the review, LD has mapped out strategies targeting different stakeholders of these two recruitment centres to tackle the situation in the light of the tight labour market. Relevant measures were gradually implemented in the second half of 2018.

- (iv) These two recruitment centres provide free and one-stop recruitment and employment service to both employers and job seekers in the two industries. Unlike job centres which provide a wide range of employment services, the major function of the two recruitment centres is to provide a venue for employers to

conduct on-the-spot interviews with job seekers, and their visitors are mainly job seekers attending the job fairs. Thus, it is more appropriate to refer to “the number of on-the-spot interviews arranged” in assessing the performance of these two recruitment centres.

**(d) Job fairs organised by recruitment centres (Table 7 in paragraph 2.27 of the Audit Report)**

4. As regards Table 7 in paragraph 2.27 on the major statistics of job fairs organised by recruitment centres, the information sought is provided as follows:

- (i) Due to their relatively unattractive employment terms and working conditions, the catering and retail industries all along have their respective recruitment difficulties. The manpower demand of the construction industry is also affected by factors including the economic environment, the quantity and progress of construction works, etc. The relatively unpleasant working environment also hampers new blood from joining the construction industry. The aforesaid factors contribute to the recruitment difficulties faced by employers from these three industries, and the situation is worsened in a tight labour market when various industries are scrambling for labour, and inevitably affecting the performance of the recruitment service.

The recruitment service provided for the industries concerned by the three recruitment centres is only one of the numerous recruitment channels used by employers in these industries. In 2018, the three recruitment centres arranged a total of over 18 000 on-the-spot interviews for job seekers and employers participating in the centres’ job fairs. This is not a small number, particularly under the 20-year low unemployment rate of 2.8% in 2018. Judging from the active participation of employers in the recruitment activities, joining job fairs held in the recruitment centres is still an effective way of recruiting staff.

To provide employers in the industries with appropriate recruitment service, measures targeting employers and job seekers respectively have been undertaken by the recruitment centres to enhance the effectiveness of job fairs and achieve more placements. For employers, the recruitment centres provide them with the latest market information and encourage them to

improve their employment terms to match up with the market situation, thereby increasing the attractiveness of the vacancies and improving the placement rates of job fairs. Besides, the recruitment centres encourage employers to recruit persons with special employment needs, such as EMs, elderly and middle-aged job seekers, etc. to attain more placements. For job seekers, the recruitment centres actively contact training bodies/trade unions and encourage them to refer trainees who have completed relevant training to participate in job fairs of the recruitment centres, so as to assist employers to recruit more qualified job seekers.

- (ii) The three recruitment centres operate from 9:00 am to 5:30 pm on Monday to Friday and 9:00 am to 12:00 noon on Saturday (closed on Sunday and public holidays). The recruitment centres are equipped with independent interview rooms for employers to conduct on-the-spot interviews with job seekers. Through organising job fairs, the recruitment centres provide a free and convenient recruitment platform for employers and job seekers of the catering, retail and construction industries and promote the efficiency of job seeking and recruitment.

Before staging the job fairs, participating employers are required to submit vacancy information in advance. Recruitment centre staff will scrutinise the information submitted to ensure that it fulfills all relevant statutory requirements. The vetted information will be released through the iES website and its mobile application, etc. Interested job seekers can contact the recruitment centres in advance to make interview appointments.

During the job fairs, participating employers have to assign their staff to conduct on-the-spot interviews with job seekers, while recruitment centre staff provide administrative support such as assisting job seekers in registration and arranging registered job seekers to attend the interviews.

To attract more job seekers to visit the recruitment centres and apply for suitable vacancies, the recruitment centres widely publicise their job fairs through the iES website, stakeholders (including non-governmental organisations (NGOs), training bodies and trade unions, etc.) and other channels (including by post, email and SMS, etc.). Besides, the recruitment centres stage promotion campaigns through different media and channels

(including public transport, newspapers and their mobile applications and webpages, social media as well as radio Announcements in the Public Interest, etc.) to promote and encourage more job seekers and employers to use the services of the recruitment centres.

- (iii) Weekends are usually the peak business hours of the catering and retail industries, during which employers and employees are in general tied up and thus unable to participate in recruitment activities. On the other hand, unemployed persons do not necessarily need to attend job fairs at weekends. As for the Construction Industry Recruitment Centre, LD has been staging job fairs on individual Saturdays, depending on the need and availability of manpower.
- (iv) The growing popularity of LD's online employment service, coupled with the tightening of the labour market in recent years, resulted in the decreasing number of registered job seekers. Nevertheless, employers are still keen on LD's recruitment service in the time of buoyant employment market. For example, the waiting time of employers in the catering and retail industries to participate in job fairs held in the recruitment centres remains at three to six months, and LD has not reduced the number of these job fairs. Hence, sufficient manpower is required to cope with the recruitment need of employers, assist them in filling the vacancies, and launch more promotional activities in view of the decreasing number of job seekers.
- (v) Other than having set up recruitment centres for the catering, retail and construction industries, LD keeps tabs on the employment market and in the light of the manpower demand and supply of individual industries, LD meets the recruitment needs of various industries through organising large-scale, district-based and thematic job fairs, etc.

The Government operates various schemes for employers to apply for importation of labour on account of their actual operational circumstances so as to supplement skills not readily available in the local labour market and sustain the competitiveness and development needs of Hong Kong. Depending on the skill levels and/or educational requirements of the job vacancies concerned, employers may apply to the Immigration Department for admission of professionals or to LD

for importation of workers at technician level or below under the Supplementary Labour Scheme.

Relevant government bureaux and departments will closely monitor the manpower demand and supply of different sectors, as well as enhance training and attract new recruits. On the premise of safeguarding the employment priority of local workers, the Government will explore with stakeholders the possibility of increasing imported labour on an appropriate and limited scale.

**(e) Number of visits and page views of iES website (Paragraph 2.33 of the Audit Report)**

5. We consider that the drop in the visits/ page views of the iES website in the past few years was mainly attributed to the increasing use of smartphones and mobile devices, changing mode of disseminating information on the web coupled with the generally tight labour market and a corresponding decline in the number of unemployed persons. As announced in the 2018 Policy Address, LD will strengthen the dissemination of job vacancy information on the iES website. LD will also continue to enhance the design and functionality of the website (e.g. strengthening its function of online application, improving its layout design, enriching the content of its dedicated webpages, etc.) so as to provide employment information and online employment services more effectively and better user experience.

**(f) Target users of the iES mobile app**

6. The primary objective of launching the iES mobile app is to provide a user-friendly platform for job seekers to search job vacancies through smartphones and mobile devices anytime and anywhere. On the other hand, the online function most frequently used by employers is submission of job vacancy information for publication on the website. When filling in LD's Vacancy Order Forms, employers are requested to input detailed data with high precision and tick various options. Constrained by the size of its interface, mobile app may not be the most suitable platform for employers to complete the relevant process. LD will continue to review the operation of its online employment services to cater for the needs of both job seekers and employers.

**(g) Direct and indirect placements (Paragraph 2.45 of the Audit Report)**

7. Taking LD's reply to Question serial number 7410 raised by the Finance Committee of the Legislative Council for the examination of estimates

of expenditure in 2019-20 as an example, LD has clearly indicated in the reply that:

“In 2014, 2015, 2016, 2017 and 2018, LD respectively recorded 151 536, 148 347, 149 794, 154 222 and 136 079 placements for able-bodied job seekers. Of these, 136 334, 134 307, 137 286, 144 377 and 128 292 placements were made through job seekers’ direct application to employers who advertised vacancies via LD, and the figures were obtained through LD’s periodic sample surveys with employers.”

8. As the above-mentioned sample surveys conducted by LD do not involve detailed personal particulars (such as age, background) of job seekers who secured placements through direct application (these placements were named as “indirect placements” in the Audit Report), LD does not have breakdowns of these placements.

### **Part 3A: Employment services for young job seekers**

#### **(h) Unemployment rate of young people (Paragraph 26 of Annex to R72/3/GEN1)**

9. With the development of Hong Kong into a knowledge-based economy, some employers tend to raise their requirements on the work experience of job seekers. Hence, young people aged 15 to 24 with less work experience will encounter greater difficulties in job seeking. Other factors such as higher job mobility and longer time in waiting for and seeking jobs also contribute to a youth unemployment rate higher than the overall figure. This phenomenon, common in many economies, is particularly prominent among young school dropouts aged 15 to 19 with low educational attainment, upon their first entering the labour market.

#### ***YETP***

#### **(i) Amount of on-the-job training (OJT) allowance (Paragraph 3.6(d) of the Audit Report)**

10. Employers who provide OJT to trainees under YETP are entitled to OJT allowance which is 50% of the trainee’s monthly salary, subject to a ceiling of \$4,000 per month. The total amount receivable is related to the duration of OJT period which ranges from 6 to 12 months depending on the work nature, industry and training contents of the posts offered. The training allowance

***\*Note by Clerk, PAC:*** Please see Appendix 7 of this Report for R72/3/GEN1.

granted to employers under YETP in financial years 2015-16, 2016-17 and 2017-18 were \$52.6 million, \$57.3 million and \$54.5 million respectively.

11. The ceiling of monthly OJT allowance under YETP was last adjusted upward from \$3,000 to \$4,000 on 1 September 2018. For the time being, LD has no intention to make further adjustment. LD reviews YETP from time to time, keeps in view the employment market of young people and will consider further enhancement measures as and when appropriate to strengthen the employment support to young people.

**(j) Number of target young people (Table 11 in Paragraph 3.10 of the Audit Report)**

12. “Target young people” as stated in Table 11 in paragraph 3.10 refers to unemployed young people who are aged 15 to 24 with educational attainment at sub-degree level or below, and thus eligible to join YETP. With reference to figures for 2012 to 2017 provided by C&SD, there was a continuous decline in the number of young persons aged 15 to 24 and in 2017, the year-on-year decrease was 3.6%. Concurrently, the number of unemployed young persons aged 15 to 24 plummeted by 17.4%. The decreases were record high for both figures. With a shrinking youth labour force and an overall unemployment rate staying at a low level in recent years, there were more job opportunities and young people could secure employment on their own more easily. Economic factors aside, increased education and training channels for secondary school leavers also affected the demand for YETP across the years.

**(k) Promoting job vacancies of different industries to young people (Table 7 in paragraph 2.27 and Table 11 in paragraph 3.10 of the Audit Report)**

13. LD operates three recruitment centres to provide free and one-stop recruitment and employment services for employers and job seekers in the catering, retail and construction industries. According to LD’s experience, young people are keen to look for jobs best suiting their interests and abilities, while some are more attracted to the work environment and nature of white-collar jobs or opportunities in the commercial sector. LD will, through YETP, continue to assist young people to gain a comprehensive understanding of the labour market, keep their options open to a wider range of jobs and pursue their career goals in accordance with their aspirations and abilities. In close collaboration with service providers, a variety of thematic job fairs and employment projects will be arranged to promote the relevant job vacancies to young people.

**(l) Pre-employment training courses (Paragraph 3.14 of the Audit Report)**

14. In connection with YETP pre-employment training courses in paragraph 3.14, the information sought is provided as follows:

- (i) The enrolment rates of some less popular courses were low as there was a drop in the number of young people joining YETP. Nevertheless, LD will continue to offer sufficient number and variety of training courses, including those types of low patronage, to meet the interests and needs of YETP trainees and to cater for any possible upsurge in demand for courses due to unexpected downturn of economy. Regular meetings were held with service providers for exchange on course arrangements and measures to enhance course attractiveness. With built-in flexibility in the existing contract provisions, service providers were encouraged to conduct half-day courses, schedule courses on Saturdays and Sundays, adjust the training hours and the number of training days so as to increase enrolment.
- (ii) As per the service contracts for provision of pre-employment training for YETP trainees between LD and the service providers, LD only needs to pay service fees for successfully held courses. The amount payable is normally determined by the service fee per trainee submitted by the service providers in their tenders and attendance of the training class, subject to the relevant contract terms and conditions of different training courses.

**(m) Completion of OJT (Table 15 in paragraph 3.23 of the Audit Report)**

15. Among the 1 031 OJT cases of the Programme Year (PY) 2016/17 with pre-mature termination, the numbers of resignation and dismissal cases were respectively 895 (87%) and 136 (13%). The underlining reasons for trainees resigning were multi-faceted, including unsuitable job nature, having found other jobs, looking for a change in work environment and further studies, while dismissals were mainly related to trainees' work performance and attitude. Posts with 9-month OJT mainly cover tour coordinators/ticketing clerks, property management workers and merchandisers. In PY 2016/17, as the number of such cases (198) was much smaller than those of 6-month (544) and 12-month (1 860), its smaller base are prone to higher fluctuations in termination rate. The buoyant labour market and high turnover rate of the relevant industries also contributed to more premature termination cases for this category.

**(n) Enhancement measures**

16. YETP conducts course evaluation survey with trainees for all pre-employment training courses held. According to the surveys conducted on different course types for PY2017/18, the overall satisfaction score for the courses was 4.1 (out of full mark of 5) on average. Service providers were informed of the results of the survey to facilitate their arranging courses of better quality, and their respective scores would be taken into account by LD for assessment of their future tenders for pre-employment training courses.

17. Moreover, half-yearly surveys on trainees completing OJT and their employers are conducted to gauge their views for betterment of OJT arrangements. According to the latest survey conducted in March 2019, over 95% of the employers considered that OJT could enhance competitiveness of trainees and over 80% of the trainees found OJT useful in nurturing good work habits, acquiring the relevant work skills and knowledge, developing inter-personal relationships as well as building up self-confidence.

**(o) Follow-up services for OJT**

18. Young people very often need to adjust their mindset and attitude and acquire interpersonal skills in order to navigate the transition from school to work and match up with the change in roles. Registered social workers, with their expertise and professional training, are thus best tasked to act as trainees' case managers for the provision of career guidance and advice to enhance their employability.

19. While YETP trainees undergoing OJT could acquire the work skills and knowledge from their employers and experienced staff appointed by the employers as mentors, case managers could provide post-employment support to trainees such as assisting them to settle in at their jobs, overcome problems at workplace as well as pursue further learning and skills upgrading opportunities. During the OJT period, case managers keep close contact with employers and trainees and provide appropriate follow-up services to suit their needs.

**(p) Written complaints**

20. From 2016 to 2018, a total of six written complaints were recorded by the Youth Employment Division (YED) of LD. Among them, three were related to administrative arrangements, two on staff manners and one on OJT. All of them were settled upon follow-up. When handling complaints, YED takes into consideration the nature of the complaints, the circumstances of the cases as well as requests by the complainants. Appropriate follow-up actions will be taken for areas of service improvements identified.

### **Part 3B: Employment services for elderly and middle-aged job seekers**

#### ***Employment Programme for the Elderly and Middle-aged (EPEM)***

##### **(q) Employers' participation in the programme (Table 18 in paragraph 3.46 and Table 19 in paragraph 3.49 of the Audit Report)**

21. We observed that there has been a noticeable increase in the number of employed persons aged 60 or above in the past ten years, indicating that an increasing number of people in this age group were still active in the labour market, and more and more employers were willing to hire them. EPEM aims at encouraging employers who have concerns over the hiring of the elderly and middle-aged to engage unemployed elderly and middle-aged job seekers and provide them with OJT through the provision of OJT allowance. LD actively invites the employers of each eligible placement case to apply for the OJT allowance under EPEM. However, some employers did not apply for the OJT allowance due to various reasons. For example, they chose to absorb the training costs by their own resources or the employees left employment within a short period. Since these employers actually had already employed the elderly or middle-aged job seekers, whether they applied for the OJT allowance would be of secondary importance.

##### **(r) Enhancement measures**

22. To reflect the new initiative of EPM on encouraging employment of elderly persons, LD launched the enhanced programme and renamed it as EPEM in September 2018. Employers engaging job seekers aged 60 or above who are unemployed or have left the workforce in a full-time or part-time job are offered a monthly OJT allowance up to \$4,000 per employee for a period of 6 to 12 months under EPEM.

23. Since the implementation of enhancement measures under EPEM, LD issued a total of 438 approvals-in-principle for those OJT allowance applications received during September 2018 to March 2019 (increased by 64% as compared to the figure in the same period a year before), involving 111 cases with job seekers aged 60 or above (increased by 200% as compared to the figure in the same period a year before).

24. As the OJT period under EPEM of job seekers aged 60 or above lasts for 6 to 12 months and the OJT allowance will be granted to employers in a lump sum upon completion of the whole OJT period, quite a proportion of cases received after the implementation of enhancement measures have not completed the OJT nor been granted the allowance yet.

**(s) Amount of OJT allowance**

25. The enhanced EPEM launched in September 2018 has significantly increased the OJT allowance for engaging each job seeker aged 60 or above, from the original ceiling of \$18,000 (6 months x \$3,000 allowance per month) to a maximum of \$48,000 (12 months x \$4,000 allowance per month). Since the enhancement measures have only been implemented for a few months, LD has no plan at this stage to further increase the amount of OJT allowance.

**(t) Reporting of statistics (Paragraphs 3.59 and 3.60 of the Audit Report)**

26. LD has provided the number of placement cases eligible for joining EPEM and the number of applications for OJT allowance in response to the enquiries from the public, media and various concern groups. LD will continue to provide relevant information as per their requests.

**Part 3C: Employment services for EM job seekers**

**(u) Dedicated employment services (Paragraph 3.64 of the Audit Report)**

27. With regard to the dedicated employment services provided to EM job seekers in paragraph 3.64, the information sought is provided as follows:

- (i) LD conducted a review on ESA Programme for EMs in November 2015. In response to the request of the Public Accounts Committee on 2 May 2019, LD has attached the relevant review report to the reply on 19 May 2019. There is no pre-set quota on the number of ESAs for EMs.
- (ii) The pilot initiative of engaging employment assistants for EMs has been implemented since May 2017 and will last for 3 years. LD will evaluate the effectiveness of this pilot initiative and consider the way forward in the third year of its implementation after accumulating more experience of engaging the 2 employment assistants for EMs.
- (iii) LD makes arrangements with NGOs to provide interpretation services for EM job seekers who speak neither Chinese nor English. The relevant expenditure has been absorbed within the recurrent operational expenses of LD and cannot be separately identified.

**(v) Registered EM job seekers (Table 24 in paragraph 3.65 of the Audit Report)**

28. In 2018, there were 1 173 EM job seekers registered with LD for employment services, of whom 872 were registered for the first time<sup>1</sup>.

**(w) Increasing the number of placements (Paragraph 3.66 of the Audit Report)**

29. LD will continue to strengthen the dedicated employment services for EM job seekers. In fact, we noted that there was a steady increase in the number of placements secured for EM job seekers through LD's referral service from 2014 to 2018. To further strengthen the employment support for EM job seekers, it has been announced in the 2018 Policy Address that LD will launch a pilot programme in conjunction with NGOs to provide employment services for EM job seekers through a case management approach. The initiative aims to help EM job seekers secure jobs and increase their employment opportunities. Further details of the pilot programme are set out in paragraph 36.

**(x) Accreditation of qualifications and retraining support**

30. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications provides assessment services for individuals on qualifications awarded by granting bodies outside Hong Kong, and offers a professional opinion on whether the totality of the educational qualifications of an individual meets the standard of a particular level of qualification in Hong Kong. At present, the qualifications assessment fee for general purpose is \$2,715. Persons with financial needs (including EMs) may apply for subsidy from the Community Care Fund for conducting qualifications assessment for general purpose.

31. Moreover, Employees Retraining Board (ERB) offers dedicated courses for EMs to enhance their skills and employability. The courses cover vocational training for 10 industry categories (namely property management & security, electrical & mechanical services, construction & renovation, beauty therapy, hairdressing, social services, business, catering, hotel, and tourism), and language training including workplace Cantonese, workplace Putonghua, workplace Chinese (reading and writing), English, etc. Furthermore, ERB offers dedicated training courses for EMs on generic skills such as the application of information technology, interpersonal skills and job search skills.

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<sup>1</sup> The above first registration figure is compiled based on the registration records currently available. For protection of personal data considerations, registration records which have lapsed for an extended period have been destroyed.

Other support measures for EMs include identification of their training and employment needs through the focus group on training, subsidy to training bodies for assisting EMs who can speak and comprehend Cantonese to attend courses for all eligible employees, as well as offering advice on employment and training by Outreaching Training Consultant, etc.

**(y) Inclusive job fairs (Table 26 and Table 27 in paragraph 3.68 of the Audit Report)**

32. In respect of the large-scale and district-based inclusive job fairs in paragraph 3.68, the information sought is provided as follows:

- (i) The costs for each large-scale inclusive job fair staged by LD in 2016 to 2018 ranged from about \$246,600 to \$278,600. For the district-based inclusive job fairs organised by job centres, the relevant expenditure has been absorbed within the recurrent operational expenses of LD and cannot be separately identified.
- (ii) The criteria for assessing the cost-effectiveness of inclusive job fairs include number of job fairs held, number of participating employers, number of vacancies, number of on-the-spot interviews arranged for job seekers, number of employment offers made by employers, number of employment offers accepted or declined by job seekers, etc. As inclusive job fairs welcome the participation of job seekers from different ethnicities, in assessing their cost-effectiveness, it should not be confined to EM job seekers only.

