

## **Commission on Poverty (CoP)**

### **Training, Retraining and Continuing Education**

#### **PURPOSE**

This paper sets out the Government's efforts in promoting training, retraining and continuing education, with a particular focus on the assistance to the low-skilled, low-education and middle-aged<sup>1</sup> workers to enhance their employability and to help them move out of poverty.

#### **BACKGROUND**

2. At the meeting on 23 January 2006, Members reviewed the various existing policies and measures in assisting low-income employees to move out of poverty. Members considered that support to low-income employees should not be focused on passive assistance, but rather on proactive support, including the provision of training and employment assistance to help them enhance their capacities and move out of poverty. This approach is in line with our policy direction to promote "From Welfare-to-Self-Reliance".

#### **MANPOWER DEMAND**

3. The existing training initiatives to help the low-skilled, low-education and middle-aged workers should be understood in the context of the underlying developments in our economy which significantly change the essence of labour demand. Indeed, the Hong Kong economy has undergone fundamental structural transformation and become more service-oriented in the past two decades, and there has been substantial job upgrading among the local workforce in order to cope with the changing work requirements in a modern economy (*Annex A*). While the earnings of those with tertiary education have experienced significant growth in real terms, the earnings of those with low education have remained relatively stagnant (*Annex B*).

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<sup>1</sup> Given the focus is on low-skilled, low-education and middle-aged workers, training for youth and youth unemployment is not covered in this paper.

4. In tandem with the sustained economic revival in the past few years, labour demand has strengthened across-the-board, although those workers with higher skills and education level tended to benefit more. Of the some 260 000 jobs created since the cyclical trough in mid-2003, nearly 80% were high-skilled jobs. This notwithstanding, the unemployment situation of lower-skilled workers has also turned better, thanks to the concurrent marked contraction in the labour supply. As a result, considerable decline in the unemployment rates was seen in all sectors, all age groups and at all education levels. Long-term unemployment has also come down markedly by nearly half. The unemployment rates in some sectors, e.g. financing and certain community, social and personal services, have fallen below 2%, i.e. virtually full employment (*Annex C*).

5. The overall unemployment rate, whilst declining, is still relatively high at around 5%. Unemployment in some sectors, most notably in the construction industry, remains high (e.g. 11.8% for the construction industry in Q2 and 10.7% in May – July 2006. Detailed breakdown at *Annex C*) and continues to attract concerns. This partly reflects that the Hong Kong economy has yet to fully recover from the earlier downturn despite several years of robust growth, with the still sluggish building and construction activity being a notable example. While the labour market keeps adjusting to the structural changes and the newly created jobs have absorbed some of the displaced workers, the delicate employment conditions in a few segments continue to act as a drag and partly explain why the overall unemployment rate remains high by historical standard despite reports of labour shortages in some sectors.

## **MANPOWER SUPPLY**

6. To maintain and further enhance the competitiveness of Hong Kong's workforce in an increasingly globalized economy, it is imperative for our workers to constantly upgrade their skills and broaden their knowledge. Through the Government's vast investment in higher education, the educational attainment of our workforce has advanced substantially in the past two decades (*Annex D*). In recent years, the Government has actively promoted the concept of lifelong learning and launched or supported a wide range of education and training schemes/programmes, aimed at enhancing the skills level, employability and competitiveness of the workforce (*Annex E*).

## **RETRAINING FOR UNEMPLOYED AND DISPLACED WORKERS**

7. For the low-skilled, low-education and middle-aged workers who are unemployed or have been displaced by the rapid economic restructuring, they require more targeted support in order to help them adjust to the changing demands of the labour market. Retraining unemployed and displaced workers is a very difficult area given their low education attainment, age and psychological barrier in entering a new field. Some of the female unemployed may have been away from the labour market for a long period and need tailor-made support.

### ***Employees Retraining Board***

8. The Government set up the Employees Retraining Board (ERB) in October 1992 to meet the training needs of the more difficult-to-employ, i.e. unemployed persons aged 30 or above with no more than junior secondary education level. ERB offers full-time placement-tied courses (e.g. training courses for work as domestic helpers, security and property management personnel, or personal care and massage for health care workers) for them free-of-charge, enabling them to acquire new skills or enhancing their employability in order to help them re-enter the labour market. Eligible workers who are unemployed or having low incomes, or have completed full-time placement-tied courses in the past two years may also apply for part-time retraining courses on basic generic skills (e.g. computer skills and vocational languages) which are offered on a partial cost-recovery basis.

