

Chapter 1 Current Functions and Roles of the Employees Retraining Board

- 1.1 The Employees Retraining Board (the “ERB”), established under the Employees Retraining Ordinance in October 1992, has been responsible for the administration of the Employees Retraining Fund set up under the said Ordinance and the implementation of the Employees Retraining Scheme (the “ERS”). The ERS aims to help the unemployed or those at the brink of unemployment to enhance their employability through the provision of retraining courses and services, and to meet the needs of employers and the economic development of Hong Kong. The ERB is a statutory body comprising representatives from employers, employees, the Government, and vocational training and manpower planning professionals.
- 1.2 At the initial stage of inception, the major service targets of ERB were those displaced workers aged 30 or above and the ERB sought to help them re-enter the labour market. Other service targets also included those people with disabilities, people recovered from industrial accidents, as well as the elderly. The ERB aimed to help them to rebuild their confidence and re-enter the job market. Training was provided free of charge, and retraining allowance was also available.
- 1.3 Owing to the changing structure of the Hong Kong economy, the Government commissioned a consultancy firm to review the ERS in April 1996 and the review findings were announced in June 1997. The major recommendations of the review were that the ERS should focus on providing those aged 30 or above with no more than junior secondary education with retraining so as to help them find jobs and sustain their employment. Based on the review findings, the ERB extended its services to house wives, people aged 50 or above, people with disabilities, people recovered from industrial accidents, and people with chronic illnesses who intended to re-enter the job market, as well as those eligible in-service workers who wished to enhance their generic skills. Starting from 1 January 1997, the ERS has also been expanded to cover the new arrivals.

- 1.4 The recurrent expenditure of the ERB came from the levy of \$400 per worker per month collected from employers who employed imported workers. When the Board was established in 1992, the Government injected a start-up capital of \$300 million and thereafter several one-off grants to the ERB. Since 2001-02, the Government has been granting to the ERB a recurrent funding of \$400 million a year to finance its operation and services.
- 1.5 Based on the recommendations of the Report of the Task Force on Population Policy, the Executive Council decided in February 2003 that with effect from 1 October 2003, employers of foreign domestic helpers should pay the same levy of \$400 per worker per month as those who employed imported workers under the Supplementary Labour Scheme. In April 2003, 5 foreign domestic helpers applied for judicial review against the decisions to collect the levy under the Employees Retraining Ordinance and to lower the minimum acceptable wage of foreign domestic helpers from \$3,670 to \$3,270. In view of the implications of the judicial review, the Government requested the ERB not to make use of the levy collected then.
- 1.6 The ERB has always been a funding body instead of a training provider. At the moment, we provide around 130 types of courses through 58 training bodies at around 200 training centres throughout Hong Kong. The ERB offers some 100,000 training places a year, about 60% of which are full-time placement-tied courses. As of end December 2007, the ERB had offered over one million training places. The training courses can be broadly put under five categories: - (1) job search skills courses¹ (2) job specific vocational skills courses (3) basic language and computer skills courses (4) courses for the disabled and people recovered from industrial accidents, and (5) tailor-made courses for employers.
- 1.7 Full-time placement-tied courses mainly include training for Security and Property Management, Household Services (including domestic helper, post-natal care worker, and child and infant care

¹ The course specifically designed for new arrivals is called "Job Search Skills for the New Arrivals".

worker), Healthcare Massage, Healthcare Assistant (including personal care and elderly home care), Hotel and Catering, Customer Service and so forth. The duration of full-time courses usually ranges from 2 to 4 weeks and the target participants are the unemployed. These courses are free and some participants may receive retraining allowance (around \$150 per day). The benchmark of placement rate is set at 70% for placement-tied courses. In 2006-07, the average placement rate attained approximated 85%.

- 1.8 The non-placement-tied courses are offered in part-time mode. They cover basic English, Putonghua and computer applications. The duration ranges from 2 weeks to 3 months. Both the unemployed and in-service workers may apply. A fee covering 20% of the costs is required for those enrolling in these courses but can be waived for the unemployed and the persons with low income.
- 1.9 In addition, in 2007 the ERB offered the English version of two standardized courses on “Domestic Helper” and “Security and Property Management” for the ethnic minorities in the light of their training and employment needs. Furthermore, since the introduction of an incentive scheme for new course development in April 2007, we have approved three specially designed courses for the ethnic minorities, namely “Kitchen Assistant for Indian Cuisine”, “Environmental Hygiene and Cleaning Workers” and “Personal Care Workers”.
- 1.10 In sum, the objectives of the existing ERS are:
 - to provide placement-tied full-time retraining courses to upgrade the vocational skills of the unemployed and help them re-enter the labour market;
 - to provide half-day and evening part-time courses to help the unemployed or the newly re-employed acquire basic language and computer application skills in order to enhance their employability or their abilities to stay in their jobs;

- to assist those retrainees who wish to start their own business to contribute to the economy and develop business opportunities;
- to provide employment referral and counselling services to retrainees, help them adapt to new working environments and face new challenges; and
- to assist retrainees to overcome their psychological barriers, and to acquire recognized qualifications.