**(z) Breakdown of placements (Paragraph 3.69 of the Audit Report)**

33. To gauge the views of EM job seekers on the employment services of LD, LD conducted an opinion survey with registered EM job seekers from January to March 2019. Overall speaking, 90% of the surveyed EM job seekers were satisfied or very satisfied with the employment services of LD.

34. The annual number of placements recorded by LD consists of placements which were made through job seekers' direct application to employers advertising vacancies via LD. The figures were obtained through LD's periodic sample surveys with employers. As the sample surveys do not involve detailed personal particulars (such as ethnicity) of job seekers who secured placements through direct application, LD does not have breakdowns of these placements involving EM job seekers.

**(aa) Employment briefings (Paragraph 3.71 of the Audit Report)**

35. LD strives to provide effective and convenient employment services for job seekers (including EMs). To meet the employment needs of EM job seekers, LD has been implementing a series of dedicated employment services, including organising employment briefings. As EMs only form a small part of the overall population in Hong Kong, it will hamper the interest of persons in need if relevant employment briefings are cancelled because the number of participating EM job seekers is on the low side. LD will continue to provide employment services flexibly having regard to the needs of job seekers.

**(bb) Pilot programme to provide employment services for EM job seekers (Paragraph 3.75(b) of the Audit Report)**

36. LD will launch a pilot programme in conjunction with NGOs to provide employment services for EM job seekers through a case management approach so as to utilise NGOs' community network, expertise in case management and experiences in serving EMs. The commissioned NGOs have to provide one-stop employment support services for EM job seekers through a case management approach so as to reduce their barriers to employment. In addition to canvassing vacancies suitable for EMs and rendering support in their job search, these NGOs will also provide post-placement follow-up services for EMs and their employers, such as assisting the employees to adapt to the new working environment, fostering both parties' understanding of each other's work expectations and practices, etc. LD is carefully considering the views of stakeholders and drawing up other details of the pilot programme (including the performance indicators), and will conduct the tender exercise as soon as possible. The pilot programme is expected to be launched in 2020, which will be on a three-year pilot initially.

**(cc) Performance indicators**

37. In conjunction with the launch of the pilot programme mentioned in paragraph 36, the Employment Services Division of LD will extend the functions of its information systems to capture statistics pertinent to the provision of services for EM job seekers under the programme, and consolidate figures on relevant services provided by LD. Preparations for the enhancements are expected to commence in end-2019. The related expenditure will be absorbed within the recurrent operational expenses of LD and cannot be separately identified.

**(dd) Promoting the employment of EMs to employers (Paragraphs 3.76 to 3.80 of the Audit Report)**

38. Regarding paragraphs 3.76 to 3.80 on measures to promote employment of EMs to employers, the information sought is provided as follows:

- (i) LD has been proactively promoting the working abilities of EMs among employers through various channels and making ongoing efforts to canvass vacancies suitable for EM job seekers through its employer network to enhance their employment opportunities. From 2016 to 2018, LD organised six large-scale inclusive job fairs and 36 district-based inclusive job fairs at which job seekers, including EMs, could submit job applications and attend interviews with employers on the spot. LD also organised experience sharing sessions for employers, during which NGOs serving EMs were invited to brief employers on the cultures of EMs and the skills to communicate with them to enhance their understanding in this regard. In addition, since March 2015, LD has added an optional field of “Ethnic minorities are welcome for the post” in its Vacancy Order Form for employers to fill in. From 2016 to 2018, a total of 15 158 employers who advertised vacancies via LD indicated that EM job seekers were welcome to apply for the posts.
- (ii) At present, LD administers various special employment programmes such as YETP, EPEM and the Work Trial Scheme, etc. to encourage employers, through the provision of financial incentives, to take on job seekers (including EMs) with various employment difficulties and provide them on-the-job training to enhance their employability.
- (iii) An optional field of “Ethnic minorities are welcome for the post” was added to the Vacancy Order Form to facilitate employment officers to match EM job seekers to suitable jobs and encourage them to apply for the posts. Among the job vacancies advertised through LD, both the numbers and percentages of the vacancies welcoming EMs as indicated by employers were on the rise. LD will strengthen the current dedicated services for EM job seekers, and continue to actively encourage employers to engage EM job seekers. Further, LD will strength its support services for employers engaging EMs in conjunction with NGOs through the abovementioned pilot programme to be launched.

### **Part 3D: Employment services for job seekers with disabilities**

#### **(ee) Divisional targets**

39. LD adopts a case management approach to provide intensive and personalised employment services to persons with disabilities, including accompanying the persons with disabilities in need to attend job interviews by Employment Consultants, accompanying them to report for duty on the first day of employment, and conducting post-placement follow-up visits, etc. As the aforementioned mode of service is very different from that provided to the able-bodied, it is inappropriate to make direct comparison between them. LD will set respective service targets having regard to the characteristics of clients and the service mode.

#### **(ff) Placement rate (Paragraph 3.88 and Table 30 of the Audit Report)**

40. The employment services required by job seekers with disabilities are different from those for the able-bodied or youth job seekers. LD therefore adopts a case management approach to provide intensive and personalised employment services to persons with disabilities. Besides, the job preference and expectation of persons with disabilities are also different from those of the other groups of job seekers. For example, owing to health reason, some persons with disabilities could only attend work for a short time per day or a limited number of days in a week. They tend to be more willing to accept short-term and part-time jobs. Hence, the employment figures of persons with disabilities are not directly comparable to those of other groups of job seekers.

#### **(gg) Direct and indirect placements (Table 32 in paragraph 3.94 of the Audit Report)**

41. The education level of job seekers with disabilities has been rising in recent years. Apart from seeking assistance from LD, job seekers suffering from mild disabilities and having good working capability would make direct job applications to employers. The Selective Placement Division (SPD) of LD organises different employment seminars and provide them with employment counselling to enhance their understanding of the employment market and skills on job hunting. Besides, in helping job seekers with disabilities find jobs, Employment Consultants would provide them with personalised advices on job choice and interview techniques to enhance their employability. In view of the aforementioned trend in the labour market, the proportion of indirect placements by job seekers with disabilities in the total number of placements has increased.

**(hh) Enhancing the employment services for job seekers with disabilities  
(Paragraph 3.99 of the Audit Report)**

42. LD would implement measures to follow up the recommendations in the Director of Audit's Report on employment services to persons with disabilities as follows:

- To implement monitoring mechanism to track the employment status and progress of each job seeker with disabilities, and endeavor to help them find their preferred jobs expeditiously; and to follow up with those employees employed under the Work Orientation and Placement Scheme (WOPS) after completion of the allowance period, so as to assist them to stay in the same job and put their abilities to full use. The above measures will be implemented in the fourth quarter of 2019;
- Starting from 2020, LD will report separately in the Controlling Officer's Report the number of placements secured by referral service of SPD and the number of placements secured by job seekers making job applications to employers direct subsequent to the assistance provided by SPD;
- Starting from 2020, LD will announce the performance pledge statistics on the application processing time of WOPS on the Interactive Selective Placement Services website of SPD;
- To continue monitoring the effectiveness of the Pre-employment Training under WOPS and to attract more job seekers with disabilities to attend the training course by tailoring the training content to suit their training needs so as to prepare them for job search.

Labour and Welfare Bureau  
Labour Department  
May 2019

The number of unemployed persons from 2008 to 2017 by age group

Year	Age group						
	15-24	25-29	30-39	40-49	50-59	60 or above	Overall
2008	30 600	14 200	22 900	32 000	25 500	2 700	128 000
2009	43 500	23 100	36 500	46 900	37 800	4 800	192 600
2010	38 400	19 500	28 500	34 700	31 300	4 800	157 200
2011	29 500	16 800	23 900	27 000	25 500	4 000	126 700
2012	29 900	16 000	22 800	27 100	23 900	4 400	124 300
2013	31 700	16 600	22 400	27 900	26 700	5 700	131 100
2014	29 700	15 600	21 400	26 200	26 800	7 900	127 600
2015	34 100	15 600	20 300	26 300	25 500	7 500	129 400
2016	31 100	18 100	22 300	26 300	27 800	7 300	133 000
2017	25 700	18 800	21 600	23 300	25 900	8 200	123 400

Note: Figures may not add up exactly to the total owing to rounding.

Source: General Household Survey, Census and Statistics Department (C&SD)

Breakdown of registered job seekers of the Labour Department (LD)  
from 2008 to 2017 by age group

Year	Age group						
	15-19	20-29	30-39	40-49	50-59	60 or above	Overall
2008	35 185	61 198	24 868	28 383	16 815	2 291	168 740
2009	32 098	67 563	29 212	31 372	18 646	2 577	181 468
2010	24 271	52 964	20 466	22 021	13 401	2 113	135 236
2011	15 044	42 793	16 297	18 064	11 881	2 081	106 160
2012	19 059	36 629	14 824	15 759	11 387	2 154	99 812
2013	14 948	30 294	12 428	13 110	10 056	1 912	82 748
2014	11 185	27 316	11 734	12 518	10 508	2 053	75 314
2015	9 226	23 781	10 352	11 564	10 141	2 157	67 221
2016	6 527	21 067	10 372	12 037	11 110	2 701	63 814
2017	3 732	15 065	8 213	9 777	9 745	2 701	49 233

## Unemployed persons by ethnicity in 2011 and 2016

Ethnicity	Unemployed persons <sup>(1)</sup>	
	2011	2016
Chinese	175 646	191 905
Filipino	411	338
Indonesian	***	***
Thai	154	206
Japanese	***	165
Korean	***	116
South Asian <sup>(2)</sup>	1 290	2 165
Indian	542	885
Nepalese	182	650
Pakistani	534	567
Other South Asian	***	***
Other Asian <sup>(3)</sup>	119	173
White	1 307	1 170
Mixed	539	1 751
Mixed - With Chinese parent	531	1 587
Mixed - Others	***	164
Others <sup>(4)</sup>	***	128
<b>Overall</b>	<b>179 626</b>	<b>198 186</b>

Notes: Figures exclude foreign domestic helpers.

\*\*\* Figures are not released owing to large sampling errors.

- (1) Given the lower degree of accuracy in the unemployment estimates derived from the 2011 Population Census and the 2016 Population By-census, the unemployment-related statistics of ethnic minorities are for general reference only and should be interpreted with caution.
- (2) According to the classification of territories prepared by the Statistics Division of the United Nations Secretariat, South Asian economies include India, Pakistan, Nepal, Bangladesh, Sri Lanka, Afghanistan, Bhutan, Iran and Maldives. Owing to limitations of data, figures related to “South Asians” in this table only include the first five ethnic groups.
- (3) “Other South Asian” include “Bangladeshi” and “Sri-Lankan”.
- (4) “Others” include “Black”, “Latin American”, etc.

Sources: 2011 Population Census and 2016 Population By-census, C&SD

Breakdown of registered job seekers of LD from 2010 to 2017 by ethnicity

Year	Ethnicity							
	Chinese	Pakistani	Indian	Filipino	Nepalese	Indonesian	Thai	Others
2010	134 002	284	285	170	146	109	59	181
2011	105 259	220	160	178	84	78	66	115
2012	98 831	245	185	158	98	69	67	159
2013	81 961	230	149	113	74	41	45	135
2014	74 413	313	197	101	74	40	33	143
2015	66 227	370	189	109	113	35	34	144
2016	62 771	411	192	102	112	32	30	164
2017	48 197	424	198	105	77	26	23	183

Note: LD does not have breakdown of relevant figures before 2010.

## Breakdown of information on job centres of the Labour Department

2018

Job Centre / District	Hong Kong East	Hong Kong West	North Point	Kowloon East	Kowloon West	Kwun Tong	Tsuen Wan	Tuen Mun	Sheung Shui	Tai Po	Shatin	Tung Chung	Employment in One-Stop (Tin Shui Wai)
Size (m <sup>2</sup> )	518	303	372	481.7	666	431	343.1	461	356.3	367	301	369	1 082
Rental cost (in financial year 2018-19)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$262,667	\$1,422,165	N.A.	N.A.	\$243,540	\$1,968,000
No. of staff (as at December 2018)	13	10.5	9.5	18	19	18	17	13	11	11	11	13	19.5
No. of visitors	16 335	9 164	12 636	15 964	49 832	34 996	29 115	25 997	23 386	19 053	20 105	16 983	38 846
Job fairs													
• No. of job fairs held	61	89	72	63	91	82	74	85	73	69	72	47	80
• No. of participating employers	211	89	161	126	277	296	312	292	166	207	163	199	381
• No. of vacancies involved	19 877	9 215	12 899	9 160	19 202	25 546	25 659	22 289	11 930	17 069	14 934	14 065	22 517
• No. of on-the-spot interviews arranged	2 901	525	1 151	685	3 205	2 842	2 224	1 952	1 506	2 009	1 568	1 259	3 050
• No. of employment offers made by employers	647	95	169	111	422	589	524	578	299	354	322	344	690
- No. of employment offers declined by job seekers	226	34	37	17	44	229	180	211	156	144	174	181	284
- No. of employment offers accepted by job seekers (i.e. placement)	421	61	132	94	378	360	344	367	143	210	148	163	406

2017

Job Centre / District	Hong Kong East	Hong Kong West	North Point	Kowloon East	Kowloon West	Kwun Tong	Tsuen Wan	Tuen Mun	Sheung Shui	Tai Po	Shatin	Tung Chung	Employment in One-Stop (Tin Shui Wai)
Size (m <sup>2</sup> )	518	303	372	481.7	666	431	343.1	461	356.3	367	301	369	1 082
Rental cost (in financial year 2018-19)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$230,980	\$1,334,784	N.A.	N.A.	\$243,540	\$1,880,000
No. of staff (as at December 2018)	14	9.5	9.5	20	21	19	18	13	12	11	12	11	19.5
No. of visitors	20 952	12 062	14 729	18 564	50 871	36 737	30 937	23 521	24 638	17 589	26 818	20 308	49 801
Job fairs													
• No. of job fairs held	62	89	71	59	95	82	71	77	70	69	75	47	79
• No. of participating employers	215	89	153	116	267	258	249	261	159	201	171	194	314
• No. of vacancies involved	16 427	8 283	13 454	10 386	19 477	20 828	19 493	16 743	11 448	14 156	14 220	10 710	22 893
• No. of on-the-spot interviews arranged	4 510	874	1 536	797	2 963	3 525	2 090	2 440	1 585	3 234	1 876	1 446	3 870
• No. of employment offers made by employers	786	139	193	130	344	695	563	701	413	407	469	314	886
- No. of employment offers declined by job seekers	214	62	28	10	42	285	257	312	233	194	254	131	398
- No. of employment offers accepted by job seekers (i.e. placement)	572	77	165	120	302	410	306	389	180	213	215	183	488

2016

Job Centre / District	Hong Kong East	Hong Kong West	North Point	Kowloon East	Kowloon West	Kwun Tong	Tsuen Wan	Tuen Mun	Sheung Shui	Tai Po	Shatin	Tung Chung	Employment in One-Stop (Tin Shui Wai)
Size (m <sup>2</sup> )	518	303	372	481.7	666	431	343.1	461	356.3	367	301	369	1 082
Rental cost (in financial year 2018-19)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$230,980	\$1,334,784	N.A.	N.A.	\$243,540	\$1,704,000
No. of staff (as at December 2018)	14	9.5	11.5	17	18	19	18	13	12	12	2	11	19.5
No. of visitors	21 874	13 462	17 026	23 875	54 856	41 813	34 847	28 798	25 539	19 632	19 611	22 754	58 675
Job fairs													
• No. of job fairs held	65	91	70	60	90	82	91	72	65	68	73	46	87
• No. of participating employers	224	91	160	118	239	228	303	248	142	183	155	162	382
• No. of vacancies involved	15 946	9 451	13 728	9 471	20 578	21 359	25 819	17 946	9 802	16 039	14 179	11 132	24 576
• No. of on-the-spot interviews arranged	4 348	1 241	2 355	1 071	3 637	4 315	4 262	3 151	1 745	4 087	2 533	1 545	6 876
• No. of employment offers made by employers	851	132	282	185	397	694	1 174	781	456	632	517	308	1 461
- No. of employment offers declined by job seekers	207	44	58	32	70	322	560	325	237	330	244	145	706
- No. of employment offers accepted by job seekers (i.e. placement)	644	88	224	153	327	372	614	456	219	302	273	163	755

## Breakdown of information on recruitment centres of the Labour Department (LD)

2018

Recruitment Centre / District	Recruitment Centre for the Catering Industry (Wan Chai)	Recruitment Centre for the Retail Industry (Wan Chai)	Construction Industry Recruitment Centre (Kowloon Bay)
Size (m <sup>2</sup> )	409 [Note 1]		862.7 [Note 2]
Rental cost (in financial year 2018-19)	N.A.		\$100 (concession rate)
No. of staff members (as at December 2018)	16 [Note 1]		13
No. of visitors	Not available	Not available	16 067
Job fairs			
• No. of job fairs held	244	245	177
• No. of employers involved	1 213	1 502	623
• No. of vacancies involved	87 451	72 111	13 642
• No. of on-the-spot interviews arranged	4 796	8 371	4 866
• No. of employment offered by employers	1 205	2 256	405
- <i>No. of employment offers declined by job seekers</i>	417	412	61
- <i>No. of employment offers accepted by job seekers (i.e. placement)</i>	788	1 844	344

Note 1: Recruitment Centre for the Catering Industry and Recruitment Centre for the Retail Industry are co-located on the same office premises. The two centres share the same pool of manpower resources.

Note 2: Construction Industry Recruitment Centre occupied about 60% of the total floor area and the remaining was occupied by other offices of LD.

2017

Recruitment Centre / District	Recruitment Centre for the Catering Industry (Wan Chai)	Recruitment Centre for the Retail Industry (Wan Chai)	Construction Industry Recruitment Centre (Kowloon Bay)
Size (m <sup>2</sup> )	409 [Note 1]		985 [Note 2]
Rental cost (in financial year 2017-18)	N.A.		\$100 (concession rate)
No. of staff members (as at December 2017)	16 [Note 1]		14
No. of visitors	Not available	Not available	20 856
Job fairs			
• No. of job fairs held	244	245	152
• No. of employers involved	1 133	1 441	504
• No. of vacancies involved	77 614	64 029	12 743
• No. of on-the-spot interviews arranged	5 724	12 683	5 305
• No. of employment offered by employers	1 465	3 236	582
- <i>No. of employment offers declined by job seekers</i>	504	481	123
- <i>No. of employment offers accepted by job seekers (i.e. placement)</i>	961	2 755	459

Note 1: Recruitment Centre for the Catering Industry and Recruitment Centre for the Retail Industry are co-located on the same office premises. The two centres share the same pool of manpower resources.

Note 2: Construction Industry Recruitment Centre occupied about 60% of the total floor area and the remaining was occupied by other offices of LD.

2016

Recruitment Centre / District	Recruitment Centre for the Catering Industry (Wan Chai)	Recruitment Centre for the Retail Industry (Wan Chai)	Construction Industry Recruitment Centre (Kowloon Bay)
Size (m <sup>2</sup> )	409 [Note 1]		985 [Note 2]
Rental cost (in financial year 2016-17)	N.A.		\$100 (concession rate)
No. of staff members (as at December 2016)	17 [Note 1]		12
No. of visitors	Not available	Not available	18 181
Job fairs			
• No. of job fairs held	243	245	140
• No. of employers involved	1 100	1 455	323
• No. of vacancies involved	75 065	79 056	8 433
• No. of on-the-spot interviews arranged	7 224	19 074	4 763
• No. of employment offered by employers	1 617	4 123	438
- <i>No. of employment offers declined by job seekers</i>	354	485	110
- <i>No. of employment offers accepted by job seekers (i.e. placement)</i>	1 263	3 638	328

Note 1: Recruitment Centre for the Catering Industry and Recruitment Centre for the Retail Industry are co-located on the same office premises. The two centres share the same pool of manpower resources.

Note 2: Construction Industry Recruitment Centre occupied about 60% of the total floor area and the remaining was occupied by other offices of LD.

**Public Accounts Committee of the Legislative Council  
Consideration of the Director of Audit's Report No. 72 (Audit Report)  
Chapter 3: Employment Services provided by the Labour Department**

**Information provided in response to the letter of 21 May 2019 (Appendix II)**

**Part 1: Introduction**

**(1) Staffing and expenditure on providing employment services**

The Selective Placement Division (SPD) of the Labour Department (LD) provides personalised employment services to job seekers with disabilities fit for open employment and helps them find suitable jobs. As at 1.3.2019, there were a total of 39 staff members working in SPD, and the divisional expenditure in 2018-19 was 40.8 million.

2. The Employment Services Division (ESD) of LD provides comprehensive employment services to general job seekers, including the elderly and middle-aged as well as ethnic minority (EM) job seekers, and assists employers to recruit staff. As at 1.3.2019, there were a total of 219 staff members working in ESD, and the divisional expenditure in 2018-19 was 137.5 million. As the staff of ESD are required to undertake different duties concurrently, the manpower and expenditure involved in providing employment services to the elderly and middle-aged as well as EM job seekers cannot be separately identified.