9. Currently, ERB offers about 100 000 retraining places annually through 57 training bodies at over 180 training centres throughout the territory. Performance of the programmes is evaluated through a combination of placement-tied benchmarks as well as job retention rates. Against a benchmark of 70%, an average of 83% of the retraining graduates in 2005-06 financial year are able to find employment within three months upon their completion of placement-tied retraining courses (which account for about 50% of the training capacity of the year). Job retention rate after 6 months for all placements is maintained at about 67%. Since its inception, the ERB has provided over 970,000 retraining places up to the end of July 2006. Some 76% of whom are women.

10. The ensuing paragraphs highlight some of the efforts of the ERB to strengthen its support to help the unemployed and displaced workers re-enter the labour market.

(a) Market-Oriented Courses and Job Market Development

11. In order to ensure that the retraining courses are market-oriented, the ERB keeps itself abreast of labour market information through manpower projections, analysis of job vacancies, labour market surveys, consultation with industries, trade unions etc. The ERB also works closely with employers and training bodies to launch tailor-made projects to meet the needs of the individual employers.

12. In recent years, the ERB proactively develops relatively new and untapped fields suitable for low-skilled workers. The Integrated Scheme for Local Domestic Helpers (LDH) was launched in May 2002 to provide better employment and support services for both employers and graduates of retraining course for domestic helpers. Through active promotion and increasing social recognition, the Scheme is gaining popularity. The number of vacancies for LDHs registered under the Scheme increased steadily from some 37 000 in 2002 to over 58 000 in 2005. On average, over 60% of these vacancies were filled by the retrainees. The overall placement rate for the retrainees was 86% in 2005-06.

13. The ERB is continuing its efforts in developing new potential markets and new courses, e.g. post-natal mentors, health massage/foot reflexology workers, and elderly home care workers. The ERB is also exploring job opportunities in the laundry and cleaning industries. The average number of vacancies for post-natal mentors registered by the ERB is over 170 per month in the first six months of 2006. In addition to placement efforts, the ERB will attempt to create the demand for the graduates of health massage/foot reflexology retraining courses. The ERB is planning to launch promotional campaigns in residential club-houses, shopping malls and commercial establishments. Among other things, the standard of the retraining will be emphasized to instil public confidence and build the brand. With the ageing society and the preference of the elderly to grow old at home rather than in institutions, the ERB sees a good potential for elderly home care workers and introduced a standardized course in August 2006. At present, there are over 200 job vacancies per month for looking after the elderly at home registered by the ERB. The demand is expected to increase when the ERB conducts promotion in this area.

14. CoP Paper 16/2006 provides some background information on the potentials of these home help and personal care industries for Members' reference. Separately, CoP Paper 17/2006 provides background information on the potential job opportunities of the hotel industry. While the sector is growing, it is noted that the jobs suitable for the "difficult-to-employ" are mainly "back-of-the-house" jobs, e.g. room attendants and maintenance staff.

(b) *Quality Assurance*

15. The ERB has its own internal quality assurance mechanism. To maintain consistency in quality, the ERB has since 2001 been standardizing its courses in terms of contact hours, course duration and methods of assessment etc. To date, over 80% of the courses have been standardized. There are a series of performance indicators including placement rate, retention rate, capacity utilization rate and attendance rate for the Board to evaluate the cost-effectiveness of retraining courses. The satisfaction of users including employers and retrainees is measured to gauge customer satisfaction. As part of the quality assurance mechanism, the ERB arranges visits to the respective training bodies by course advisors to monitor the effectiveness of delivery of training. In addition, the ERB conducts site audits and surprise inspection visits to audit training bodies' course administration and management.

16. In order to enhance the confidence of employers in the skills standards of retrainees and hence their employability, ERB administers a Practical Skills Training and Assessment Centre (PSTAC) which has been in operation since 2002. PSTAC is a center for centralized skills assessment and certification, currently provided for graduates of the LDH, personal care workers (PCW), and health massage/foot reflexology training courses. The ERB aims to extend its standardized skills assessment to all retraining courses by phases.

17. In the long run, the Qualifications Framework (QF)<sup>2</sup> being developed will promote quality-assured qualifications and enhance the capability and competitiveness of the workforce. Only quality assured qualifications can be uploaded to the web-based Qualifications Register, the public face of the QF. The ERB will subject its courses to external accreditation by the Accreditation Authority, so that its courses can be listed on the Qualifications Register and gain the recognition of the QF.