1.11 To achieve its objectives, the ERB is performing the following functions:

- keep track of the development of the labour market and assess the demand for labour, based on which training in areas with employment potential will be provided ;
- maintain close liaison with stakeholders, including employers, industry practitioners as well as training providers for development of new courses;
- create more employment opportunities for our graduates through the “Integrated Scheme for Local Domestic Helpers”, “Healthcare Massage Integrated Scheme”, etc.;
- allocate training places and funding to training bodies in accordance with specially designed mechanisms; and
- monitor the quality of training courses through means like management audit, post-training evaluation, performance indicators, and standardized assessment, etc.

1.12 In the past, the ERB mainly targeted its services to the older group of unemployed persons with low skills with the aim to retrain them for alternative jobs. But in the course of economic restructuring, it becomes clear that unemployed persons of different age groups and educational levels also have needs for retraining in order to re-enter

the labour market. In Table 1.1 below, the data for the third quarter of 2007 reveals that the percentage of the unemployed with Secondary 3 education or below is 38.8% of the total unemployed population, while the percentage of those with Secondary 3 or above but below degree level is 45.7%. The two groups together represent 84.5% of the total unemployed population, and around 40% of the unemployed are aged below 30.

Table 1.1 Demographic Characteristics of HK Labour Force, 2006 & 2007 Q3

	Employed		Unemployed		Total Work Force	
	2006 Q3 '000(%)	2007 Q3 '000(%)	2006 Q3 '000(%)	2007 Q3 '000(%)	2006 Q3 '000(%)	2007 Q3 '000(%)
Age Groups						
15 - 29	791.6 (23.1)	802.9 (22.9)	69.2 (39.0)	61.4 (39.3)	860.9 (23.8)	864.4 (23.6)
30 or above	2,641.4 (76.9)	2,699.2 (77.1)	108.3 (61.0)	94.8 (60.7)	2749.8 (76.2)	2,794.0 (76.4)
Total	3433.1 (100.0)	3,502.2 (100.0)	177.5 (100.0)	156.3 (100.0)	3,610.6 (100.0)	3,658.4 (100.0)
Education Attainment						
S.3 or below	1,029.0 (30.0)	1,022.0 (29.2)	73.1 (41.2)	60.7 (38.8)	1,102.2 (30.5)	1,082.7 (29.6)
Above S.3 but below Degree	1,711.7 (49.9)	1,754.0 (50.1)	82.1 (46.3)	71.5 (45.7)	1,793.7 (49.7)	1,825.5 (49.9)
Degree Level	692.4 (20.2)	726.2 (20.7)	22.3 (12.6)	24.1 (15.4)	714.8 (19.8)	750.2 (20.5)
Total	3,433.1 (100.0)	3,502.2 (100.0)	177.5 (100.0)	156.3 (100.0)	3,610.6 (100.0)	3,658.4 (100.0)

Source: HK Census and Statistics Department General Household Survey (3rd Quarter of 2007)

- 1.13 The provision of nine-year free (compulsory) education (i.e. six years primary plus three years secondary education) has been implemented in Hong Kong for nearly 30 years. Those children who benefited from the scheme are now 40 years old or above. Under this scheme, the majority of the working population have completed junior secondary education. Should the target group of the ERB be confined to those with education level at Secondary 3 or below, the number of service targets for retraining would become insignificant and the effectiveness of our work would be hampered.
- 1.14 In January 2005, the Court of First Instance dismissed the application for judicial review mentioned in paragraph 1.5 above. In July 2006, the Court of Appeal maintained the decision of the Court of First Instance. By October 2006, the deadline for application for leave to appeal to the Court of Final Appeal, the Plaintiff has not submitted any application. As at 31 December 2007, the levy collected together with interest earned amounted up to \$4.1 billion. As the sum is quite substantial, the public at large would expect the ERB to make good use of it to strengthen its training services for the unemployed as well as the working population in Hong Kong.
- 1.15 The Chief Executive announced in his Policy Address 2007-08: *“Employment is an issue that has to be tackled by setting long-term strategies. Hong Kong’s economic growth model has changed. The need for training and self-improvement is not just confined to low-skilled, low-educated and middle-aged workers. We need to turn our training policy into a long-term social investment”*.² The Policy Address thus suggested to relax the eligibility criteria for retraining courses to cover those aged 15 to 29, and with education level at sub-degree or below so as to offer more diversified training courses to cater for the market needs, and to provide assistance to enterprises of different trades in manpower training and continuous skills upgrading.

² The Policy Address “A New Direction for Hong Kong” delivered by the Chief Executive at the Legislative Council meeting on 10 October 2007, Para.73.

- 1.16 At the Executive Council meeting held on 23 October 2007, the Council advised and the Chief Executive ordered that (i) starting from 1 December 2007, the ERB be allowed to make use of the levy collected from the employers of foreign domestic helpers to finance its operation and services; and (ii) from 1 December 2007 onwards, relax the eligibility criteria for the ERS to cover people aged 15 to 29 and with education level at sub-degree or below.
- 1.17 The ERB has 15 years of experience in retraining and its achievements are remarkable. At times of economic difficulties, the ERB had sought to assist the vulnerable groups to address their employment problems. Now that the Hong Kong economy is recovering and the unemployment rate is on a downward trend, the ERB should seize the opportunity to review its positioning and strategies. Through the proper use of the levy collected, the ERB should take on a broader mission to further empower the Hong Kong work-force in order to meet the expectations of the society and the public at large.