**Part 2: General employment services for all job seekers**

**(2) Direct placements (Paragraphs 2.12 and 2.13 of the Audit Report)**

3. In conducting job referrals for job seekers and assisting them to get employed, LD provides a wide range of services during the whole process, including providing job seekers with personalised employment advisory service and job search advice before making referrals, assisting job seekers to match with and search for suitable job vacancies, collecting and clarifying relevant information from employers in relation to the job vacancies selected by job seekers, seeking confirmation from job seekers whether to accept the referrals or to consider choosing other job vacancies, etc. Whether the job referrals will result in successful placements or not depend on many factors, say, whether the job seekers will attend the job interviews as scheduled, and whether the job seekers will accept the employment offers if so made by the employers. As the

situation of each job referral and placement differs, LD does not keep the statistics on the number of services provided and the time spent on each case.

**(3) Indirect placements (Paragraph 2.14 of the Audit Report)**

4. Concerning indirect placements in paragraph 2.14, the information sought is provided as follows:

- (a) Currently, the vast majority of employers using the recruitment services of LD welcome job seekers to make direct application to them. Job seekers may apply for the jobs either through LD's referral service or by direct application to employers. To assess the number of placements made through job seekers' direct application to employers who advertised vacancies via LD, LD conducts periodic sample surveys with employers and includes the relevant statistical figures in the Controlling Officer's Report.
- (b) There are no indirect placement figures under LD's dedicated employment services for job seekers with special needs.

**(4) Number of visitors to job centres and recruitment centres (Table 5 in paragraph 2.15 of the Audit Report)**

5. Regarding the number of visitors to the job centres and recruitment centres in Table 5 in paragraph 2.15, the information sought is provided as follows:

- (a) The 13 job centres of LD is committed to helping job seekers to find work in the district and employers to recruit staff through a series of comprehensive and free employment and recruitment services provided by 13 job centres across the territory. Moreover, having regard to the circumstances and needs of job seekers and employers in the locality, job centres also organise thematic recruitment activities and strengthen the employment support for specific groups of job seekers through collaboration with local non-governmental organisations (NGOs).
- (b) Currently, LD does not have plan to set up recruitment centres for other industries. We consider that recruitment centre is not suitable for every industry. As a recruitment centre operates by conducting interviews on the spot, it would be more suitable for industries like the catering, retail and construction industries which provide a large number of vacancies for job seekers with various education and skill levels, and industries with a higher turnover rate.

For those industries with a lower turnover rate, fewer vacancies, vacancies limited to particular districts, or manpower demand having large seasonal or economic fluctuations, setting up a permanent recruitment centre is not cost effective. LD will meet the recruitment needs of these industries through organising large-scale, district-based or thematic job fairs as appropriate.

**(5) Interactive Employment Service (iES) (Paragraphs 2.33 to 2.35 of the Audit Report)**

6. In connection with paragraphs 2.33 to 2.35, the information sought is provided as follows:

- (a) We consider that the drop in the visits/page views of the iES website in the past few years was mainly attributed to the continuous upsurge in the penetration rate of smartphones and mobile devices in Hong Kong, causing more job seekers to switch to the iES mobile app, more efficient dissemination of information by LD on the web (such as use of push notifications to deliver personalised messages to users), coupled with the generally tight labour market and a decline in the number of unemployed persons.

Unlike other private job portals and mobile apps, which operate for commercial purposes, the iES website and its mobile app aim to provide free and comprehensive employment information and online employment services for job seekers in need, regardless of their backgrounds, educational attainment and work experience. For instance, the website has set up dedicated webpages for groups with special employment difficulties to provide them with tailored employment information and feature job vacancies particularly suitable for the respective groups. LD will continue to enhance the iES website to facilitate the provision of online employment services for various types of job seekers and employers.

- (b) LD has all along been collecting job seekers' views on its employment services through various channels, including distributing customer feedback forms and placing collection boxes in job centres, organising annual "Best Customers Service Office Contest" among job centres, etc. so as to motivate job centres for continuous enhancement of service quality.

## **Part 3B: Employment services for elderly and middle-aged job seekers**

### ***Employment Programme for the Elderly and Middle-aged (EPEM)***

#### **(6) Effectiveness of the enhancement measures (Paragraphs 3.45 and 3.48 of the Audit Report)**

7. EPEM aims at encouraging employers who have concerns over the hiring of the elderly and middle-aged to engage unemployed elderly and middle-aged job seekers and provide them with on-the-job training (OJT) through the provision of OJT allowance. LD actively invites the employer of each placement case eligible for joining EPEM to apply for OJT allowance. However, some employers did not apply for the allowance due to various reasons. For example, they chose to absorb the training costs by their own resources. Since these employers had already employed the elderly or middle-aged job seekers, whether they applied for OJT allowance was of secondary importance.

8. Since the implementation of enhancement measures under EPEM in September 2018, the number of placements recorded has increased, in particular those involving job-seekers aged 60 or above. LD will continue to closely monitor the employment needs of elderly and middle-aged job seekers so as to provide them with suitable employment support and services, and vigorously encourage employers to hire elderly and middle-aged job seekers.

#### **(7) Cases without application for OJT allowance (Paragraph 3.49 of the Audit Report)**

9. Regarding the 297 cases without application for OJT allowance, LD had, at different stages, repeatedly reminded the employers concerned to submit the application form as well as the employees' salary and attendance records within the time limit to apply for the OJT allowance. However, the employers concerned eventually did not submit the applications, nor provided LD the reasons for not claiming OJT allowance.

#### **(8) Cases with shorter retention period**

10. LD regularly follows up on the placements under EPEM. For the placements with approval-in-principle issued and followed up between October 2014 and October 2018, 148 placements have a retention period of less than 1 month and 543 placements have a retention period of less than 3 months.

**(9) Statistics (Table 19 in paragraph 3.49 and Table 20 in 3.52 of the Audit Report)**

11. The quoted figures in Table 19 were the numbers of placements under EPEM with OJT allowance granted to the employers (including employees completing the whole or part of OJT), whereas the quoted figures in Table 20 were the numbers of placements with approval-in-principle where OJT was fully completed. Since the former has wider coverage, the numbers of cases were higher than the latter.

**(10) Performance indicators**

12. Relevant figures of elderly and middle-aged job seekers were included in the figures of able-bodied job seekers in the Controlling Officer's Report without separate breakdown in the past. Nonetheless, LD would provide the number of placement cases eligible for joining EPEM and the number of applications for OJT allowance in response to enquiries from the public, media and various concern groups. LD will consider setting out the estimated number of placements eligible for joining EPEM and the number of placements with approval-in-principle issued in the Controlling Officer's Report.

**(11) Retention period of placements (Table 21 in paragraph 3.56 of the Audit Report)**

13. The continuous low unemployment rate with abundant job openings in the labour market fueled the increase in turnover rate of staff, including the elderly and middle-aged. The purpose of EPEM is to encourage employers to hire elderly and middle-aged job seekers and provide them with OJT. Despite that some employees failed to complete OJT fully, their employability had already been enhanced through the work experience and skills acquired during OJT.

14. With a view to assisting the elderly and middle-aged persons to complete OJT under EPEM and stay in employment, LD has been proactively and regularly following up with participating employers and employees to understand the latter's work and OJT situation. LD will give timely support and counseling to the employees in need, as well as following up with their employers or suggesting improvement arrangements as situations warrant.

**(12) Manpower for handling placement cases**

15. EPEM is implemented by the staff of LD's job centres among their other duties, and the manpower involved cannot be separately identified.

### **Part 3C: Employment services for EM job seekers**

#### **(13) Dedicated employment services (Paragraph 3.64 of the Audit Report)**

16. As regards the dedicated employment services provided to EM job seekers in paragraph 3.64, the information sought is provided as follows:

- (a) Since May 2017, LD has been engaging two employment assistants for EMs, who are proficient in EM languages, on a pilot basis. A series of training has been arranged, including enrolling them to Chinese speaking, reading and writing courses and appointing experienced staff as mentors to provide them with comprehensive OJT.

The main duties of the employment assistants for EMs are to partner with experienced employment officers in providing employment advisory services to EM job seekers, assist in organising employment briefings and job fairs, and providing various employment services in job centres, reach out to and maintain contact with the EM communities, etc. Job seekers (including EMs) may apply for jobs through LD's referral service or by direct application to employers who advertise vacancies via LD. Currently, the vast majority of vacancies advertised through LD are open for direct application to employers by job seekers. Job seekers (including EMs) who are placed into employment through direct application are not required to report their employment status to LD. LD therefore does not have figures on the number of services provided or the number of placements secured for job seekers by or through the assistance of the employment assistants for EMs.

- (b) LD arranges EM job seekers in need to meet employment officers to obtain personalised employment advisory service. Experienced employment officers who are familiar with the local employment market and proficient in English provide EM job seekers with job search advice and information on the job market and training/retraining courses, support them in conducting career aptitude assessment, etc. in accordance with their individual needs and preferences, and match them to suitable jobs.

To raise the multi-cultural sensitivity of frontline staff, LD from time to time invites NGOs serving EMs to deliver talks on different cultural and religious customs as well as skills in communicating

with EMs. LD has also strengthened collaboration with the Equal Opportunities Commission for the latter to provide training on equal opportunities and multi-culture for staff of job centres and recruitment centres. The training covered the situation of EM communities in Hong Kong as well as legislation and guidelines related to anti-racial discrimination, and arranged case discussion to raise participants' sensitivity to EM cultures and the quality of service.

- (c) To further strengthen the employment support for EM job seekers, LD will launch a pilot programme in conjunction with NGOs to provide employment services for EM job seekers through a case management approach so as to utilise NGOs' community network, expertise in case management and experience in serving EMs.

#### **(14) Registered EM job seekers (Paragraph 3.65 of the Audit Report)**

17. In 2018, a total of 1 173 EMs registered with LD for employment services. Among them, 898 (76.6%) were South Asians who only accounted for about 32% of the EM population in Hong Kong (excluding foreign domestic helpers) in 2016. Constrained by language and cultural differences, South Asians are generally believed to be more prone to encountering difficulties during their job search and in greater need for employment support compared with other ethnic groups. As such, LD will continue to step up its publicity on LD's employment services to the South Asians. LD proactively reaches out to them at their popular gathering spots such as mosques, district-based organisations, grocery stores, food establishments, etc. and distributes the promotional leaflets to introduce the employment services of LD. Employment assistants who are conversant with South Asian languages and cultures also help LD reach out to the relevant communities.

18. In addition, job centres will continue to liaise with EM organisations, NGOs serving EMs, religious bodies, schools, etc. in their locality. Updated employment information on job fairs and schedules of employment briefings are disseminated to them regularly. These organisations are also encouraged to refer EMs with employment needs to LD for services. To acquaint more EM job seekers with LD's employment services, the relevant promotional leaflets are prepared in English and six EM languages (including Tagalog, Bahasa Indonesia, Thai, Hindi, Urdu and Nepali), and distributed through various channels.

**(15) Job search channels of EMs (Paragraph 3.69 of the Audit Report)**

19. From 2013 to 2016, LD had conducted interviews with EM job seekers registered with LD to understand their employment situation and ways to seek employment. According to the results, the shares of EM job seekers obtaining employment through the help of family members and friends, LD and newspaper/internet were 51%, 23% and 17% respectively.

**(16) Employment briefings (Paragraph 3.71 of the Audit Report)**

20. All job centres of LD regularly organise tailor-made employment briefings to help EM job seekers who have difficulties in seeking employment or are not familiar with the job market better understand the latest labour market situation and improve job search skills.

21. Information such as the date and venue of employment briefings organised by job centres will be announced through the iES website and all job centres so as to facilitate NGOs serving EMs to arrange interested EM job seekers to attend the employment briefings tailor-made for them. Meanwhile, if there are individual EM job seekers visiting job centres on days when no employment briefing was scheduled, instead of asking them to enrol in the coming employment briefing to be held on a later date, employment officers will provide them with employment advisory service on the spot and offer them job search advice as well as information on the job market and training/retraining courses right away. In 2017 and 2018, employment officers offered respectively 403 and 333 on-the-spot employment advisory service to EM job seekers.

**(17) Vacancies indicating EMs were welcome for the posts (Paragraph 3.77 of the Audit Report)**

22. Breakdown of vacancies published by LD which indicated that “Ethnic minorities are welcome for the post” in 2016 to 2018 by industry is at the Appendix. These vacancies have steadily increased from around 160 000 in 2016 to nearly 240 000 in 2018, and covered various industries. LD will, having regard to the needs of EM job seekers, continue to provide dedicated employment services to assist them in securing employment.

**(18) New measure (Table 25 in paragraph 3.66, Tables 26 and 27 in paragraph 3.68 of the Audit Report)**

23. LD will launch a pilot programme in conjunction with NGOs to provide employment services for EM job seekers through a case management approach. Please see paragraph 16(c) for details.

### **Part 3D: Employment services for job seekers with disabilities**

#### **(19) Divisional targets (Table 30 in paragraph 3.88 of the Audit Report)**

24. With regard to the divisional targets in Table 30 in paragraph 3.88 of the Audit Report, the information sought is provided as follows:

- (a) Every year, SPD would list out in the Controlling Officer's Report the estimated number of job seekers with disabilities registered and number of placements secured basing on past statistics and prevailing labour market situation. Besides, SPD sets work targets on these two aspects for internal reference every year. According to the practice of past few years, the estimated numbers in the Controlling Officer's Report were adopted as the work targets. However, the internal work targets were sometimes set slightly higher than the estimated numbers where appropriate to encourage staff of SPD to aim higher in providing services to job seekers with disabilities.
- (b) The number of job seekers with disabilities registered and the number of placements secured hinge on different factors. Whether job seekers could find a suitable job is affected by many factors such as their job preference, academic qualifications and work experience, requirements of employer as well as the availability of suitable jobs that could fit their physical conditions. Hence, the number of placements secured is not necessarily in positive correlation with the number of job seekers with disabilities registered. The two estimated numbers are respectively set by taking into account different factors.

#### **(20) Employment status of registered job seekers with disabilities (Paragraph 3.90 of the Audit Report)**

25. As regards the employment status of registered job seekers with disabilities in paragraph 3.90 of the Audit Report, the information sought is provided as follows:

- (a) According to experience, the main reasons for having no referral for job seekers are that they defer looking for jobs owing to personal or health reasons; they are already in employment but looking for their preferred jobs which are not yet available; and the results of medical assessments on their suitability for open employment are pending. To avoid cases being overlooked, SPD has established a monitoring mechanism of compiling a monthly list of job seekers with no

referral for a considerable period of time (i.e., previous four months) for follow-up by Employment Consultants.

- (b) SPD conducts annual snapshot survey every January to understand the employment situation of each registered job seeker with disabilities in the previous year. According to the survey results of January 2019, among the 2 766 job seekers with disabilities registered in 2018, 563 of them were still looking for jobs but yet to be employed in suitable jobs. SPD does not keep statistics on the time taken for job seekers to find a job but will adopt the Director of Audit's recommendation to collect the relevant statistics.
- (c) Some of the persons with disabilities registered with SPD are in employment but continue their registration with a view to searching for their preferred jobs or jobs with better employment terms. The registration period of a job seeker with disabilities with SPD is one year. Before the lapse of the registration, SPD will send a re-registration reminder to the registrants. If they do not re-register, their registrations will lapse automatically upon the expiry of the registration period.

## **(21) Indirect placements (Paragraphs 3.92 to 3.95 of the Audit Report)**

26. To encourage job seekers suffering from mild disabilities and having good working capability to seek employment more proactively and independently as well as to enhance their employment opportunities, SPD organises different employment seminars and provide them with employment counselling to enhance their understanding of the employment market and skills on job hunting. In the process of helping the job seekers with disabilities to seek a job, Employment Consultants would provide them with personalised advices on job choice and interview techniques. During the registration period, Employment Consultants will keep in contact with job seekers with disabilities and provide them with support to enhance their employability. The number of times a job seeker received service is not a relevant factor in determining whether the case is to be counted as an indirect placement case or not.

## **(22) Retention period of placements for job seekers with disabilities (Paragraph 3.97 of the Audit Report)**

27. Concerning the retention of job seekers with disabilities in paragraph 3.97 of the Audit Report, the information sought is provided as follows:

- (a) SPD will assign an Employment Consultant to follow up with each employer. When job vacancies are received, Employment

Consultants will enquire with the employer on the job requirements and duties, work environment and relevant information in details. Where necessary, Employment Consultants will visit the employers to have an in-depth understanding of the employers' business and work environment. If there is a need, Employment Consultants will accompany persons with disabilities to attend job interview to assist both parties to arrange proper supporting facilities.

- (b) To strengthen support for employers and help employees with disabilities to adapt to their new work, SPD has enhanced the post-placement services to persons with disabilities since 2015. The follow-up period has been extended from three months to six months. During the follow-up period, Employment Consultants will maintain close contact with the employees with disabilities and keep track of their work progress to help them settle in their new jobs. Employment Consultants will also provide support services for employers to assist them to better understand the particular needs of their employees with disabilities and help both parties build up good working relationship. For cases with particular needs, Employment Consultants, with regard to the actual situation, will continue to provide follow-up services to the parties if either of them requires further assistance after completion of the six-month follow-up period.

Besides, SPD launched an emotional counselling scheme for persons with disabilities in September 2016 by engaging an NGO to offer professional psychological and emotional counselling to needy job seekers with disabilities by registered social workers. It serves to alleviate the emotional problems of job seekers with disabilities arising from the state of their disabilities or personal or family matters, so as to help them concentrate on job search and settle in their new jobs, thereby realising their potentials in employment.

### ***Work Orientation and Placement Scheme (WOPS)***

#### **(23) Retention of placements (Paragraph 3.106 of the Audit Report)**

28. In relation to the retention of placements secured under WOPS as stated in paragraph 3.106 of the Audit Report, the information sought is provided as follows:

- (a) According to information obtained during post-placement follow-up, the reasons for employees with disabilities not staying in the jobs

were mostly their own resignation. Dismissal by employers only accounted for a small proportion of these cases. The main reasons for employees with disabilities to resign were their inability to adapt to the new job, their wish to change to new working environment and their finding a better job. On the other hand, employers dismissed employees with disabilities mainly because of the latter's performance issues.

- (b) SPD has established mechanism to forestall abuse of WOPS by employers. Participating employers are required to register job vacancies with SPD. The details of vacancy will be scrutinised to ensure their compliance with the scheme requirements. The vacancies have to be filled by job seekers with disabilities registered with and referred by SPD. The employer will only be allowed to participate in the scheme after confirmation of their meeting the requirements of WOPS through SPD's vetting.

Every approved WOPS case is followed up by an Employment Consultant of SPD. Employment Consultants will keep track of the case progress by maintaining close contact with the employers and employees with disabilities to understand the latter's work progress, as well as the coaching and support provided by the employers.

SPD encourages participating employers to continue to employ the employees with disabilities after the end of the allowance period. SPD has not received any complaint on abuse of the scheme by employers from employees with disabilities participating in the scheme. If SPD discovers any employer who dismisses the relevant employee with disabilities immediately after the allowance period ends without good reason, SPD may refuse the employer concerned to participate in WOPS again. SPD will continue to monitor the implementation of the scheme to safeguard the employment of employees with disabilities.

#### **(24) Pre-employment training classes (Paragraph 3.110 of the Audit Report)**

29. Employment Consultants of SPD invite new registrants and other job seekers with disabilities in need to attend Pre-employment Training. Around 850 registrants are invited every year. The main reason for their declining to attend the course was that the job seekers considered themselves already equipped with the relevant skills. SPD conducted a comprehensive review on Pre-employment Training in September 2018. The review revealed that the

main reason for the decrease in the number of participants is that the academic attainment of the job seekers with disabilities has become higher and they have already attended similar courses in school or NGOs. Based on the review result, the content of the course has been revised since May 2019 to better suit the needs of job seekers with disabilities.

Labour and Welfare Bureau  
Labour Department  
May 2019

Breakdown of vacancies indicating  
ethnic minorities were welcome for the post by industry from 2016 to 2018

Industry	Number of vacancies		
	2016	2017	2018
Manufacturing	8 139	6 952	9 816
Construction	5 675	8 099	6 727
Wholesale, retail, import/export trades	21 209	25 772	32 323
Restaurants and hotels	60 650	66 109	84 617
Transport, storage and communications	8 625	12 395	14 070
Financing, insurance, real estate and business services	37 713	45 684	58 925
Community, social and personal services	16 139	22 388	26 283
Others	3 936	5 526	5 509
<b>Total</b>	<b>162 086</b>	<b>192 925</b>	<b>238 270</b>

香港特別行政區政府  
保安局



The Government of the  
Hong Kong Special Administrative Region  
Security Bureau

香港添馬添美道 2 號

2 Tim Mei Avenue, Tamar, Hong Kong

本函檔號 Our Ref.: L/M to SBCR 1/2171/19

來函檔號 Your Ref.: CB4/PAC/R72

Tel. No. : 2810 2870

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27 May 2019

Mr Anthony CHU  
Clerk, Public Accounts Committee Clerk  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee**  
**Consideration of Chapter 4 of the Director of Audit's Report No. 72**  
**Administration of the Civil Aid Service**

Thank you for your letter dated 15 May to the Secretary for Security on the captioned subject.

I enclose herewith the consolidated written response from Security Bureau and Civil Aid Service for the questions raised by the Public Accounts Committee.