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<sup>2</sup> For more information on QF, please see [www.hkqf.gov.hk](http://www.hkqf.gov.hk)

(c) Life Long Learning

18. Besides skills training and upgrading, the ERB also upholds the principle of life-long learning and reinforces the effectiveness of retraining through the provision of self-learning facilities and training related activities. Developing the self-learning capacities of the unemployed and promoting life-long learning are a form of “unemployment prevention” training, which is important to avoid the retrainees become unemployed again.

19. As regards life-long learning, two Retraining Resources Centres (RRCs) were established, one in Cheung Sha Wan and one in Lok Fu, which provide interactive self-learning and practising facilities as well as organize workshops, seminars, study groups, mutual help groups for retrainees. They also provide follow-up and support services for retrainees and those awaiting retraining courses with a view to enhancing their skills to cater for the needs of the employment market. In 2005-06, the two RRCs recorded a total of 195 000 visits by retrainees.

(d) Interface With Employment Support

20. Currently, the ERB works closely with the Labour Department and the Social Welfare Department in gathering labour market information, liaison with employers, provision of employment assistance services, work trials, as well as potential training opportunities for the unemployed including able-bodied Comprehensive Social Security Assistance (CSSA) recipients.

21. At the CoP meeting on 27 March 2006, Members considered the recommendations in the District Study on Employment Assistance<sup>3</sup> to provide more integrated and targeted assistance to the “difficult-to-employ”, and to avoid their being “filtered out” from the existing employment programmes. In relation to retraining services, the Study recommends that -

- (a) the retraining services in the Tin Shu Wai area be strengthened;
- (b) one of the existing RRCs be relocated to Yuen Long district or nearby, or the setting up of another RRC there;
- (c) the practical skills assessment be extended to other retraining courses;

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<sup>3</sup> For details, please refer to CoP Paper 6/2006.

- (d) the service provision of the ERB to be extended to the unemployed aged 25-29; and
- (e) the feasibility of providing temporary transport assistance to users who live in relatively remote areas.

Key Government responses to the recommendations made in the Report are set out at CoP 18/2006.

### *Retraining Displaced Construction Workers*

22. Displaced construction workers who are prepared to try a new field can attend retraining courses organized by the ERB. Nevertheless, the number of retrainees from the construction industry is not very significant (5,024 retrainees in 2005/06). Some of them have attended the security and property management courses (2,162 retrainees) and moved to a new industry. The Construction Industry Training Authority (CITA) also offers full-time short courses for displaced construction workers to enhance their employability, alongside part-time courses for in-service personnel who require retraining and skills upgrading to enhance their employability and competitiveness in the industry.

23. Besides the retraining efforts, some NGOs have also actively organized the displaced construction workers in the form of cooperatives/social enterprises, and tried to create the demand for these workers through promoting their services and providing referral and quality assurance.

### **WAY FORWARD**

24. Society keeps on changing. The importance of education, training and continuing education to enhance the competitiveness of our workforce cannot be over-emphasized. For the low-skilled, low-education and middle-aged workers, we strive to provide additional targeted support to help them adjust to the changing requirements of the labour market, through retraining, skills upgrading and promoting life-long education.

25. Members are invited in particular to note the efforts of the ERB in -
- (a) developing market-oriented courses, as well as new and untapped job market for the low-skilled workers (*paragraphs 11 – 14*);
  - (b) enhancing quality assurance (*paragraphs 15 - 17*);
  - (c) promoting life long learning as a form of “unemployment prevention” training (*paragraphs 18 – 19*); and
  - (d) strengthening interface with employment support providers (*paragraphs 20 – 21*).

26. Besides training, opportunities for placements and work trials for the more difficult-to-employ are equally important. The Caring Company Scheme under the Hong Kong Council of Social Service encourages employment of the disadvantaged, including retrainees. Similar efforts should be encouraged across the private sector in collaboration with the Government and the welfare sector. It is also note-worthy that some training bodies have started to run social enterprises as a model to provide training and placement opportunities for their clients including retrainees of the ERB.

27. On the labour demand side, the Government will continue its efforts to promote macro-economic development which drives domestic demand. Now that the economy is back on a sustainable growth path, coupled with the envisaged increase in the share of elderly population, among other things there should be a healthy growth of the market for domestic and personal services suitable for the low-skilled workers.

Commission Secretariat

*(With input from the Government Economist, the Education and Manpower Bureau and the Employees Retraining Board)*

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## Initiatives to Promote Continuing Education in Hong Kong

### **Purpose**

This paper outlines the key initiatives launched under the purview of the Education and Manpower Bureau (EMB) to promote and support continuing education in Hong Kong. Most of the programmes are open to applicants irrespective of their age, gender and race. The Employees Retraining Scheme (ERS), which targets at low-skilled, low-education and middle-aged displaced workers will be covered in the main paper and will not be repeated here.