Yours sincerely,

  
(HO Chun-man)

for Secretary for Security

Encl

c.c. Commissioner, Civil Aid Service	(Fax no. 2736 6101)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)

Public Accounts Committee Questions and Request for Information  
in respect of Chapter 4 of the Director of Audit's Report No. 72  
Administration of the Civil Aid Service

**Questions for the Security Bureau**

1. According to paragraph 2.7, Audit found that from 2014 to 2018, a total of 1 351 new members were recruited by Civil Aid Service (CAS). However, there were 345 (26%) drop-outs, i.e. new recruits who left CAS before completing the recruitment training programme. Please inform this Committee:

(a) whether any member of CAS Management is responsible for not enforcing CAS General Orders effectively; if so, of the details; if not, the reasons; and

A: Members of the Civil Aid Service (CAS) are auxiliary members from all walks of life who serve the community in their spare time. The Security Bureau (SB) noted that CAS has been following the relevant chapters of CAS General Orders in handling matters regarding recruitment, training and resignation of new members. It is also appreciated that some new recruits might leave CAS due to difficulties which they encountered during the period of recruitment training arising from family, career or personal reasons.

According to Section 4 of the Civil Aid Service Regulation (Cap 518A), a member who, without reasonable excuse, resigns from the Service, or who is discharged or whose enrolment is cancelled, within 1 year of the completion of his recruitment training shall upon request by the Commissioner pay the costs of his recruitment training. For all cases of this nature, CAS (Department) will recover the relevant costs in accordance with the law. However, Civil Aid Service Regulation does not require new recruits to pay the costs of recruitment training if they leave the Service before completion of the recruitment training. Moreover, the CAS General Orders also do not provide any guideline on the leaving of CAS new recruits before their completion of recruitment training currently. Nevertheless, CAS (Department) will review the CAS General Orders from time to time for meeting CAS's operational needs. CAS (Department) will also explore ways to retain new recruits.

(b) as to the audit recommendation for CAS Management to enhance the governance of CAS, what specific plans and measures are in place by the authority and how to ensure that CAS staff and members will support the implementation of such plans and measures in future?

A: The SB agrees with the audit observations and recommendations. We understand that CAS has commenced a holistic review on its management,

training and operation arrangements, taking into account all recommendations in the Audit Report which seek to improve the overall administration of CAS. We will closely monitor CAS Auxiliary Force and CAS (Department) in conducting the review and in following up on the implementation and give our comments and advice as and when required.

### **Questions for the Civil Aid Service**

2. According to paragraph 2.2, CAS General Order No.3.6.4 states that the 60-hour efficiency requirements might be met by a minimum of 30 hours of attendance in unit training plus a minimum of 30 hours of attendance in services. Any member who fails to comply with the efficiency requirements is an offence against discipline. However, paragraph 2.23 pointed that the overall number of CAS members who failed to comply with the efficiency requirements between 2016 and 2018 ranged from 954 to 1 059, representing 28% to 31% of the average strength of CAS members in the respective years. There were 215, 181 and 208 CAS members (representing 6%, 5% and 6% of the average strength respectively) who had neither attended any unit training nor provided any service during this period respectively. According to paragraph 2.24, CAS had not taken any disciplinary action against any CAS members under section 14(1) of the CAS Regulation (Cap 518A) for non-compliance with the efficiency requirements between 2016 and 2018. There were also no documented justifications for not taking any disciplinary actions on these non-compliance cases. Please inform this Committee:

- (a) how the percentage as high as 28% to 31% of CAS members who failed to comply with the efficiency requirements between 2016 and 2018 has affected the CAS service;

A: From 2016 to 2018, the number of CAS auxiliary members remained over 3,200. The average daily number of CAS members deployed to perform countryside and hiking trail patrolling and vegetation fire fighting duties during normal weekends and public holidays was 116. Additional members were deployed to provide crowd control service in major public functions. For example, 1,668 CAS members were deployed for crowd control duties during the Legislative Council Election in 2016. CAS has sufficient manpower to meet the demand of services, and the non-compliance of efficiency requirements for some members had not affected the provision of service.

- (b) of the reasons for not taking any disciplinary actions against CAS members who failed to comply with the efficiency requirements;

A: As CAS members are auxiliary members from all walks of life, some members may not have fulfilled the efficiency requirements for a certain period of time due to family, career or health issues. CAS has an established mechanism for monitoring members' efficiency requirements. According to CAS General Order No. 3.6.4 on "Attendance Management",

CAS officers are required to submit to CAS Headquarters on a half-yearly basis follow-up reports on members who do not fulfill the efficiency requirements. If a member could not be contacted for a protracted time, the member will be discharged in accordance with the law and CAS General Orders. As such, from 2014 to 2018, a total of 6 members were discharged due to the above reason.

CAS agrees with the recommendations of the Audit Report and will more closely monitor the efficiency requirements of members. CAS has also instructed its officers to interview their subordinates to review their attendance and performance, and give encouragement and advice, and to submit regular attendance record monitoring reports and take disciplinary actions (if required). Currently, 11 cases are in the course of proceeding to formal disciplinary actions.

- (c) whether CAS gave any pay or allowance to the above-mentioned members who had neither attended any unit training nor provided any service; if yes, what was the total amount involved and what are the reasons for still giving pay or allowance to these members; and

A: The pay and allowances of CAS members are governed by the Auxiliary Forces Pay and Allowances Ordinance (Cap. 254). CAS members are eligible for pay and allowances only when they have been called out to provide emergency or regular services, or have attended training courses conducted by CAS. No pay or allowance will be given if a member does not attend any unit training or provide any service.

- (d) whether CAS has any remedial measures or plans for the problem of a great number of CAS members failing to comply with the efficiency requirements; if yes, of the details; if not, the reasons.

A: CAS has implemented a series of attendance monitoring measures. Officers are requested to strengthen the monitoring of their subordinates' attendance and encourage them to actively participate in training and services. CAS will also expedite handling of cases of unsatisfactory attendance, enhance attendance management of members, formulate guidelines for attendance monitoring to enable all officers to conduct annual interview with their subordinates to review their attendance and performance, and revise the existing disciplinary procedures so that they can be implemented more effectively.

- 3. According to paragraph 2.5, audit examination revealed that in 2017, each of the 61 CAS members who received less than 30 hours of unit training had provided 100 or more hours of services. Of these 61 members, only 16 (26%) had applied for exemption from the efficiency requirements pursuant to CAS General Order No. 3.6.4 and were granted approval by the Commissioner of the CAS or Chief Staff Officer. Why did CAS allow its members, who have not fulfilled the minimum training requirements, not to apply for exemption with justifications in accordance with the CAS General Order?

A: According to CAS General Order No. 3.6.4, any member who completes a minimum of 60 hours of attendance in services and training in the overall may apply for efficiency exemption. In the past, CAS adopted a more flexible approach to allow eligible members to apply for efficiency exemption for any years at the beginning of each year, so as to enable members to make their application according to their own will or their actual circumstances.

In the light of the recommendations of the Audit Report, CAS has ceased the flexible arrangement. All eligible members are required to submit applications for efficiency exemption before July this year. From then on, all officers must conduct annual assessment on their subordinates' attendance and require eligible members to apply for efficiency exemption before a specific deadline. CAS will not accept any retrospective applications in future.

4. According to paragraph 2.7, Audit found that from 2014 to 2018, a total of 1 351 new members were recruited by CAS. However, there were 345 (26%) drop-outs, i.e. new recruits who left CAS before completing the recruitment training programme. Please inform this Committee:

(a) whether CAS has looked into the reasons why many new recruits left CAS before completing the recruitment training programme; if yes, of the details and findings; if no, the reasons;

A: From 2014 to 2018, new recruits' left CAS before completion of recruitment training mainly due to personal reasons such as further studies, family and work, or because they had applied for other disciplined services posts. Moreover, CAS recruit training certificate programme was successfully recognised under the Hong Kong Qualifications Framework (QF) as Level 3 by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications in 2016. QF has stringent requirements on students' performance and attendance, each student being required to attend 160 hours of programme within 5 months of training. Some new recruits left CAS due to their failure to comply with the requirements on hours of attendance.

CAS will highlight the nature of CAS services and its requirements on training attendance for new recruits during recruitment, as well as strengthen its promotion and publicity efforts at tertiary institutions, so that new recruits can have a better understanding of CAS before joining the Service.

(b) of the breakdown of the 1 351 new members by means of recruitment in tabular form;

A: According to the records, the major means of recruitment of CAS members between 2014 and 2018 were as follows:

(1) General publicity and recruitment: Including placing advertisements in the press, publicising through CAS website and CAS Facebook ("CAS in

Action”), or setting up recruitment counters in public places and at activities organised by CAS or other government departments. The number of members recruited through such means was 1 214;

- (2) Civil Defence Leadership Programme (Tertiary Students): CAS liaised with tertiary institutions to conduct talks, set up recruitment counters at various institutions and organise promotional activities with the help of the institutions, thereby recruiting students of tertiary institutions to join CAS. The number of members recruited through such means was 35 (the programme was launched in 2018, and students recruited through tertiary institutions before 2018 were counted towards general recruitment); and
- (3) “Groom Our Cadets to be Instructors” Scheme: The scheme has been launched at CAS Cadet Corps to recruit retiring cadets at the age of 18 to join the adult team. The number of members recruited through such means was 102 (the scheme was launched in 2018, and retired cadets who joined the adult team before 2018 were counted towards general recruitment).

- (c) of the present number of CAS members by age group;

The number of CAS members by age group as at 17 May 2019 is tabulated below:

Age	16 - 17		18 - 29		30 - 39		40 - 49		50 and above	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Sub-total	9	6	621	234	730	298	519	259	637	200
Total	15		855		1028		778		837	
	3513									

- (d) whether CAS has set any target number of CAS members (such as upper and lower limits); if yes, of the details; if no, the reasons;

A: The current establishment of CAS adult members is 3 769. CAS has not set any lower limit for the number of its members, while it will review from time to time the upper limit according to its operational needs. The latest review was conducted in the financial year of 2017-18 in order to facilitate CAS reorganisation to strengthen public education for coping with the needs of the community and supporting the Government’s direction of developing youth affairs.

- (e) whether CAS has reviewed the means of recruitment and package to encourage more people to join and remain in the CAS; if yes, of the details; if no, the reasons;

A: CAS attaches great importance to the audit investigation results and recommendations on CAS’s recruitment of new members. CAS will step up recruitment efforts, including conducting year-round recruitment

exercises, strengthening promotion, publicity and recruitment efforts at tertiary institutions, and co-operating with tertiary institutions by providing training to their students. CAS will also conduct comprehensive reviews on the enhancement of personal accoutrements, equipment and training arrangement with a view to encourage more people to join and continue serving in CAS.

- (f) whether any member of CAS Management is responsible for not enforcing CAS General Orders effectively; if so, of the details; if not, the reasons; and

A: CAS is an auxiliary force, CAS members have to find time from their full-time work or studies to serve the community. In view of the fact that some new recruits left CAS before completion of recruitment training due to work or further studies, or because they had applied for other disciplined services posts, CAS has provided active assistance to new recruits in completing recruit training, which included distributing training schedule before commencement of the training programme, allowing students to swap classes, rescheduling of classes and arranging make-up classes for students. As for the members who could not fulfill the efficiency requirements and the arrangement for disciplinary actions, the management may take disciplinary actions against such members according to CAS General Orders but in order to encourage auxiliary members to actively serve the community, CAS generally takes non-disciplinary actions such as encouragement and advice (instead of formal disciplinary actions) against those members to minimise the chance of auxiliary members leaving CAS for personal reasons so as to retain talent.

(Please also refer to the Security Bureau's reply to Question 1(a).)

- (g) as to the audit recommendation for CAS Management to enhance the governance of CAS, what specific plans and measures are in place by the authority, and how to ensure that CAS staff and members will support the implementation of such plans and measures in future?

A: Following the audit recommendations, CAS Management has commenced a holistic review on its management, training and operation arrangements to enhance the governance of CAS. In terms of stepping up recruitment efforts and retaining new recruits, CAS (Department) staff and auxiliary members will jointly formulate and execute plans to reduce wastage of new recruits and step up recruitment efforts : including conducting year-round recruitment exercises; promotion, publicity and recruitment efforts at tertiary institutions; co-operation with tertiary institutions by providing training to their students; and highlighting the nature of CAS services and its requirements on training attendance for new recruits during recruitment. As regards the members who could not fulfill the efficiency requirements and the enforcement of disciplinary actions, CAS will expedite the handling of cases of unsatisfactory attendance, enhance management of members' attendance, formulate guidelines for attendance monitoring, assess members' attendance and performance on a regular basis and revise the existing disciplinary procedures.

本署檔案  
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來函檔案  
YOUR REF: CB4/PAC/R72  
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Clerk to Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn : Mr Anthony CHU)

27 May 2019

Dear Mr CHU,

**Public Accounts Committee**

**Consideration of Chapter 5 of the Director of Audit's Report No.72**  
**Environment and Conservatoin Fund**

In reponse to your request dated 15 May 2019, please find attached the soft copies of our reply on the matters as set out in the Appendix in both English and Chinese for consideration of the Public Accounts Committee.

Yours faithfully,

( Ellen Chan )

for Director of Environmental Protection

Encl.

c.c. Secretary for Financial Services and the Treasury (fax : 2147 5239)  
Director of Audit (fax : 2583 9063)

## **Public Accounts Committee**

### **Consideration of Chapter 5 of the Director of Audit's Report No. 72 Environment and Conservation Fund**

#### **Part 2 : Administration of applications**

- 1) According to paragraph 2.3, the Environmental Protection Department ("EPD") is responsible for first processing the Environment and Conservation Fund ("ECF") applications for further vetting and approval. Specifically, EPD will refer the applications to its relevant groups/divisions and/or other government bureaux/departments for comments when necessary, or request the applicants to make clarifications and provide additional information as needed for further assessment. What are the details of the process? Please give examples of the kind of additional information which the Administration would usually request. Please tabulate, with a breakdown by year, the average time taken for the above process and the average number of requests for making clarifications or providing additional information made per application.**

To facilitate the various vetting subcommittees (VSCs) under the Environment and Conservation Fund Committee (ECFC) in considering and assessing all valid applications received before the submission deadline, the EPD (the Secretariat) which provides secretariat support to the ECFC and the VSCs will firstly check an application to ensure that it meets the eligibility criteria and has included the required information and when necessary, arrange to seek comments from relevant groups/divisions in EPD and/or other government bureaux/departments on the applications.

#### **Seeking comments from relevant groups/divisions in EPD and/or other government bureaux/departments**

Using an application submitted under the theme of “Biodiversity” as an example to explain the process, comments will be sought from the Agriculture, Fisheries and Conservation Department. If an application is related to “Clean Shorelines” or touches on water quality aspects, then

comments will be sought from subject officers of the Water Policy Division of the EPD. Similarly, applications related to waste reduction and recycling will be passed to the relevant subject officers in the EPD who are responsible for say plastic waste recycling or food waste recycling respectively. The comments or views provided by relevant groups/divisions in EPD and/or other government bureaux/departments on the applications will be consolidated by the Secretariat and put forward to the relevant VSC for consideration by members in meetings arranged to consider and assess all valid applications received in a particular round of invitation for applications. Applications will be considered on a competition basis within the respective funding programme or within a specific theme, if any.

The relevant groups/divisions in EPD and/or other government bureaux/departments will also be requested to provide comments on the feasibility of the proposed projects, whether the projects can contribute to environmental protection and conservation in Hong Kong, to what extent the projects will enhance the environmental awareness of the local community, whether the projects' schedules of implementation are well-planned and practicable, and whether the projects should be more appropriately funded by other sources, etc. In addition, the Secretariat will check with other government bureaux/departments (e.g. Innovation & Technology Commission and Quality Education Fund) on whether the projects are receiving or have applied for funding support from other sources.

In the past five years from 2014-15 to 2018-19, depending on the comments given by the relevant groups/divisions in EPD and/or other government bureaux/departments and responses from applicants, this process takes from one week to three months to complete.

#### Seeking clarifications and additional information from applicants

At the same time when comments from relevant groups/divisions in EPD and/or other government bureaux/departments are being sought, the Secretariat will request the applicants to make clarifications and provide additional information, as appropriate, before the applications are put up to the VSCs for consideration. As applications are considered on a competition basis, the Secretariat will not be involved in steering applicants to make clarifications and provide additional information for their

applications to the extent of favouring any applicant. Clarifications and additional information required from the applicants are in most cases on factual aspects such as requesting the applicant organisation to produce documentary proof of its non-profit-making status, better define the expected benefits and clarify calculation errors and contradictory information of proposed budget items, etc.

In the past five years from 2014-15 to 2018-19, depending on matters to be clarified and information to be provided, this process in general takes about four days to one and a half months.

#### Number of requests made

While the number of requests made varies with different types of projects, the average rounds of requests made in seeking comments from relevant groups/divisions in EPD and/or other government bureaux/departments and in requesting the applicants to make clarifications and provide additional information are usually not more than three rounds for each application but a number of questions may be raised in each round of request.

Despite the fact that it is stated in the Guides to Application of the various funding programmes that it is the applicant's responsibility to submit the required information and the EPD is not obliged to ask for the required information if such is missing from the application, the current practice of EPD seeking clarifications from an applicant has provided an opportunity for applicants to provide additional information on key factual issues. If the Secretariat were to simply take the applications as they are submitted to the VSCs for consideration without seeking for clarifications from the applicants, then it is likely that many applications will not be supported by the VSCs due to lack of key factual information or clarity on information given. In striking a balance between the role as a facilitator and the role as a monitor of the ECF application process, the EPD has taken the current approach as described above.

In recent years, EPD has initiated a number of measures to shorten the time required for processing applications such as organising briefing and sharing sessions to potential applicants to remind them of the requirements in submitting applications and the need to include all relevant information clearly in the applications. As a result, all applications are approved

largely within six months from the time when the applications are received since 2017-18.

Please see summary table below, with breakdown by year, showing the average time taken in seeking comments or clarifications, average number of requests made per application and the average processing time of applications.

	2014-15	2015-16	2016-17	2017-18	2018-19
Average time taken for seeking comments from relevant groups/divisions in EPD and/or other government bureaux/departments	1 month	1 month	1 month	1.5 months	1.5 months
Average time taken for seeking clarifications and additional information from applicants	3 weeks	3 weeks	2 weeks	1 week	1 week
Average number/round of requests made *	3	3	3	2	2

\* A number of questions, up to 20 in some cases, may be raised in each round of request.

- 2) **With reference to Case 1 in paragraph 2.7, why and in what ways were the vetting criteria for minor works changed? Apart from sending two reminders, why did EPD not take other actions to follow up the application concerned? Does EPD agree that it should actively communicate with the applicant and strengthen measures to help complete the processing of the application? What lessons has the Administration learnt from this case?**

A review on the vetting principles and funding guidelines was conducted in March 2011 for the purpose of streamlining the vetting criteria of the environmental education and community action projects, including the previously termed minor works projects (i.e. projects with installations/facilities like Case 1). As a result, a new template of application form was devised and put to use.

Case 1 should be an isolated case as other applications received at the same time were submitted using the correct new application form template without any delay. For this case the applicant was informed by the EPD in June 2011 to resubmit its application using the new application form template. Apart from sending reminders, the Secretariat had also contacted the applicant by phone from time to time to follow up with the progress of the application. However, the applicant only resubmitted its application in November 2012 after the issue of two reminders by the EPD in March 2012 and August 2012 respectively. The application was subsequently processed and approved within six months after the application was received.

The EPD agrees with the need to maintain active communication with applicants during the processing of their applications. While the submission of applications together with all required information remains primarily the responsibilities of the applicants as stated clearly in the Guides to Application, the EPD will continue to conduct briefing/experience sharing sessions for potential applicants to explain the application requirements and provide assistance to the applicants in providing information required in the vetting process as appropriate under the competition-based approach.

**3) With reference to Case 2 in paragraph 2.7:**

- (a) please explain the reasons for the Qualified Service Provider and the applicant concerned taking such a long time to provide sufficient and correct information to the Administration.**
- (b) please advise the average time taken for processing similar applications for energy conservation projects.**
- (c) does the Administration agree that further assistance should be provided to the applicants?**

- (a) The Qualified Service Provider and the applicant concerned had taken a long time to provide sufficient and correct information to the Administration because many enquiries raised were of highly technical nature, e.g. estimation of energy consumption of each individual equipment, calculation of energy saving, estimation of payback period, etc. Many of these technical enquiries require site visits and/or measurements as well as detailed calculations. Moreover, the application involved four sites with different equipment installed and to be replaced and this had further complicated the case.
  - (b) The Electrical and Mechanical Services Trading Fund was engaged by the EPD for processing applications for energy conservation projects which involved some extent of technical complexities or where the amount of funding support sought was substantial. The average time taken for processing such applications was around 13 months for each project.
  - (c) While the respective energy funding programmes for energy conservation projects like Case 2 ended in 2012, the Administration agrees that further assistance may be provided to applicants to clarify the necessary procedures and technical requirements for the applications though such assistance should also be provided on a “same-to-all” basis.
- 4) With reference to paragraphs 2.11(c) and 2.12(c), please provide details of the measures which can encourage and facilitate potential applicants to submit meritorious applications to ECF.**

The EPD will continue to share best-practice or past meritorious projects with potential applicants in briefing/sharing sessions and also showcase some of these projects through various means (e.g. television, newspaper and website). For example, in 2018-19, we have organised the following:

- (a) Environmental Education & Community Action Projects

Two briefing cum sharing sessions were held on 17 April 2018 and 18 September 2018 prior to each round of invitation for applications. In the briefings, representatives of five recipient organisations shared their valuable experiences. Besides, representatives of Civil Engineering and Development Department and the EPD introduced the special

theme “Conservation in South Lantau” and the “Pilot Programme on Provision of Small Food Waste Composters at Schools” respectively.

(b) Community Involvement on Municipal Solid Waste Charging Projects

A briefing was held on 9 January 2019 for potential applicants given the limited experience of organisations in implementing this type of projects.

- 5) With reference to paragraph 2.16, please explain why the discussion papers and summaries of project applications for about half (45%) of the meetings of subcommittees were issued only shortly (one to five calendar days) before the relevant meetings. Was the Administration aware of the above problem before the present audit exercise by the Audit Commission ("Audit")? What measures have been/will be taken to rectify the problem?**

The discussion papers and summaries of project applications contain mainly information on individual application and timely preparation of these documents rely greatly on the number of applications received, the complexity of concerned activities and budgetary details, and timely submission of additional information from the applicants.

For all applications received by the application deadline, the EPD will conduct initial checking of the applications to ensure that they are completed with all necessary supporting documents. In parallel, the EPD will refer the applications to its relevant groups/divisions and/or other government bureaux/departments for comments, when necessary. This process can be time-consuming and only after all such clarifications work has been largely done, the EPD can prepare discussion papers and summaries of project applications with detailed budgetary information. As the number of applications has been greatly increased since 2013 with the injection of \$5 billion to the ECF, the workload of the EPD on this aspect has been significantly increased.

The Administration was aware of this problem before the audit exercise. In the past five years, except for a few occasions, the EPD has managed to issue the discussion papers and summaries of project applications to all VSCs more than 4 days on average before the relevant meetings. At present,

meeting papers and documents for the Research Projects VSC are normally submitted to members one week before the date of the meeting. The EPD has taken steps to ensure that agenda, papers and documents for the Waste Reduction Projects VSC and the Environmental Education and Community Action Projects VSC are also submitted to members one week before the meeting or as early as possible.

- 6) According to paragraph 2.17, only the procedural guidelines for the funding programme of environmental research, technology demonstration and conference projects had stipulated the time frame for issuing discussion papers and summaries. Why was the time frame not stipulated for other ECF funding programmes? What improvement measures will be taken to address the problem?**

The procedural guidelines for individual funding programmes were developed separately at the time when the particular funding programme was launched. While the procedural guidelines for all funding programmes share the same framework and working principles in general, they are essentially not identical and each of them does comprise certain uniqueness. While such uniqueness is required for catering the special procedural requirements of a particular funding programme, the EPD agrees with the need to standardise the procedural guidelines to enhance consistency where necessary and has already initiated an internal review on the procedural guidelines of current funding programmes. Initial recommendations include stipulating a unified time frame for issuing discussion papers and summaries to members of VSCs in all procedural guidelines in use. Subject to consideration and agreement by the VSCs, the procedural guidelines will be suitably revised. It is expected the revised procedural guidelines will be put into effect in Q3 2019.

- 7) With reference to paragraph 2.18, please explain the reasons for adopting different practices to handle cases which applicants have failed to provide additional information/clarifications/response to the Administration within the specified time period. Was the Administration aware of the difference before Audit raised the matter? If yes, has the Administration considered standardizing the guidelines concerned?**

For funding programmes of waste reduction projects, environmental research, technology demonstration and conference projects, and energy conservation projects, it has been a general practice where an applicant fails to reply satisfactorily to any enquiries from EPD within a specified time period, the application will be considered withdrawn and the processing work for the application will terminate. The applicant will have to submit a fresh application if it subsequently wishes to pursue the application again. However, for the environmental education and community action projects funding programme, where the applicant fails to reply satisfactorily to any enquiries from EPD within a specified time period, the application will still be considered by the VSC on the basis of information previously provided.

The EPD is aware of this difference before Audit raised the matter but the Environmental Education and Community Action Projects VSC is generally satisfied with the existing arrangement and in case necessary would request for clarifications from project proponents after discussing the proposals. This is because environmental education and community action projects are usually of a comparatively simple nature. In most cases the missing of certain information (e.g. details of activities proposed and type of target participants, etc.) is not essential for the Environmental Education and Community Action Projects VSC to determine the validity and merits of the proposal. However, the EPD agrees that it is necessary to further consider the issue of consistent approach and has already initiated an internal review on the procedural guidelines of current funding programmes.

- 8) **According to paragraphs 2.21 and 2.22, EPD considered that for the funding programmes of nature conservation management agreement projects, declaration by applicants alone is sufficient for preventing double benefits, given that there were only a few related projects funded by ECF and all of them were large-scale and managed by renowned non-governmental organizations. Has the Administration conducted any review to ascertain whether the above rationale is valid? Is there any mechanism in place to monitor the renowned non-governmental organizations and ensure that there is no double benefit?**

Unlike applicants of other categories of projects funded under ECF, applicants of nature conservation management agreement (MA) projects are encouraged to seek alternative funding sources (including income-generating activities and private sponsorship) for generating 5%

income of the total budget of their MA projects. As stipulated in the Guide to Application, applicants are requested to provide relevant detailed information in their applications if they have also secured funding sources other than ECF. Even if details are not yet available when the applications are submitted, the applicants should still indicate their intention to seek other sponsorships or funds if this is the case.

Noting the public's concern about the use of public money, the Administration will carry out random checking of the self-reported sources of funding, by consulting the secretariats of other Government funding schemes with a view to ascertaining the accuracy of such information. While this will be in line with the practice in vetting of applications that is applicable to other funding schemes under ECF, such arrangement is not meant to tackle the issue about receipt of double benefits which is not a major concern under the MA scheme.

### **Part 3 : Monitoring of project implementation and accounts finalisation**

- 9) With reference to paragraph 3.3 and Table 5, please advise the current progress of the 15 approved environmental education and community action projects which had been approved for more than one year and had not yet commenced as of September 2018. Please explain the reasons for the delay in each case and advise what had been done to expedite the progress.**

It should be noted that all these 15 approved projects were environmental education and community action projects with installations/facilities such as green roofs or solar panels. For many projects which have been approved for more than one year and have not yet commenced, the EPD has in fact issued repeated reminders and made numerous telephone calls to the recipient organisations concerned to follow up on the progress of the projects and/or remind them to submit a withdrawal letter to end their projects, if appropriate, but in vain.

As at May 2019, two out of the 15 approved projects have been withdrawn by the recipient organisations upon EPD's reminder and the EPD has already taken action to close another ten approved projects. The remaining three have still not commenced their projects yet. The reasons for the delay (as provided in the table below) were mainly due to limited

experience of the recipient organisations in implementing the projects which contain many technical works elements.

	Reason(s) for the Delay
Project withdrawn/Case closed	
Applications 1-2	Recipient organisations finally decided to withdraw the applications and submitted the withdrawal letters in December 2018 and February 2019 respectively.
Applications 3-8	Recipient organisations have difficulties in quotation exercises and have not responded to the EPD for a long time and/or have not submitted the withdrawal letters. The EPD has already taken action to close the cases.
Application 9 (Case 3 in the Audit Report)	Recipient organisation has taken a long time in handling administrative and financial transition work for transformation to a direct subsidy school, in re-tendering the works contract and was unable to provide complete records of building plans. Recipient organisation finally informed EPD in January 2019 of its intention to withdraw this project and the EPD has taken action to close this case.
Applications 10-11	Recipient organisations have taken a long time to repair the waterproof layer on the roof/perform re-roofing works and decided to withdraw the applications but have not submitted the withdrawal letters. The EPD has already taken action to close the cases.
Application 12	Recipient organisation failed to return the signed agreement and there was a change in the project's head officer. The EPD has already taken action to close the case.
Projects to be commenced	
Application 13	Recipient organisation is still unable to obtain approval from Education Bureau in its submission of the feasibility report in the absence of support from Buildings Department on an issue related to barrier free access.

	Reason(s) for the Delay
Application 14	Recipient organisation has indicated their wish to revise the project scope but has not yet submitted a revised application.
Application 15	Recipient organisation has limited capability in completing the project in a quicker pace.

To deal with idle projects with no action by the recipient organisation, the Environmental Education and Community Action Projects VSC made a decision at its meeting in March 2019 for the Secretariat to arrange termination of projects which have not commenced one year after approval to avoid similar cases from happening in future. The VSC has also decided that the Secretariat will no longer need to request a recipient organisation to submit a letter to withdraw from the project as response was not forthcoming in most cases. Instead, a confirmation letter with the opt-out option will be sent to those recipient organisations who have expressed their willingness to withdraw from the project or have not responded to the EPD at all.

The Secretariat will continue to organise training sessions to recipient organisations about the procedures in dealing with the project management of installing facilities and give advice on tackling difficulties such as how to carry out the quotation exercises and how to deal with the contractual issues with the appointed contractors, etc.

- 10) With reference to Case 3 in paragraph 3.4, does EPD agree that written communication alone is not sufficient to monitor the progress, in particular that EPD did not follow up the case after receiving no response from the grantee (no response from the grantee from December 2013 to December 2018)? How will EPD ensure that no similar case will happen again in future? Does EPD agree that the Environmental Education and Community Action Projects Vetting Subcommittee should have considered the feasibility of projects when vetting the applications?**

For Case 3, the recipient organisation has encountered problems in commencing the implementation of the project including manpower constraints in handling administrative and financial transition work for

transformation to a direct subsidy school, the need to re-tender the works contract for the project and inability to provide complete records of building plans, etc. These problems were not really related directly to the feasibility of the project as such. Although there were continual communications between the EPD and the recipient organisation from 2012 to January 2019, the recipient organisation sometimes did not respond. The recipient organisation finally informed the EPD in January 2019 of its intention to withdraw this project and the EPD has taken action to close this case in May 2019. While this may be an isolated case, the EPD agrees that there is room for improvement.

At present, all applications with installation elements received will be analysed and assessed by the Environmental Education and Community Action Projects VSC based on the submitted documents. The feasibility of the projects is considered based on the track-record of past application(s), if any, and whether the documents as submitted along with the application form conform to all the criteria stipulated in the Guide to Application. The majority of projects with installation elements do take a longer time to commence because of the need to conduct feasibility studies, obtain approval from relevant authorities, issue tender for procurement, etc. These projects also need a longer time of four to six years to be completed due to various technical requirements such as submission of construction plans and installation reports.

While sufficient allowance may be given for the recipient organisations to complete certain time-consuming steps such as tendering and searching for old records, the EPD will take steps to ensure that more frequent and proactive communications with the recipient organisations will be maintained. To deal with idle projects with no action by the recipient organisation, the Environmental Education and Community Action Projects VSC made a decision at its meeting in March 2019 for the Secretariat to arrange termination of projects which have not commenced one year after approval to avoid similar cases from happening in future.

- 11) According to paragraph 3.7, EPD had not followed up with the grantee in Case 4 for a total of 6.4 years regarding the progress of Project D despite significant project slippage (5.5 years behind the scheduled completion date of July 2013) as of January 2019. Why did this happen? Does the Administration consider this unsatisfactory?**

**What is the updated progress? Is there any mechanism in place to handle idle grantees? What lessons has the Administration learnt from this case, and what improvement measures will be taken to avoid recurrence of similar problem in future?**

**With reference to paragraph 3.8(d), please advise the outcome of the discussion on the deficiency in implementing ECF-funded projects with facilities/installations at schools and the measures to address the problem.**

The EPD agrees that there is room for improvement in the handling of Case 4. The Secretariat should have communicated with the recipient organisation more frequently with proper documentation, so as to keep track of what difficulties the recipient organisation was facing and tried to offer suggestions to them in tackling the problems. The Secretariat should have also reminded the recipient organisation of the consequences of terminating the project and poor project implementation performance given there was no response from the recipient organisation for a long time.

The recipient organisation of Case 4 informed EPD in May 2019 that they could not raise enough funds for building the metal fencing to turn the roof into an accessible one. Thus, the recipient organisation would like to seek approval from Environmental Education and Community Action Projects VSC members to proceed with the green roof project on the inaccessible roof. It should be noted that the VSC had ruled at its meeting in September 2016 that installation of greenery on inaccessible roofs would not be approved as students could not have access to the roofs for education purpose.

For improvement, the EPD will maintain frequent contacts with recipient organisations and send out reminders to them more frequently about documents submission and updates of the project progress. Also, the EPD will also send follow-up emails to the recipient organisations for pursuit of outstanding actions and documents as appropriate.

To deal with idle projects with no action by the recipient organisation, the Environmental Education and Community Action Projects VSC made a decision at its meeting in March 2019 for the Secretariat to arrange termination of projects which have not commenced one year after approval to avoid similar cases from happening in future.

With reference to paragraph 3.8(d), the “Solar Harvest” programme was launched by the Environment Bureau and the Electrical and Mechanical Services Department (EMSD) in March 2019. This programme subsidises and provides one-stop service to eligible schools and welfare non-governmental organisations to install small-scale solar panels at their premises. EMSD will follow through the entire process of solar panel system installation and facilitate the participation of eligible schools and welfare non-governmental organisations in the Feed-in-tariff Scheme. The successful applicants need not handle the technical issues and deal with relevant authorities or parties on their own. Hence this programme is considered more attractive and effective for interested and eligible parties in installing solar panels at their premises.

- 12) With reference to paragraph 3.12(d), please advise what measures have been/will be taken to ensure that adequate site inspection is conducted in the course of each project and provide the action plan and tentative timetable. What is the target number of site inspection per project per year?**

To facilitate the monitoring of project progress, at least one site inspection is currently conducted during the course of each project. For projects with duration exceeding two years, a second inspection will be conducted. Subject officers overseeing the implementation of projects are required to draw up a schedule of regular inspections which sets out the specific time for each inspection to be carried out by a team of two staff. Inspection reports should be prepared with site photographs within one week from the inspection date for submission to the subject team leader for perusal and record.

- 13) With reference to paragraph 3.14, please explain why the accounts of the 303 completed ECF-funded projects had not been finalized long after project completion. What is the latest progress regarding the finalization of these project accounts?**

For various reasons, some project accounts of completed ECF-funded projects require longer time to be finalised than usual. In most of these cases, the recipient organisations have not submitted progress and/or

completion reports on time and/or have not provided complete and clear documentary proofs in support of their expenditures and satisfactory implementation of the projects. It is not uncommon for such reports and/or documents to remain outstanding for several years after project completion despite continuous reminders by the EPD. Some recipient organisations experience a high turnover of project officers and this makes matters worse if there is no clear handover of instructions between their incoming and outgoing project officers.

Recipient organisations often submit voluminous invoices and receipts to support their claims for payment. On average, over 300 pages of such documents per project for waste reduction projects and environmental education and community action projects are submitted to the Secretariat for scrutiny. Many of these documents are incomplete or provide only unclear information on the transactions. The Secretariat needs to check, among others, whether the incomes and expenditures as provided in the submitted documents have complied with the projects' approved budgets, whether the expenditures are supported with relevant invoices/receipts, and whether the ceiling of individual budgeted item has been exceeded, etc. It usually takes the Secretariat several rounds of correspondences to clarify with the recipient organisations to ensure the information required is complete before recommending payments. Backlog of accounts finalisation and payment releases to the recipient organisations has therefore accumulated since around 2013-14 as the number of applications has increased significantly since the injection of \$5 billion to the ECF in 2013.

While late submission of required documents by recipient organisations may reflect more on the applicants' experiences and capability in implementing projects, the EPD will strengthen measures in assisting recipient organisations to submit the required documents in a timely manner. For example, the EPD has taken steps to provide coaching to assist the recipient organisations in submitting the required documents through training sessions arranged for successful applicants and sharing of good practices and examples to help them avoid delay in submission.

Out of the 303 completed ECF-funded projects with project accounts not yet finalised (as at September 2018), the EPD has taken actions to finalise 128 (i.e. about 42%) of the accounts (as at May 2019). In addition, the EPD has already initiated and completed a review on the disbursement and

reimbursement of funds arrangement of ECF-funded projects with a view to streamlining the overall procedures to facilitate payment of funds to the recipient organisations and expedite project accounts finalisation for future projects.

**14) With reference to paragraph 3.19(c), please advise the short, medium and long term proposals to expedite the disbursement and reimbursement of funds. What is the implementation timetable for these proposals? What improvement measures for new projects have been put in place?**

The EPD has appointed a financial consultant in June 2017 to perform a study to review and enhance the funds arrangement of ECF-funded projects before the Audit Commission conducted the audit review. To date, the EPD has already implemented or in the process of implementing all short and most medium term proposals recommended by the consultant which include:

- (a) providing guidance/training to applicants and recipient organisations for documents submission and remind them of the requirements (implemented);
- (b) including punctuality of documents submission as an eligibility criterion for application vetting (implemented);
- (c) simplifying approved expenditure items (implemented);
- (d) updating Guides to Application and internal procedural guidelines (in progress); and
- (e) strengthening manpower support (an additional Accounting Officer 1 would be created).

In addition, the EPD will try out the key long term proposal recommended by the consultant in using an enhanced certified auditor's report with assurance that the expenditures stated under a project have complied with the requirements of the said project instead of the current measure of having to check all expenditure receipts submitted by the recipient organisations which incurs considerable time.

Other measures such as delegating the endorsement of completion reports and project variations from VSCs to the Secretariat if the expenses claimed do not deviate from or exceed the approved budget; streamlining the level of checking of reports, financial statements and supporting documents from three tiers to two tiers; and establishing performance pledge for final payment upon receipt of all necessary documents/clarifications are all being carefully considered.

#### **Part 4 : Governance and administrative issues**

- 15) With reference to paragraph 4.16, please explain the reasons for amending the terms of reference of the Waste Reduction Projects Vetting Subcommittee and the Research Projects Vetting Subcommittee. Have the terms of reference of all vetting subcommittees been standardized?**

The terms of reference of the Waste Reduction Projects VSC and Research Projects VSC were amended during the 2013 injection of \$5 billion to the ECF with the removal of the roles of “to monitor progress of funded projects” and “to review completed projects to see if they have achieved the project objectives set out in the proposal” for simplicity. As the Environmental Education and Community Action Projects VSC is under the purview of the Environmental Campaign Committee (ECC) and not the ECFC, no corresponding amendment was particularly made to remove these two clauses for this scheme at that time. While this does not affect the function of the VSCs in overseeing the project implementations, the EPD sees merits in standardising all the terms of reference for consistency and will work on this in due course.

- 16) With reference to paragraph 4.18, was the Administration aware of the inconsistency in the code of conduct of the Environment and Conservation Fund Committee and the three vetting subcommittees before Audit raised the matter? If yes, what measures have been taken to address the issue? With reference to paragraph 4.19, when will the Administration review and standardize the terms of reference and code of conduct of the Environment and Conservation Fund Committee and the three vetting subcommittees?**

The codes of conduct of the ECFC and the three VSCs are all similar which serve the same purpose of setting out guidelines on the responsibilities and proper practices of committing to the principle of honesty, integrity and fair play in conducting meetings for members. The Administration has not considered the need to have same wordings for the codes of conduct for different committees as the code of conduct of an individual committee might bear some uniqueness to allow for flexibilities to be exercised in using the guidelines. However, with reference to the Audit's recommendation, the EPD will start to review in 2019 the terms of reference and codes of conduct of the ECFC and the three VSCs with a view to defining more clearly the requirements and standardising the documents for consistency.

- 17) According to paragraph 4.20, as of January 2019, the minutes for 20 meetings held in the past three completed terms of membership had not been endorsed by members in subsequent meetings. Please explain why this happened and advise what measures have been/will be taken to avoid recurrence of the problem in future.**

The EPD agrees that there is room for improvement in ensuring that meeting minutes are confirmed as a standing meeting practice. The issue concerned was probably due to work priority setting and inadequate secretarial experience with the responsible officers at that time. The EPD agrees that as a good practice, all meeting minutes should be properly endorsed and has already reminded the Secretariat to set aside reasonable time in drafting the minutes and to circulate the draft minutes to members promptly after each meeting and have the minutes endorsed by circulation or in the following meeting. The Secretariat will also closely monitor this practice to ensure that it is being implemented. To date, all relevant meeting minutes have been endorsed by members and uploaded to the ECF website on time.

- 18) With reference to paragraph 4.25, please advise what follow-up actions have been taken on the late submission/outstanding declaration forms for registering members' interests. What measures have been/will be taken to ensure that declaration forms are submitted by members in a timely manner in future**

The ECFC and the VSCs adopt a two-tier declaration system. However,

prior to term three of the ECFC before October 2018, it was not a mandatory requirement for the ECFC members to submit separate declaration forms upon their joining of the VSCs and for ex-officio members to provide declaration forms. While late submission of declaration forms from members is not desirable, as a second tier requirement, members are all required to declare their interests at meetings for avoidance of conflict of interests. Hence fair deliberations of the issues involved in the meetings have not been hampered.