### **Key Initiatives**

#### **A. Vocational Education and Training**

2. Established in 1982, the Vocational Training Council (VTC) has been offering a very comprehensive range of vocational education, industrial training and skills upgrading to school leavers and adult learners to prepare them for employment or to enhance their employability. Admission to VTC courses are solely based on the level of education, aptitude and interest of the applicants, irrespective of their age, gender and race. The following sets out the main types of vocational education and training programmes offered by VTC for people in employment:

- (a) Through its Institute of Vocational Education (IVE) and School of Business and Information Systems (SBI), the VTC offers **part-time higher diploma/ diploma/ higher certificate/ certificate** programmes in nine disciplines of studies to in-service workers who wish to attain higher academic/vocational qualifications. The nine disciplines range from engineering, applied science, design, information technology to hotel and tourism.
- (b) **Training and skills upgrading courses** of different duration are offered by the VTC's 15 Training and Development (T&D) Centres to in-service personnel to upgrade their skills and knowledge of their respective trades.

- (c) The VTC's Institute of Professional Education and Knowledge (PEAK) provides a comprehensive range of **continuous professional development programmes** for the working population mainly in the area of financial services, management and information technology. Operated mostly on a self-financed basis, these programmes include industry-specific and technical skills short training courses, professional licensing examinations, skills assessment tests, preparatory courses for professional examinations and professional certificates and diplomas with professional and academic articulation paths.

## **B. Continuing Education**

### **(a) *Continuing Education Fund (CEF)***

3. The Government launched a \$5 billion CEF in 2002 to provide financial incentives to those eligible applicants aged from 18 to 60 to pursue continuing education so as to better prepare Hong Kong's workforce for the knowledge-based economy. CEF applicants may claim reimbursement of 80% of the course fee upon completion of the course, subject to a ceiling of \$10,000 per applicant. At present, more than 5,000 approved courses in five economic sectors with high-growth potential (i.e. logistics, financial services, business services, tourism and creative industries) and three types of generic skills (i.e. language, design and interpersonal/intrapersonal skills for the workplace) are covered by the CEF. According to a recent survey, some 73% of the applicants considered the Fund useful in arousing their interests in continuing education, and more than 70% of them thought that the CEF courses were helpful in enhancing their vocational skills and self-confidence.

### **(b) *Skills Upgrading Scheme (SUS)***

4. The \$400 million Skills Upgrading Scheme (SUS) was launched in September 2001 to help low skill and low education workers to adapt to the changing economic environment. The Scheme currently covers 23 industries and has so far offered over 8 000 classes benefitting over 163 000 in-service workers. According to surveys conducted in 2003 and 2004, 92% of the trainees considered the SUS courses helpful in enhancing their vocational skills and 88% of them considered the Scheme has helped improve their self-confidence.

(c) *Adult Education Subvention Scheme (AESS)*

5. The Adult Education Subvention Scheme (AESS) was introduced in 1980 to subsidise non-governmental organisations to organise short and informal adult education programmes under particular purviews such as courses for improving basic literacy in Chinese; general education courses; retirement education courses; special education courses for the physically or mentally handicapped adults, etc. In the 2005/06 school year, there are 105 NGOs receiving subvention under the Scheme for organising 862 informal adult education programmes providing at least 19 500 places.

**C. Qualifications Framework**

6. To turn Hong Kong into a lifelong learning society, our education and qualification systems must provide multiple progression pathways and articulation of academic and vocational qualifications. With this objective in mind, we are developing a Qualifications Framework (QF), which is a seven-level hierarchy against which academic, vocational and continuing education qualifications can be benchmarked.

7. To ensure the relevance of the training programmes in the vocational sector, EMB has set up Industry Training Advisory Committees (ITACs) for individual industries to develop industry-specific competency standards under the QF. So far, ITACs have been formed for twelve industries, namely, Printing & Publishing, Watch & Clock, Chinese Catering, Hairdressing, Property Management, Electrical & Mechanical Services, Jewellery, Information & Communications Technology, Automotive, Beauty, Logistics and Banking. More ITACs will be established in order to cover the bulk of our workforce.

8. With well-defined standards of qualifications and clear indication of the articulation ladders between them, the QF enables all learners to set clear goals and directions for obtaining quality-assured qualifications. In the long run, the QF will promote lifelong learning, hence enhancing the capability and competitiveness of Hong Kong's human capital.