Nonetheless, we agree that the two-tier declaration system should be better implemented. The Secretariat is directed to remind members to submit the declaration forms in a timely manner. In addition, with the commencement of the new term for the ECFC, the VSCs and the ECC in October 2018 and January 2019 respectively, all members, including ex-officio members, are required to submit separate declaration forms for the Committees and VSCs that they have joined. This process has been satisfactorily completed in January 2019 and March 2019 after the first meetings of the new term of the committees.

**19) According to paragraph 4.39, EPD will make better use of information technology and review the need to redesign and revamp ECF database to enhance the provision of management information. Please advise the timetable and progress of the review, and provide the review results (if any).**

The current ECF database which was developed in-house by an officer of the Secretariat in 2011 has many limitations. As a result, this ECF database is not being updated regularly by supporting teams who do not find it very user-friendly. However, supporting teams have maintained their own databases for daily handling of applications and project cases under their purview.

The EPD has considered the need to redesign and revamp the ECF database by engaging information technology professionals to enhance the provision of management information and has initiated in April 2019 the procurement of a contractor to redesign and revamp the ECF database with enhanced functions such as generating emails to officers concerned prompting them to issue reminders to recipient organisations in a more structured and consistent manner. The revamped ECF database will also be compatible

for electronic submission of application forms in the longer run. It is expected that an invitation for quotations for this service will be issued in June 2019 and the new ECF database can be put into use within 2020 after completion of essential tasks such as system design, data analysis and migration, security risk assessment, user acceptance test, etc.

Environmental Protection Department  
May 2019

政府總部  
民政事務局  
香港添馬添美道二號  
政府總部西翼十二樓



APPENDIX 13

**GOVERNMENT SECRETARIAT  
HOME AFFAIRS BUREAU**

12TH FLOOR, WEST WING,  
CENTRAL GOVERNMENT OFFICES,  
2 TIM MEI AVENUE,  
TAMAR,  
HONG KONG

27 May 2019

OUR REF : ---  
YOUR REF : CB4/PAC/R72  
TEL NO. : 3509 8125  
FAXLINE : 2802 4893

Mr Anthony CHU  
Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee  
Consideration of Chapter 6 of the Director of Audit's Report No. 72  
Hong Kong Arts Festival Society Limited**

I refer to your letter dated 15 May 2019 requesting further information from the Home Affairs Bureau (HAB) regarding the funding of the Hong Kong Arts Festival Society Limited (HKAFSL).

As set out in paragraph 3.5 of Chapter 6 of the Report, it is not the Government's policy that public funding should be the sole or principal source of income for arts groups. This applies to HKAFSL as well. Internationally, many arts festivals are relying more on private sponsorship/donations and depending less on government grants.

In Hong Kong, the Government encourages all arts groups/organisations to solicit more private sponsorship/donations and build up their audience base in order to diversify their income source and to help ensure that their programmes include elements that appeal to the community. In this connection, the Government launched the Art Development Matching Grants Scheme (the Scheme) in 2016 and HKAFSL is eligible to apply. So far, on top of the recurrent and

time-limited funding provided to the HKAFSL, we have approved a total of about \$72.25 million of matching grants under the Scheme to HKAFSL. The Leisure and Cultural Services Department will commence a review of the time-limited funding in 2020-21 before its expiry in 2023-24. Meanwhile, we also trust that HKAFSL would continue to work hard in soliciting private sponsorship/ donations and manage its finance prudently in order to ensure its smooth operation.

Yours sincerely,



( Kesson Lee )  
for Secretary for Home Affairs

c.c

Director of Leisure and Cultural Services (fax no. 2691 4661)

Executive Director, Hong Kong Arts Festival Society Limited

(e-mail: tisa.ho@hkaf.org)

Secretary for Financial Services and the Treasury (fax no. 2147 5239)

Director of Audit (fax no. 2583 9063)



電話 TEL: 2601 8028  
圖文傳真 FAX NO: 2694 4791  
本署檔號 OUR REF: LCSD/4-35/30 C  
來函檔號 YOUR REF: CB4/PAC/R72

27 May 2019

Mr Anthony CHU  
Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 72**  
**Hong Kong Arts Festival Society Limited**

I refer to your letter dated 15 May 2019 requesting response and/or further information from the Leisure and Cultural Services Department (LCSD) regarding the programme management, funding and governance and administrative issues of the Hong Kong Arts Festival Society Limited (HKAFSL).

Our reply in both languages is set out in the **Appendix** for the Public Accounts Committee's consideration.

Should you have any question, please contact the Chief Manager (Performing Arts Services), Richie LAM at 2601-8093.



Yours sincerely,

( Elaine YEUNG )

for Director of Leisure and Cultural Services

Encl.

c.c. Secretary for Home Affairs (fax no. 2591 5536)

Executive Director, Hong Kong Arts Festival Society Limited

(e-mail: tisa.ho@hkaf.org)

Secretary for Financial Services and the Treasury (fax no. 2147 5239)

Director of Audit (fax no. 2583 9063)

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 72**  
**Hong Kong Arts Festival Society Limited**

**For the Leisure and Cultural Services Department**

**Part 2: Programme Management**

**Q2. According to paragraph 2.34, LCSD will work with HKAFSL on the reporting requirements on attendance and specify separate performance indicators in funding and service agreements. What progress has been made?**

A2. LCSD has discussed with HKAFSL on the reporting requirements on attendance and will specify the following separate performance indicators in future funding and services agreements:

- (a) Number of paid audience for performances excluding complimentary tickets
- (b) Attendance rate of paid audience for performances excluding complimentary tickets in %\*
- (c) Number of paid audience for Festival Plus

$$* \text{ attendance rate} = \frac{\text{number of paid audience}}{\text{number of tickets available for sale}} \times 100\%$$

**Part 3: Funding of the Hong Kong Arts Festival Society Limited**

**Q3. According to paragraph 3.5(c)(iii), LCSD will review the effectiveness of the five-year funding in meeting the specific objectives, and consider in due course if the funding should be extended or regularized. Is there a timetable for the review? If yes, when will the review be conducted? If not, why no timetable has been set?**

A3. Since the five-year funding will expire in 2023-24, LCSD plans to commence a review in 2020-21. In the meantime, LCSD will monitor the performance and progress of HKAFSL for proper and effective use of the five-year time-limited subvention in meeting the specific objectives to groom local artists and to stage performance in the New Territories regions. Further extension or regularisation of the time-limited funding will be subject to the findings of the review and the availability of funding to be sought under the established mechanism.

**Q4. According to paragraph 3.12(b), HKAFSL has already made an application to the Government for specific support with regard to the senior citizens' discount. What are the details and the updated progress?**

A4. As a financially autonomous organisation, HKAFSL has the discretion to decide on, among other things, the ticketing policy (such as the pricing and discounts) of Hong Kong Arts Festival's programmes. For example, it can decide whether or not to offer concessionary tickets to a particular group of audience regardless of the availability of additional funding from the Government.

On the other hand, the Government has increased funding to support the activities of HKAFSL in recent years, both on a time-limited basis and on a recurrent basis. With the passage of the Appropriation Bill 2019 by the Legislative Council, the Government will increase the recurrent subvention to HKAFSL by 10% to \$18.898 million each year from 2019-20. We will not attach any condition on the use of this additional recurrent funding and HKAFSL may deploy it in areas as it thinks fit.

**Q5. With reference to Table 8 of paragraph 3.13(b), please explain/provide:**

- (a) the reasons for having no records on whether the reports had been submitted as stipulated in Note 4 to Table 8 and whether HKAFSL/LCSD consider the situation unsatisfactory.**
- (b) the improvement measures that have been/will be taken to avoid recurrence of the above problems in future, including whether a checklist has been devised and action taken would be documented.**

A5. There was room for improvement in the keeping of records as both HKAFSL/LCSD failed to file relevant reports in early years of the review period.

Starting from 2017-18, true copies of the reports submitted by HKAFSL have been stamped with date chop. LCSD will further enhance the registry of reports submitted by HKAFSL and reinforce the arrangement by devising a checklist to step up the monitoring on the timely submission of reports and ensuring the documentation of action taken.

**Q6. With reference to paragraph 3.20(c), please advise the progress on revising the performance indicators, and provide details of the revised performance indicators (if any). When will the new indicators be adopted?**

A6. We have already worked with HKAFSL to revise the performance indicators taking into account the actual performance results. The performance indicators for 2018-19 were set higher than the preceding year upon provision of the time-limited subvention of \$8 million, i.e. an overall increase of four more programmes in 19 more performances and 86 more educational and community activities.

#### **Part 4: Governance and Administrative Issues**

**Q7. According to paragraphs 4.5 and 4.6, 35% to 54% of the Executive Committee and its supporting committees members in HKAFSL did not sign the undertakings on declaration of conflicts of interest, and HKAFSL has not adopted a two-tier reporting system for the declaration of conflicts of interest. Please advise:**

- (a) whether HKAFSL/LCSD was aware of the non-compliance with the “Guide to Corporate Governance for Subvented Organisations” before Audit raised the issue to HKAFSL. If yes, why is it the case?**
  - (b) the measures that have been taken to address the issue, and whether HKAFSL has adopted a two-tier reporting system for declaration of conflicts of interest as suggested by Audit in paragraph 4.11(b). If not, the reasons for not implementing the two-tier reporting system.**
  - (c) the updated progress of the signing of undertakings (see paragraph 4.12), and when will the follow-up actions be completed.**
- A7. According to the prevailing practice, members of the Executive Committee and its supporting committees of HKAFSL declare their potential interest during meeting. The acknowledgement and the follow-up action, if any will be documented on minutes.**

HKAFSL will adopt the two-tier reporting system for declaration of conflicts of interest as suggested by Audit by the end of this calendar year. In the meantime, HKAFSL will also follow up with those current members who have not signed the undertaking on declaration of conflicts of interest within three months.



# 香港藝術節協會有限公司 Hong Kong Arts Festival Society Ltd

Date: 27 May 2019

Your Ref: CB4/PAC/R72

Mr Anthony Chu  
Clerk to Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr Chu,

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 72**  
**Hong Kong Arts Festival Society Limited**

I refer to your letter dated 15 May 2019 requesting response and/or further information from Hong Kong Arts Festival Society Limited on Chapter 6 of the Director of Audit's Report No. 72. Our reply in both languages is set out in the Appendix for the Public Accounts Committee's consideration.

Yours sincerely

Tisa Ho  
Executive Director

Encl.

c.c. Secretary of Home Affairs (fax no. 2591 5536)  
Director of Leisure and Cultural Services (2691 4661)  
Secretary for Financial Services and the Treasury (2147 5239)  
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee**

**Consideration of Chapter 6 of the Director of Audit's Report No. 72**

**Hong Kong Arts Festival Society Limited**

**For the Hong Kong Arts Festival Society Limited**

**Part 2: Programme Management**

1. According to paragraph 2.7, the required number of quotations in two cases had not been obtained. Why have these two cases deviated from the requirement as stipulated in the procurement guidelines of HKAFSL? Does HKAFSL consider such deviation unsatisfactory? When and how will HKAFSL take follow-up actions on the audit recommendations as mentioned in paragraph 2.8? Apart from the audit recommendations, what improvement measures have been/will be taken to avoid recurrence of similar problem in future?

*Of the two items identified, one was a stage prop and selected based on design considerations. The other was electric drills and bits, purchased from a retail shop after cost comparison was made by enquiry in several shops, equivalent to verbal quotations. In both cases, staff involved sought to secure the necessary items at the lowest possible cost.*

*HKAFSL acknowledges that there is room for improvement in documentation. This will be emphasised at a staff briefing, and incorporated into purchasing guidelines.*

2. With reference to Case 1 in paragraph 2.12, please explain why there was a large variance in the number of programme crews and the ratio of "chief crews and basic crews" between the two programmes. Whilst HKAFSL described the deviation as the result of the best judgment from the responsible staff, please provide the decision-making procedures and appropriate supervisory scrutiny under existing policy and practice. Does HKAFSL consider the lack of documentation on the use of manpower unsatisfactory? If yes, what measures have been/will be adopted to rectify the situation?

*HKAFSL had already provided the explanation to Audit that the two programmes were very different in scale and nature.*

*One is a play on a relatively small stage with one fixed set and small cast of actors in contemporary dress. The other is a large scale ballet in the biggest venue in Hong Kong, and featured a very big cast of dancers requiring multiple changes of fantastical costumes with different wigs and makeup, and multiple set and scene changes with many different lighting effects. The two are not comparable. Crew required for each production was*

*determined not only by best judgement of staff taking into account the scale and complexity of the work, but also in compliance with stipulations in the international artists' contract.*

*Several levels of authority are involved. After considering the provisions in the technical rider of the artist's contract as negotiated by the project officer, the technical co-ordinator arranges for engagement of crew. The technical co-ordinator reports to the Production Manager for endorsement and approval of the Head of the Programme Department who has control of the budget; and thereafter to the Executive Director.*

3. According to paragraph 2.14(c), the service fee paid to a programme crew was calculated based on a wage rate which was higher than standard. In this regard, what are the wage rate for the above crew and the normal rate? How does HKAFSL define "special skills" and set a higher rate for programme crews under existing policy? Is there a maximum limit for the payment amount and wage rate of individual crews?

*As marked on time sheet of the case identified in the Audit review, the higher rate was paid to a technician who had to operate a spotlight from a particularly narrow space in a technically sophisticated show. The time sheet stating the rate and nature of work is counter-signed by the technical co-ordinator, endorsed by the Production Manager, and approved by the Programme Director. The difference in rate was \$20. This higher rate is in line with prevailing rates in the sector. HKAFSL reviews crew rates on an annual basis.*

4. According to paragraph 2.17, HKAFSL had not signed any service agreements stipulating the terms of engagement with the 15 programme crews. Please advise:
  - (a) the recruitment process of programme crews under existing policy.
  - (b) How does HKAFSL ensure the accountability of programme crews and maintain control on payment of service fees without signing service agreement?
  - (c) how does HKAFSL ensure that the interests of both HKAFSL and programme crews are properly protected?
  - (d) whether HKAFSL has adopted the practice of signing service agreements with programme crews as suggested by Audit in paragraphs 2.18(c).

*All recruitment is conducted by open advertisement. The time sheet for each crew is on HKAFSL letterhead and contains personal contact information, rate of pay and payment method, position of the crew and project title. HKAFSL understands that it must comply with all prevailing legislation. The time sheet is signed by the crew and counter signed by duly authorised HKAFSL personnel, and serves as a de facto service agreement.*

5. With reference to paragraph 2.27, please explain why HKAFSL did not specify any requirements or written guidelines on blocked seats. What are the usual requirements on blocked seats (e.g. the number of seats to be blocked, the designated purposes and when they should be released). With reference to paragraph 2.31(b), please advise whether written guidelines on the use of blocked seats have been drawn up. If yes, what are the guidelines? If not, why not?

*There is clear understanding within HKAFSL as to the reasons for blocking certain seats, and the conditions under which they may be released.*

*Specific seats are blocked for various reasons including: accommodating technical requirements such as sound panels, projectors, cameras etc as necessary for each show; consideration of sightlines and audio coverage depending on the set and/or sound setup; house-seats withheld by venue management; and special characteristics of the venue in relation to the type of performance.*

*These considerations are discussed and agreed in inter-departmental consultations at management level. Then based on shared understanding and agreed parameters, taking into account the special conditions and requirements of each show, the blocked seats are marked, endorsed, and signed off by all relevant departments in readiness for box office operations which begin around six months prior to show date.*

*After the show is set up, usually a few days prior to start of performances, subject to the agreement of the artists and endorsement of the subject officer, where there is unfulfilled audience demand, and when the audience accept a compromise in sightlines or other conditions, blocked seats may be released. The number of seats released is added to the computation of total seats available.*

*This is the institutionalised Standard Operating Procedure for treatment of blocked seats.*

6. According to paragraph 2.34, LCSD will work with HKAFSL on the reporting requirements on attendance and specify separate performance indicators in funding and service agreements. What progress has been made?

*HKAFSL has discussed reporting requirements on attendance with LCSD, and the following have been established for inclusion in future reporting:*

- (a) Number of paid audience for performances excluding complimentary tickets*
- (b) Attendance rate of paid audience for performances excluding complimentary tickets*
- (c) Number of paid audience for Festival Plus*

### Part 3: Funding of the Hong Kong Arts Festival Society Limited

7. With reference to paragraph 3.8, please explain why HKAFSL had not taken into account the need to recover a target proportion of costs through ticket sales and the needs of senior citizens in setting ticket prices. What improvement actions will HKAFSL take to rationalize the level of ticket price? Has HKAFSL conducted any review on the practices on setting ticket prices as suggested by Audit in paragraph 3.10? If yes, what is the outcome? If not, why not?

*The mission of the HKAFSL is to serve Hong Kong by making quality performances as affordable to as many people as possible. The guiding principles are: service, access, and inclusion. It is not the purpose of the organisation to serve only those who can pay for its programmes.*

*Ticket pricing is discussed across departments at management level in each annual cycle, taking into account a range of considerations including market conditions, competitiveness, audience appetite and educational and community value, as well as cost.*

*HKAFSL takes a very prudent and responsible approach to organisational sustainability and has consistently achieved a balanced budget taking into account all necessary costs and income streams, including box office revenue, for which targets are set in each budget cycle.*

*In this context, and without additional, specific resources, concessionary tickets for one group imposes a burden that will have to be factored into higher costs for others and would therefore be contrary to the spirit of inclusion, access, and equal service to all.*

8. According to paragraph 3.12(b), HKAFSL has already made an application to the Government for specific support with regard to the senior citizens' discount. What are the details and the updated progress?

*HKAFSL does not have details of any updated progress and hopes to receive good news in due course.*

9. With reference to Table 8 of paragraph 3.13(b), please explain/provide:

(a) the reasons for the delay in submitting reports to LCSD.

(b) the reasons for having no records on whether the reports had been submitted as stipulated in Note 4 to Table 8 and whether HKAFSL/LCSD consider the situation unsatisfactory.

(c) the improvement measures that have been/will be taken to avoid recurrence of the above problems in future, including whether a checklist has been devised and action taken would be documented.

*HKA FSL acknowledges that there is room for improvement in record keeping. However, with regard to late reports mentioned in the Audit report, it should be noted that:*

- (a) Before 2017/18, HKA FSL was required to submit unaudited accounts and audited accounts by 30 June and 30 September respectively. This was not possible as the HKA FSL financial year ends on 30 June, and the AGM at which audited accounts are approved is usually held in October. After the submission dates were revised to 31 August and 30 November respectively, HKA FSL was able to make timely submission.*
- (b) Two of the reports cited as being late related to the Matching Grant, which was established as a pilot scheme in 2016/17. HKA FSL has been working closely and diligently with LCSD and with its auditors to clarify requirements, and strongly wished to clear matters expeditiously so that final payments can be released.*
- (c) HKA FSL has put in place a check list and Bring Up system to ensure timely reporting in future.*

10. With reference to paragraph 3.20(c), please advise the progress on revising the performance indicators, and provide details of the revised performance indicators (if any). When will the new indicators be adopted?

*Performance indicators are reviewed on an annual basis in consultation with LCSD and incorporated into the funding agreement. New indicators have already been adopted for 2019/20.*

#### **Part 4: Governance and Administrative Issues**

11. According to paragraphs 4.5 and 4.6, 35% to 54% of the Executive Committee and its supporting committees members in HKA FSL did not sign the undertakings on declaration of conflicts of interest, and HKA FSL has not adopted a two-tier reporting system for the declaration of conflicts of interest. Please advise:

- (a) whether HKA FSL/LCSD was aware of the non-compliance with the "Guide to Corporate Governance for Subvented Organisations" before Audit raised the issue to HKA FSL. If yes, why is it the case?
- (b) the measures that have been taken to address the issue, and whether HKA FSL has adopted a two-tier reporting system for declaration of conflicts of interest as suggested by Audit in paragraph 4.11(b). If not, the reasons for not implementing the two-tier reporting system.
- (c) the updated progress of the signing of undertakings (see paragraph 4.12), and when will the follow-up actions be completed.

*HKA FSL will institute the two-tier reporting system for declaration of conflicts of interest as soon as possible within the current calendar year.*

*In the meantime, current members who had not signed the undertaking on declaration of conflicts of interest will be asked to do so immediately. Any potential conflict of interest is declared in the course of a meeting in which this may arise, and duly documented in the notes or minutes of meeting.*

12. With reference to paragraph 4.22(a), please advise the measures that have been adopted to address the high staff turnover rate in HKA FSL. Have the measures been effective?

*HKA FSL has taken a lease on additional office space and installed air quality control mechanisms in the hopes of improving physical working conditions of the staff. We will continue to organise sharing, team building and training activities for staff.*

*It is hoped that this will help. However, it would be naïve to believe that this is enough to counter current trends in demographic and work force projections across Hong Kong, and to withstand the pressures of anticipated recruitment by the West Kowloon Cultural District as its facilities come on stream. Losing staff may continue to be a reality for HKA FSL.*

Vocational Training Council 職業訓練局

VTC Tower, 27 Wood Road, Wan Chai, Hong Kong 香港灣仔活道27號職業訓練局大樓  
www.vtc.edu.hk

Telephone No 電話 2836 1399

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Our Reference 本局檔號 (8) in VTC-C265/1/5 (HTI) Your Reference 來函檔號 CB4/PAC/R72

27 May 2019



Mr Anthony Chu  
Clerk  
Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr Chu

**Public Accounts Committee**

**Consideration of Chapter 7 of the Director of Audit's Report No. 72**

**Hospitality training provided by the Hotel and Tourism Institute,  
the Chinese Culinary Institute and the International Culinary Institute**

Referring to your letter dated 15 May 2019, I attach herewith our reply to your written questions in both Chinese and English for your perusal. Thank you.

Yours sincerely

Carrie Yau  
Executive Director  
Vocational Training Council

Encls

cc Secretary for Education (fax no. 2810 7235)  
Secretary for Financial Services and the Treasury (fax no. 2147 5239)  
Director of Audit (fax no. 2583 9063)

## **Public Accounts Committee**

### **Chapter 7 of Director of Audit's Report No. 72**

#### **Hospitality training provided by the Hotel and Tourism Institute, the Chinese Culinary Institute and International Culinary Institute**

### **Responses to Public Accounts Committee**

## **PART 3: Management of The T Hotel and training restaurants**

### Question 1

Paragraph 3.9 sets out Audit's examination of the effectiveness of selling The T Hotel's room nights through travel agency booking and direct booking. Please provide the differences in the low-season and high-season room rates for customers who make the bookings through travel agencies and through direct booking with The T Hotel respectively.

### Answer

The room rates for direct booking and Travel Agency booking are attached in Annex 1.

### Question 2

According to paragraph 3.12 which gives a description of the training spa, one of the objectives of providing the spa is to "increase the attractiveness of The T Hotel to potential guests". However, frequent customers of The T Hotel have indicated that hotel guests are not informed by hotel staff that they can use the Jacuzzi, sauna and steam bath facilities for free (paragraph 3.10 refers). Will the Hotel look into the reasons that have led to the aforesaid scenario and devise policies to ensure that its guests know the types of hotel facilities that they may use free of charge, and that they are invited to use those facilities?

### Answer

The spa facility was only introduced since 2013. We regularly review the need of hotel facilities in consultation with industries. Meanwhile, flyers covering information of the spa facility, complimentary services as well as treatment price list is available for our guests in the hotel compendium. To further promote our services and encourage our guests to use the facilities, the hotel trainees will introduce the availability of spa facility including complimentary services and operating hours before the guests are escorted to the room.

### Question 3

Regarding the collection of customer feedback on the English standard of trainees in The T Hotel as mentioned in paragraph 3.28, some customers who patronize The T Hotel every quarter have recounted their following experience in the Chinese and Western restaurants of The T Hotel. When they asked the trainees to introduce and serve wines to them in Putonghua and English, the trainees were at a loss as to what to do. Given that wine selling is an integral part of the catering industry, will the hotel consider, in its assessment of a trainee's service delivery performance, including a satisfaction survey on the performance of trainees in using English and Putonghua to serve and introduce wines to customers?

### Answer

The Training Restaurants and The T Hotel Lounge provide integrated learning experiences (ILE) for trainees of Certificate and Diploma programmes in Food and Beverage. In addition to professional knowledge and skills, trainees of post-Secondary 3 to 6 levels will acquire generic skills including vocational English and Putonghua through different training opportunities to help them improve relevant skills throughout their learning journey. Wine and beverage skills training is also provided as a core element of the ILE module in view of industry needs in food and beverage catering. Quality of beverage service as well as trainees' English standard are covered in the satisfaction survey questionnaire. To further improve services of our trainees, Putonghua standards will also be considered in our satisfaction survey questionnaire.

### Question 4

Does The T Hotel have any targets for wine sales at present? If so, what is the target? And what were the volumes of wine sales achieved by The T Hotel over the past three years? Could the sales volumes reach the aforesaid target? If not, has it reviewed the reasons for not meeting the sales target? If such a review has been conducted, what are the details? If no such review has been conducted, will it do so immediately?

### Answer

Our training focus is not about achieving wine sales but rather the intended learning outcome and quality student learning experience. We will continue to work with our industry partners to engage students in various wine related events such as Wine and Dine Festival, Wine and Spirits Fair and wine seminars as well as wine tours in different countries.

### Question 5

To increase the occupancy rate of The T Hotel, has the hotel launched any special promotional packages for its rooms? It is learnt that "special afternoon-tea packages" were previously introduced so that two guests staying for two nights in the hotel were entitled to free afternoon tea once. Will the hotel consider afresh launching similar promotional packages and stepping up its efforts in promoting such packages, so as to increase its competitiveness?

### Answer

The T-hotel have put forward special promotional packages such as the “Summer High-Tea Package” and “Mother’s Day / Father’s Day High-Tea Package” before to enrich training opportunities for trainees and promote hotel room utilisation. Promotional packages with a view to enhancing training opportunities and utilization of hotel facilities will be suitably considered.



Member of VTC Group  
VTC 機構成員

## The T Hotel Room Rate

### Direct Booking / Travel Agency (TA)

		Direct Booking ( \$ )	TA ( \$ )
<b><u>High Season</u></b> January, March - May, August - December	Room Only	730 - 880	930
	Room and Breakfast	810 - 960	1010
<b><u>Low Season</u></b> February, June, July	Room Only	730	830
	Room and Breakfast	810	910

Remarks :

- Room Rate is quoted for single occupancy per Room per night
- Travel Agency serves as an additional platform to attract overseas guests, hence broadening the learning exposure of our students; TA Rates cover the commission cost per booking.



中華人民共和國香港特別行政區政府總部食物及衛生局  
Food and Health Bureau, Government Secretariat  
The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

(Translation)

Our ref : FH CR 1/2526/13

Tel : 3509 8927

Your ref:

Fax : 2136 3281

5 June 2019

The Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn.: Mr. Anthony CHU)  
(Fax: 2543 9197)

Dear Mr. CHU,

**Public Accounts Committee**  
**Chapter 8 of the Director of Audit's Report No 72**  
**Sustainable Fisheries Development Fund and**  
**Sustainable Agricultural Development Fund**

Your letter of 15 May 2019 to the Secretary for Food and Health (SFH) refers. The response to the question addressed to the Food and Health Bureau is as follows:

**Part 4: Government Issues**

**1) Regarding paragraph 4.13(b), for members of the Sustainable Fisheries Development Fund (SFDF) Advisory Committee and the Sustainable Agricultural Development Fund (SADF) Advisory Committee who had difficulties in attending meetings and whose re-appointments are essential, what measures will the Food and Health Bureau take to encourage such members to attend meetings in the future? If the Bureau has no intention to take any follow-up measures, what are the reasons and how to solve the above problem?**

Members of the advisory committees of SFDF and SADF are appointed by SFH. When considering re-appointments of a member, SFH will take into account a number of factors, including the member's experience in his/her professional field, his/her contribution to the operation of funds and past attendance at meetings, etc.

The Agriculture, Fisheries and Conservation Department will take appropriate measures to encourage members to attend meetings, including reminding members of the importance of attending meetings, scheduling meetings for date / time that is convenient to most members and reminding members before meetings.

I should be grateful if you could relay the above to Members of the Public Accounts Committee.

Yours sincerely,

(Bill WONG)  
for Secretary for Food and Health

c.c.

Secretary for Financial Services and the Treasury	(Fax no.: 2147 5239)
Director of Agriculture, Fisheries and Conservation	(Fax no.: 2377 4665)
Director of Audit	(Fax no.: 2583 9063)

漁農自然護理署  
九龍長沙灣道三〇三號  
長沙灣政府合署五樓



覆函請寄交  
「漁農自然護理署署長」  
Please address all replies to  
Director of Agriculture, Fisheries and Conservation

**APPENDIX 18**  
**AGRICULTURE, FISHERIES AND**  
**CONSERVATION DEPARTMENT**

5/F, Cheung Sha Wan Government Offices  
303 Cheung Sha Wan Road  
Kowloon, Hong Kong

本署檔號    Our Ref. :            (    ) in AF CR 1-160/74  
來函檔號    Your Ref. :            CB4/PAC/R72  
電      話    Tel. No. :            (852) 2150 6601  
電郵地址    E-mail Address :       mailbox@afcd.gov.hk  
圖文傳真    Faxline No. :           (852) 2311 3731

6 June 2019

The Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn.: Mr. Anthony CHU)  
(Fax: 2543 9197)

Dear Mr. CHU,

**Public Accounts Committee**  
**Consideration of Chapter 8 of the Director of Audit's Report No. 72**  
**Sustainable Fisheries Development Fund**  
**and Sustainable Agricultural Development Fund**

Thank you for your letter of 15 May 2019 concerning the captioned Audit Report. We are pleased to provide the requested information and our responses in the **Annex**.

For any further questions, please contact the undersigned or our Senior Fisheries Officer/Fisheries Supporting Services, Mr. CHAN Kim-hung, and our Senior Agricultural Officer/Extension and Funds, Dr. PAU Ka-wai, at 2150 7092 and 2150 6710, respectively.

Yours sincerely,

(SO Ping-man)

for Director of Agriculture, Fisheries and Conservation

Encl.

c.c. Secretary for Food and Health (Fax: 2136 3281)  
Secretary for Financial Services and the Treasury (Fax: 2147 5239)  
Director of Audit (Fax: 2583 9063)

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**Part 2: Application Processing and Project Monitoring**

2) Regarding the processing of applications made under the Sustainable Fisheries Development Fund (SFDF) and the Sustainable Agricultural Development Fund (SADF) as mentioned in paragraphs 2.3, 2.5 and 2.7 to 2.9, please advise on the following:

- (a) Has the Agriculture, Fisheries and Conservation Department (the Department) made reference to the processing time of similar fund applications administered by other government departments? What is the average and longest processing time required for such applications?

Response from the Department:

The Department has made reference to the funds managed by other government departments. As the nature, scale and complexity of applications under different funding schemes differ, direct comparison of the handling of applications with those of SADF and SFDF may not be suitable.

The information provided by fund applicants in their applications is very often inadequate for vetting purpose. As such, the secretariats of the funds are required to seek clarification or submission of supplementary information from the applicants to ensure that the funded projects meet the objective of the funds and that the public fund is properly used. More time will be required to process the applications if the applicants seek technical advice from the Department, when the proposed contents of the projects are complex, or the applicants are late in making their replies.

- (b) Has the Department made reference to the application flow of similar funds adopted by other government departments? If yes, what are the details? If not, what are the reasons?

Response from the Department:

We have made reference to the workflow of processing fund applications administered by other government departments. In general, applicants are required to submit project proposals for fund application. The relevant departments and assessment committees will assess the applications in accordance with established criteria upon preliminary processing by the secretariats of the funds. Applicants are often required to submit supplementary information for vetting the application by the relevant committees or departments during the processing of application. . Applications for SFDF and SADF are processed with similar procedures. Apart from making reference to the operation of the relevant funds, the Department has consulted relevant bureaux and departments, including the Food and Health Bureau, the Independent Commission Against Corruption, the Audit Commission, the Department of Justice, etc. during the formulation of application workflow, and their advice has been incorporated into the guidelines and procedures concerned.

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- (c) Is there anything in similar funds operated by other government departments which the Department can make reference to? If yes, what are the details? If not, what are the reasons?

Response from the Department:

As mentioned in 2(b) above, the Department has made reference to the operation of other funds administered by the Government when formulating the guidelines and application workflow for the funds.

- 3) It is mentioned in paragraph 2.9 that the SFDF Secretariat and the SADF Secretariat have already started implementing the recommendations by stages. In this connection, please provide the timeframe for implementing the recommendations. Apart from the recommendations proposed in the Audit Report, what measures will the Department take to shorten the time required and streamline the flow to process SFDF and SADF applications?

Response from the Department:

The Department has enhanced the vetting procedures since December 2017 to expedite the vetting process and to facilitate the SADF Advisory Committee (SADFAC) members' early advice on the projects. The secretariat will circulate the information of the projects that have been preliminarily assessed to members for preliminary vetting and ask them if they have any follow-up questions or comments that require response and/or submission of supplementary information from the applicants. The secretariat will ask members again before the SADFAC meetings if they have any supplementary comments or questions that call for applicants' response in advance and if they consider it necessary to invite the applicants to attend the meetings.

Apart from the aforesaid enhancement measures, the Department has implemented further enhancement measures since January 2019 to enable members to have a deeper understanding of the projects. Upon preliminary assessment of the projects, members will be invited to attend a briefing session on the projects. In addition, the Department will illustrate the projects and the justifications to support the applications with more details during the Committee meetings in the future in order to facilitate the Committee's consideration for the projects more effectively. With the aforesaid enhancement measures, members may raise their doubts about the applications in advance and the applicants can respond accordingly, enabling more efficient vetting of applications.

The SFDF Secretariat formulated the flow chart for processing fund applications in October 2017, which includes the targeted processing time for various major vetting procedures. To further expedite the process of project vetting, the Department has enhanced the monitoring of internal application processing. The Department has also enhanced communication with applicants (including meeting with applicants and explaining the supplementary information required by the Department as necessary) in order to facilitate the applicants' submission of information to be specific, explicit and in accordance with the Department's requirements. The Department will explain the information required clearly and specifically, and also keep the number of requests for submission of supplementary information to two or below, so as to reduce the time required for processing applications and handling correspondence.

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In addition, the Department has streamlined the vetting procedures since January 2019 upon the approval by the SFDF Advisory Committee (SFDFAC) that includes direct vetting of all applications by SFDFAC instead of initial vetting by a working group before SFDFAC vetting in order to expedite the processing of applications. Meanwhile, the Department will also invite members to raise questions on the projects in writing and request the applicants to provide supplementary information required by members before the Committee meetings. If necessary, the Department will hold briefing sessions before the Committee meetings to explain individual project applications and to invite applicants to attend the meetings to respond to the questions/provide supplementary information.

With regard to the above measures, the SFDF Secretariat will update the internal guidelines accordingly. The Department is also exploring to simplify the vetting procedures for projects of more simple nature and involving less funding. Other measures to enhance the quality of the applications with a view to shortening the processing time include strengthening support to the applicants, providing templates of application forms, and simplifying the application form. We expect to implement the said recommendations within 2019.

- 4) Regarding the application arrangements of the Equipment Improvement Project (EIP) mentioned in paragraphs 1.7, 2.10, 2.11 and 2.12, please advise on the following:
- (a) The application flow as well as the average, shortest and longest processing time for EIP application and the reasons for taking such a long time to process the applications.

Response from the Department:

For the three approved EIP projects, the shortest time taken from the submission of application to the Department to the signing of agreement was 238 days, while the longest was 307 days, with an average of 261 days. The applicants were required to provide the particulars of all fishermen/farmers involved in the project as well as the type, quantity and preliminary quotations of the equipment they intend to acquire. As the number of beneficiary involved in each project was considerable (174 persons on average), significant time was required to verify the particulars of each person. In addition, the approved EIP projects involved purchasing of items not included on the list of pre-approved equipment/materials items. Applicants were therefore required to provide further supplementary information for SFDFAC to consider whether the items could be funded. As such, the processing time was increased. SFDFAC also needed to examine whether the procedures of recruiting fishermen/farmers conformed to the principles of impartiality, fairness and transparency. The inspection and monitoring plans after the acquisition of the equipment and the administrative expenditure were also vetted by SFDFAC.

- (b) Up till now, the number of applications received by the Department, the application results/ progress and the latest progress of Case 1.

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Response from the Department:

Up till now, the Department has received a total of eight EIP applications, among which three have completed vetting procedures, and agreements have been signed. The first approved EIP project commenced in February 2019. The grantee has started the procurement procedures. The Department is currently processing the remaining five applications, of which the vetting for two will be completed shortly.

- (c) Has there been improvement in processing EIP applications subsequent to the implementation of the recommendations mentioned in paragraph 2.12(a)? If yes, how long does it currently take to process the relevant applications?

Response from the Department:

After implementing the vetting process by circulation, the time required from the submission of applications by applicants to the distribution of circulation papers to SFDFAC for vetting ranges from 166 to 196 days (174 days on average). The time required for the same procedures of the first approved application was 206 days. There has been a significant improvement in the processing time after implementation of the recommendation.

- (d) The measures taken by the Department to expedite EIP applications other than those mentioned in paragraph 2.12(a).

Response from the Department:

Apart from vetting applications through circulation, the Department will explore other measures to expedite processing of applications, including streamlining application procedures, reviewing internal guidelines, providing templates of application forms, simplifying the application form, and regularly updating the list of approved equipment/materials.

- 5) Regarding paragraphs 2.12 and 2.13, please explain the reasons for individual fishermen and fish farmers not being allowed to apply for SFDF or the Equipment Improvement Project (EIP) under SFDF by themselves, while farmers may submit Farm Improvement Scheme (FIS) applications to the Department directly despite the fact that EIP and FIS are in the same nature. Does the Department agree that the requisite of SFDF applicants being legal entities has posed obstacles to individual fishermen and fish farmers when making SFDF applications and the projects under it, and has therefore contradicted the SFDF's objective of fostering the sustainable development and enhancing the competitiveness of the local fisheries industry? How will the Department rectify the aforesaid situation and enhance the arrangements for EIP applications?

Response from the Department:

According to Paper No. FCR(2013-14)44 of the Finance Committee, SFDF applications must be made by legal entities, and those made by individual fishermen and fish farmers are not accepted. The entity concerned must be a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) and has substantial connection to Hong Kong or a body corporate incorporated in Hong Kong under other Ordinances of the Hong Kong Special Administrative Region, and having demonstrated a close connection

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with the fisheries industry in Hong Kong. Such entities include local registered fisheries co-operatives, non-profit-making fisheries organisations, non-governmental organisations or social enterprises. Individuals may form a body corporate or collaborate with the aforesaid organisations to make an application. EIP is an individual application requiring vetting under SFDF. As such, applications from individual fishermen or fish farmers directly cannot be accepted. A total of eight applications has been received since EIP opened for applications at the end of 2017. A total of 1 440 fishermen will benefit from the projects if the applications are approved.

The Department will further explore streamlining the vetting procedures, such as simplifying the application forms and regularly updating the list of approved equipment/materials. The Department will also explore increasing the maximum number of participants in each application so that more fishermen can be benefited.

- 6) Regarding the administrative matters mentioned in paragraphs 2.14 to 2.16, please advise on the following:
- (a) What are the administrative charges involved in each beneficiary (not each application) of EIP?
  - (b) What are the administrative charges involved in each beneficiary in other similar schemes operated by the Government?
  - (c) Why are the administrative charges of the approved EIP project in Case 1 of paragraph 2.11 as high as 21% of the approved grant? Does the Department agree that excessive administrative charges will affect the cost effectiveness of the projects and lead to ineffective use of public funds in implementing such projects?
  - (d) Why are there only a maximum of 200 beneficiaries in each EIP application? What are the details of the recommended increase of maximum number of beneficiaries in each application?

Response from the Department:

The maximum amount of grant for each application as specified under EIP is \$7.5 million, with funding for a maximum number of 200 participants in each application. The maximum amount of administrative charges (such as staff cost, audit fee, etc. essential to the operation of the projects) for each application is \$1.5 million for three years, and the maximum amount of administrative charges for each fisherman benefited is \$2,500 per year (\$7,500 for 3 years). When setting the maximum number of fishermen benefited in the projects and the maximum amount of administrative charges, the Department has considered the workload and costs required in implementing the projects (including verifying information and eligibility of the participating fishermen/fish farmers as well as assisting in acquiring equipment and materials) as well as subsequent monitoring of the projects. The Department considers that it is more practical to cap the maximum number of participants at 200 and that it is reasonable to set the maximum amount of administrative charges at \$1.5 million for three years (based on the estimation of a total of \$1.08 million of salaries for two employees for three years with a monthly salary of \$15,000, and a total of \$0.42 million of expenditure for implementing the projects and other necessary expenditure, such as audit fee, for three years). When vetting each application, the Department would also examine whether the

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proposed administrative charges and cost breakdown provided by the applicants are reasonable. Where necessary, the Department will request a reduction in administrative charges to ensure that public fund is properly used.

For more effective use of public funds and to reduce administrative charges of the projects, the Department will examine the actual administrative workload of the approved projects and consider increasing the maximum number of fishermen/fish farmers involved in a project as appropriate to enhance the overall cost-effectiveness of the projects.

- 7) Regarding the measures of strengthening monitoring of reports and financial statements submitted by the SFDF grantees as mentioned in paragraph 2.23, please advise on the timeframe and progress of implementing such measures.

Response from the Department:

The Department will remind grantees in a timely manner through e-mails or letters to submit reports, financial statements and supplementary information in accordance with the internal guidelines, and will specify the report requirements in e-mails or letters. The Department will meet the grantees to explain the report requirements and other information/documents requested if necessary. For those grantees who fail to submit reports or supplementary information on time, the Department will establish an advisory/warning mechanism and develop guidelines for handling requests of delaying submission of reports/supplementary information.

With regard to the aforesaid measures, the Department has enhanced the internal monitoring of the workflow of report processing, as well as prepared sample receipts, balance sheets and revenue statements for grantees' reference. We are drafting the internal guidelines for issuing advice/warnings to grantees. We expect to implement the recommendations by the third quarter of 2019.

- 8) Regarding paragraphs 2.26 and 2.27, how can the Department ensure that the grantees of SFDF will implement the recommendations of the Department satisfactorily? When will the SFDF Secretariat establish a clear set of inspection procedures and guidelines in order to enhance the monitoring of SFDF projects?

Response from the Department:

The Department will set a target for spot checks and strictly follow the inspection procedures in order to ensure appropriate monitoring of each project. We will also develop internal guidelines requiring inspection staff to convey to the grantees the major observations and opinions after the inspection, and to maintain proper records. We are reviewing the inspection procedures and guidelines and expect to implement relevant arrangements in the third quarter of 2019.

- 9) Regarding paragraphs 2.34, a grantee of a SFDF funded project has not yet purchased 3 types of mandatory insurance, namely, the employees' compensation insurance, the public liability insurance and the insurance for collateral, after 34 months of the commencement of the project. Please advise:

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- (a) Has the Department noted that the grantee contravened the funding agreement by failing to purchase the mandatory insurance? If yes, why hasn't the Department taken any immediate follow-up actions?

Response from the Department:

The Department had noted that the grantee did not purchase the employees' compensation insurance and the insurance for collateral for the project before the investigation by the Audit Commission, and had issued nine e-mails or letters to remind the grantee of the requirements concerned. The grantee expressed that they had been liaising with insurance companies for the procurement of the insurance required but none of them offered the insurance for collateral. Between June 2017 and August 2018, the Department repeatedly recommended the grantee to apply in writing for exemption to purchase the insurance for collateral. The grantee then submitted a formal application for exemption as recommended, and the application was approved in March 2019. Also, the grantee informed the Department in October 2018 that the organisations joining the site visits would purchase the public liability insurance at their own cost. In this connection, the Department reminded the grantee that for similar activities arranged by the grantee in the future, the grantee should provide the Department with a documentary proof of the purchase of a valid insurance for participants joining the activities. Otherwise, the grantee will not be allowed to arrange such activities.

- (b) Regarding paragraph 2.34(b), did the grantee purchase the employees' compensation insurance as required in the warning letter issued by the Department on 19 March 2019? If yes, when was the employees' compensation insurance purchased? If not, did the Department terminate the project as mentioned in the warning letter?

Response from the Department:

The Department issued a warning letter on 19 March 2019, requiring the grantee to provide the Department with a documentary proof of the purchase of the employees' compensation insurance. However, the grantee kept informing the Department that they had contacted a number of insurance companies for the purchase of insurance but all requests were turned down. On 23 May, the grantee informed that they had successfully purchased the relevant insurance and would provide the documentary proof as soon as possible.

- (c) How to prevent the re-occurrence of similar incidents?

Response from the Department:

The Department recommends that a grantee is required to obtain quotations for insurance before entering into an agreement, and to purchase the insurance after the signing of the agreement but before the commencement of the project. If the insurance cannot be purchased successfully by the time of submitting the first progress report, the Department will consider taking actions, including suspending disbursement of the next instalment of fund.

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- 10) Regarding paragraph 2.38(j), would the Department advise on whether any measures have been/will be taken to ensure the compliance of the procurement requirements of funding agreements by the grantees? If follow-up actions have been taken, has there been improvement in rectifying non-compliance of funding agreements?

Response from the Department:

Grantees should strictly adhere to the terms for conducting procurement exercises, which are clearly stipulated in the agreements. The Department will remind them to comply with the procurement requirements through the kick-off meetings, progress meetings and letters, etc. The Department will require the grantees to provide explanations if non-compliance is observed. If the grantees fail to provide reasonable explanations, the Department will consider taking actions, including suspending disbursement of the subsequent fund.

After implementing these measures, we have not observed any non-compliance cases regarding procurement exercises conducted by the grantees.

**Part 3: Attaining the objectives of the funds**

- 11) Regarding the decrease in the number of applications made under SFDF and SADF mentioned in paragraphs 3.9 to 3.11, please advise on the following:
- (a) Has the Department noted the decreasing number of fund applications before the Audit Commission's investigation? If yes, what initiatives did the Department undertake to improve the situation at that moment? If not, why did the Department not notice the situation on the fund applications?

Response from the Department:

Since the launch of the funds, the Department has already taken actions to promote SFDF and SADF (including FIS and EIP) through various means, for example, organising briefing sessions and liaison meetings; distributing promotional leaflets and/or invitation letters to local fishermen, fish farmers, farmers and related organisations; arranging one-to-one consultation meetings with potential applicants of SFDF and SADF to encourage and facilitate their applications; and also assisting fishermen organisations in strengthening their connections with the academic sector or related social service organisations, with a view to enhancing collaborations.

The Department has also sought assistance from District Council members in placing leaflets promoting FIS in their district offices. Leaflets are also distributed once again for promoting the fund and FIS to farmers across the territory and the Department keeps organising meetings with individuals and organisations interested in applying for the fund with an aim to promoting the fund to them. Since the launch of the fund until April 2019, the Department has already organised 28 meetings with different organisations (including agricultural organisations/ tertiary institutions/ scientific research institutions/ commercial organisations). The Department will continue to publicise the fund through regular contact with local farmers and agricultural organisations.

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To further step up the publicity efforts, the Department planned to set up an outreach taskforce in January 2019, which will visit all crop farms participating in the Local Vegetable Farm Voluntary Registration Scheme, the Accredited Farm Scheme and the Organic Farming Support Service, flower farms and livestock farms to assess the farms' need for farm machinery and proactively invite the farmers in need to submit applications for FIS. Rolling out in March this year, the outreach scheme is expected to be completed within one year. The Department also produced promotional short video clips with a view to attracting more farms to submit FIS applications.

- (b) The Department has mentioned in paragraph 3.10(a) the reasons why the number of FIS applications has decreased. How did the Department come up with such a conclusion? Is it the Department's estimation, or concluded from farmers' views reflected to the Department? Or, did the Department come up with such a conclusion using other methods? Except for adverse weather conditions, were there any other reasons resulting in the small number of FIS applications in 2018?

Response from the Department:

Some farmers wrote to the Department requesting the deferment of purchase of farm equipment/materials already approved-in-principle under FIS due to the super typhoon and rainstorm in 2018. Therefore, the Department estimated that the adverse weather in 2018 might be a factor for the small number of FIS applications received for the year. Some farmers also indicated that they have yet submitted FIS applications since there is no need to purchase farm equipment or materials at the moment, negative investment sentiment resulting from uncertain prospects of the farms or other personal reasons.

- (c) Does the Department agree that the Government's publicity work for the said funds is insufficient and ineffective?

Response from the Department:

The number of FIS applications is mainly demand driven. The Department has already proactively stepped up publicity to encourage applications.

- (d) Regarding arranging for an outreach team to visit farms, and inviting farmers to submit FIS applications as mentioned in paragraph 3.16 (a)(ii), please advise on the average monthly number of visits paid by the outreach team, and the number of applications received after the implementation of the proposal.

Response from the Department:

Since the commencement of farm visits by the outreach team in March until 20 May this year, the Department has already visited 512 farms to introduce to them the farm equipment or materials that can be purchased under FIS, and has received ten FIS applications. The Department will continue to publicise FIS with a view to encouraging farms to submit applications.

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- (e) Regarding paragraph 3.17, please advise on the details of the specific measures for improving publicity and fund applications under SFDF and SADF, and the implementation timetable and effectiveness of the enhancement work, including whether the application guidelines have been improved and the application forms have been simplified.

Response from the Department:

<b>Details of the improvement measures for publicity and fund applications (SFDF and SADF)</b>	<b>Details of follow-up work</b>
Improving liaison and connection with fisheries and agricultural organisations, tertiary institutions and non-governmental organisations, and inviting them to submit fund applications	In February this year, the Department wrote to local tertiary institutions, agricultural organisations and related non-governmental organisations to promote the funds and invite them to submit fund applications. The Department also holds regular liaison meetings with fishermen to promote and report the situation of SFDF, and address related enquiries. The Department will organise a workshop with the Open University of Hong Kong on compiling applications under SFDF and SADF, with a view to enabling the fisheries and agricultural organisations, other related institutions and organisations to have a better understanding of fund applications, and also improving their ways and techniques of compiling applications.
Arranging for an outreach team to visit farms and inviting farmers to submit FIS applications	The Department started visiting farms and inviting farmers to submit FIS applications in March this year.
Updating the list of recommended projects for reference of intended applicants	The Department is exploring other potential projects. Meanwhile, the Department encourages more organisations to submit applications by holding regular meetings with fishermen organisations to discuss and update the list of projects that may benefit from the fund. The list is expected to be updated on a half-year basis.

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Producing promotional leaflets and/or videos	The Department has already produced promotional short video clips to step up publicity of FIS. The first series of short video clips were broadcasted on social media in March this year.
Reviewing and updating the application guidelines, and devising clear and detailed internal guidelines accordingly	We expect to complete this task within 2019.
Producing easy-to-understand pamphlets about the funds for the public's reference	We expect to complete this task within 2019.
Reviewing the feasibility of simplifying the application forms (e.g. allowing applicants to provide information in the form of fill-in-the-blank and multiple-choice)	We expect to complete this task within 2019.
Streamlining the procedures for vetting applications for projects of simple nature and involving less funding with a view to shortening the time for vetting and attracting more organisations to submit applications	We expect to complete this task in the third quarter of 2019.
Strengthening the support for potential applicants before they formally submit their applications (e.g. having individual consultation meetings with the potential applicants and providing them with technical support)	Implemented.
Cancelling the arrangement of initial vetting by a working group and arranging the Advisory Committee to vet all the projects directly so as to expedite the processing of applications	Implemented.

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12) Regarding the decreasing number of SFDF and SADF applications and the large number of rejection cases as mentioned in paragraphs 3.9 to 3.19, please advise on the following:

- (a) Has the Department consulted the agricultural and fisheries organisations on the improvement to be made to the above fund applications so as to identify the reasons?

Response from the Department:

The Department has all along been in touch with the local agricultural and fisheries groups through regular contacts, arranging thematic seminars and liaison meetings, and has been participating in their activities with a view to encouraging and providing them with support to submit applications. Since the launch of the funds to April 2019, the Department has held more than 160 meetings with different organisations (including agricultural and fisheries organisations/ tertiary institutions/ research institutions/ commercial organisations) to exchange ideas on their proposals and the challenges faced by the local agricultural and fisheries industries. Majority of fishermen/farmers and some groups reflected that they were in lack of experience and skills in writing proposals and therefore did not submit applications to the funds.

To safeguard the use of public money and ensure that the two funds can meet the specified scopes as approved by the Finance Committee, fund applications have to be vetted against a set of criteria. The success rate depends on whether the applications meet the criteria. If an applicant encounters any difficulties or would like to seek technical advice from the Department during the application process, the Department will do so upon request. Since the launch of the funds, the Department and the applicants have had a total of 60 meetings. The Department has also assisted in the exchanges and liaison between fishermen/farmers' groups and academic institutions, based on their interests and profession, with a view to increasing their chances of collaboration.

- (b) Many agricultural and fisheries organisations have indicated that they are not good at writing proposals, making them difficult to submit applications under the existing mode of fund applications. Will the Government provide assistance or guidance to agricultural and fisheries organisations on writing proposals or even consider discussing with them to devise a more suitable plan for application so that the fishermen and farmers can be genuinely benefited?

Response from the Department:

The Department has been implementing various measures, such as providing one-to-one consultation with interested parties before submitting applications and offering technical advice or guidance to applicants whenever necessary, with a view to assisting applicants in submitting or amending their proposals and improving the quality of applications. The Department will also study how to further streamline the application procedures, such as simplifying the application forms, providing a sample of application forms and updating the list of projects that can be benefited from the funds after consulting the industries to facilitate preparation of

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applications. Meanwhile, AFCD is also considering introducing different vetting procedures depending on the funding amounts, streamlining the process of vetting projects involving less funding and simple contents. In order to assist the agricultural and fisheries organisations, relevant agencies and groups in writing their proposals, the Department will organise the “Workshop on writing skills for SFDF/SADF applications” in mid-June this year with the Open University of Hong Kong with a view to enhancing their understanding of the current fund application procedures and improving their ways and skills in writing proposals.

- 13) As stated in paragraph 3.24(a), the Department completed the review of the final reports of the 2 completed SFDF projects as mentioned in paragraph 3.20 in March 2019. Please advise on the effectiveness of the 2 completed SFDF projects, and whether the Department can make reference from the experience of the two projects.

Response from the Department:

Currently, the two completed projects aim at providing training for fishermen on switching to other mode of operation. The projects included inviting ecologists to share knowledge on fisheries and marine conservation to fishermen, inviting a drama group to assist in compiling information for the guided tours and enhancing the skills of fishermen on guided tours, providing practising opportunities in guided tours, and training on operation of guided tours.

A total of 240 guided tours has been organised under the two projects, targeting at schools and community organisations. Many socially vulnerable groups and grassroots also participated in guided tours, with the cumulative number of participants amounting to 6 100 persons. The grantees held a total of three sharing sessions for the industry to introduce the project, shared the experience of organising and operating fisheries ecological guided tours to the attending fishermen from various districts. The grantee also published a book entitled *The Diary of Hong Kong Fishermen* in January 2018 which aims at introducing the fisheries culture, fishing methods and tools in Hong Kong, as well as the ecology of the North East New Territories. The book has been distributed to secondary schools, libraries, fisherman guides, fisheries groups, the mass media and government departments. The electronic version is also uploaded to the website of the grantee for public browsing.

The fishermen trained under the projects also agreed that the projects could enhance their interest in promoting fishermen's culture and their understanding of marine ecological conservation and sustainable development of the fisheries industry, and help fishermen switch to related work. Of the 110 trained fishermen, 25 indicated that they would engage in full time related work of recreational fisheries. The fishermen trained under the Cheung Chau project even said that they would assist the co-organiser of the project in conducting experiencing tours for the public and take up different roles in guided tours on a trial basis in Cheung Chau. The remaining fishermen expressed their interest in engaging in full-time or part-time jobs related to recreational fisheries.

The Department is now arranging the uploading of the final reports and the audited accounts of the projects (where personal and/or commercially sensitive information being removed) onto the SFDF's website for public inspection, with a view to enhancing

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transparency and enabling the fisheries industry to share the experience and information arising from the funded projects.

- 14) As stated in paragraph 3.24(b), the Department would conduct a review on overall achievements of SFDF/SADF and subsidiary programmes when more approved projects are completed. In this connection, how many approved projects are expected to be completed and the estimated time for the Department to conduct the review?

Response from the Department:

Currently, there are 11 and eight projects approved under SFDF and SADF respectively. Apart from the two completed SFDF projects, seven SFDF projects are expected to be completed in the coming two years. The projects involve various important aspects for the development of the industry, such as fish disease treatment in the aquaculture industry, research and development on feed, promotion of local fisheries products, etc. There are also three projects under SADF which will be completed in early 2021. The grantees are required to submit reports to the Department and conclude the effectiveness of the projects. We consider it the appropriate time for an overall review of the funds when all these projects are completed.

**Part 4: Governance Issues**

- 15) Regarding paragraph 4.12, please advise on members' attendance currently at meetings of the SFDFAC and the SADFAC and whether improvement has been made. If not, what follow-up actions will the Department take to improve the attendance at meetings?

Response from the Department:

The secretariats have all along been making an effort to coordinate and arrange for members to attend meetings, and each meeting has been attended by half or more than half of the members. In addition, the secretariats circulate discussion papers and agendas to all members prior to each meeting so that members who are unable to attend the meeting can provide written comments on agenda items. After streamlining the vetting process, the number of meetings that need to be held is expected to decrease.

No meeting has been held for SFDF and SADF so far this year after the release of the Audit Report. Therefore, no relevant information is available for the time being.

- 16) Regarding paragraph 4.13(b), for members of the SFDF Advisory Committee and the SADF Advisory Committee who had difficulties in attending meetings and whose re-appointments are essential, what measures will the Food and Health Bureau to encourage such members to attend meetings in the future? If the Bureau has no intention to take any follow-up measures, what are the reasons and how to solve the above problem?

Response from the Bureau:

Members of SFDFAC and SADFAC are appointed by the Secretary for Food and Health (SFH). When considering re-appointments of a member, SFH will take into account a number of factors, including the member's experience in his/her professional field, his/her contribution to the operation of funds and past attendance at meetings, etc.

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AFCD will take appropriate measures to encourage members to attend meetings, including reminding members of the importance of attending meetings, scheduling meetings for date / time that is convenient to most members and reminding members before meetings.

- 17) Regarding paragraph 4.18(a), did AFCD know, prior to the Audit Commission's investigation, that the SFDF Secretariat had not distributed first-tier declaration forms to members of the SFDF Advisory Committee and the SADF Advisory Committee for completion for 2016? If yes, what remedial action has been taken? If not, what are the reasons?

Response from the Department:

In April 2017, the Department found that the Secretariat had not distributed first-tier declaration forms to members of SFDFAC for completion for 2016. However, the term of office for the year 2016-2017 (i.e. from 3 March 2016 to 2 March 2017) had expired by that time. The Department confirmed that the Chairman has reminded members to declare their interest before discussion of applications at every meeting, members also made declarations and their declarations are recorded in the minutes of the meetings during the subject period. Members of the new term of office have made valid declaration. The Department will ensure that first-tier declaration forms be distributed to committee members and duly received every year.

- 18) In response to the Audit recommendations mentioned in paragraphs 4.23 and 4.31, please provide details, the timeline and effectiveness of the Department's follow-up actions.

Response from the Department:

<b>Paragraph</b>	<b>Audit recommendations</b>	<b>Details of follow-up work</b>
4.23(a)	Ensure that first-tier declaration forms are always distributed to committee members for their completion every year.	The secretariats of SFDF and SADF distributed first-tier declaration forms to committee members for completion in December last year and March this year respectively, and duly received all declaration forms which members were required to submit for 2019.
4.23(b)	Take measure to follow up with the committee members concerned who have not submitted their first-tier declaration forms.	In 2018, two members did not submit their first-tier declaration forms. After the Department has taken the follow-up actions, the two concerned members returned the declaration forms.
4.23(c)	Take measures to facilitate committee members to fully declare their interests,	Prior to each SADF meeting, the secretariat will circulate to committee members the guidelines on the

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	including providing examples of common interests that need to be declared.	declaration of interest system devised by the Independent Commission Against Corruption, including providing examples of common interests that need to be declared, and the chairman will remind members to declare interests for the items under discussion. The SFDF secretariat will take the same measures.
4.23(d)	Regularly remind the committee chairmen of the need to make rulings on interests declared by members at the meetings, and document the rulings made in the minutes of the meetings so as to enhance transparency and accountability.	Prior to each SFDF and SADF meeting, the secretariats will prepare a Chairman's brief for the committee chairmen, in which committee chairmen are reminded of the need to ask members to declare interests and make rulings before discussing each project. After the meeting, the secretariats will also document the declaration of interests and the chairmen's ruling in minutes of meeting. The secretariats plan to provide clearer guidelines for declaration and rulings in the Chairman's brief prior to committee meetings in the future to facilitate the chairmen in making rulings.
4.31(a)	Consider laying down guidelines on the distribution of agendas (and discussion papers) and draft minutes of meetings.	The Department is now revising the internal guidelines in accordance with Audit recommendations to remind the secretariats of the requirements.
4.31(b)	Ensure that proceedings of meetings are accurately and completely recorded in minutes of meetings.	The Department will continue to ensure that proceedings of meetings are accurately and completely recorded in minutes of meetings, and the draft will be submitted to committee members for comments or amendments.

## ACRONYMS AND ABBREVIATIONS

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ACFs	Attendance claim forms
AFCD	Agriculture, Fisheries and Conservation Department
Audit	Audit Commission
Audit Report	Director of Audit's Report
CAS	Civil Aid Service
CCI	Chinese Culinary Institute
CEDD	Civil Engineering and Development Department
CIRC	Construction Industry Recruitment Centre
ECF	Environment and Conservation Fund
ECFC	Environment and Conservation Fund Committee
ECFIC	Environment and Conservation Fund Investment Committee
EIP	Equipment Improvement Project
EM	Ethnic minority
EPD	Environmental Protection Department
EPEM	Employment Programme for the Elderly and Middle-aged
EPM	Employment Programme for the Middle-aged
FIS	Farm Improvement Scheme
FSAs	Funding and service agreements
GMPs	Greening Master Plans
HKAF	Hong Kong Arts Festival
HKAFSL	Hong Kong Arts Festival Society Limited
HTI	Hotel and Tourism Institute
ICI	International Culinary Institute
iES	Interactive Employment Service
LCSD	Leisure and Cultural Services Department
LD	Labour Department

## ACRONYMS AND ABBREVIATIONS

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mobile app	Mobile application
NGOs	Non-governmental organizations
NT	New Territories
OJT	On-the-job training
PET	Pre-employment training
RCCI	Recruitment Centre for the Catering Industry
RCRI	Recruitment Centre for the Retail Industry
SADF	Sustainable Agricultural Development Fund
SFDF	Sustainable Fisheries Development Fund
SPD	Selective Placement Division
VTC	Vocational Training Council
WOPS	Work Orientation and Placement Scheme
Y.E.S.	Youth Employment Start
YETP	Youth Employment and Training Programme