

CHAPTER 9

PUBLIC BODY

Employees Retraining Board

Employees Retraining Scheme

EMPLOYEES RETRAINING SCHEME

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EMPLOYEES RETRAINING SCHEME

Summary and key findings

A. **Introduction.** The Employees Retraining Scheme is administered by the Employees Retraining Board (ERB), which seeks to help local employees adjust to changes in the employment market by acquiring new or enhanced vocational skills. Since the inception of the Scheme in 1992 and up to March 2000, the ERB had received grants from the Government totalling \$1,600 million, and \$490 million levies from employers of imported workers. In 1999-2000, the expenditure of the Scheme was \$384 million. Audit recently conducted a review on the administration of retraining courses of the ERB (paras. 1.1 to 1.12).

B. **Provision of job-specific-skill retraining courses.** Audit noted that some retraining courses provided by the ERB did not correspond with the demand in the labour market. Training bodies conducted their own market researches and determined the retraining courses individually. There were ineffective market researches and there was a lack of coordination of retraining programmes (paras. 2.4 to 2.18).

C. **Provision of general-skill retraining courses.** Audit noted that there were variations in the course names of similar general-skill retraining courses conducted by different training bodies. These variations caused confusions to retrainees when applying for these retraining courses, and created difficulties for the ERB in its efforts to ensure that retrainees would not repeatedly attend courses of the same type (paras. 2.19 to 2.32).

D. **Allocation of courses and defraying training costs to training bodies.** Audit noted that the ERB's system of allocating retraining programmes to approved training bodies and defraying them training costs incurred was not entirely satisfactory. Under the system, it is very difficult for the ERB to effectively monitor and accurately determine the costs incurred by training bodies in conducting retraining programmes. Further, there is little incentive for training bodies to be cost-conscious because training costs are reimbursed by the ERB in full so long as they do not exceed the approved budgets (paras. 2.33 to 2.56).

E. **Registration of training bodies under the Education Ordinance.** Audit found that some training bodies had not applied to the Director of Education for conducting 81 educational retraining courses under the Education Ordinance (Cap. 279). Their failure to register the educational retraining courses under the Education Ordinance may result in insufficient safeguards being provided to users of the unregistered premises against potential hazards (paras. 2.57 to 2.73).

F. **Executive Council's policy directives on target retrainees.** The Executive Council's policy directives on target retrainees require that the ERB's retraining places should be primarily allocated to people who are unemployed, aged 30 or above, with no more than lower secondary education. However, Audit found that half of the retrainees admitted to employment-oriented courses in 1999-2000 did not meet the age and/or educational criteria for the target retrainees (paras. 3.4 to 3.17).

G. **Enrolment and registration of retrainees.** Audit noted that some training bodies did not adopt appropriate measures to ensure the maximum utilisation of retraining resources (paras. 3.18 to 3.28).

H. **Controls over frequency of retrainees attending full-time courses.** Audit found that some retrainees had attended more retraining courses than those allowed by the ERB's rules. Audit also noted that the ERB did not exercise sufficient controls over the frequency of retrainees attending full-time courses (paras. 3.29 to 3.44).

I. **Payment of retraining allowances to Comprehensive Social Security Assistance recipients.** In a data-matching exercise conducted by Audit, Audit found that a substantial number of retrainees receiving Comprehensive Social Security Assistance (CSSA) allowances had not reported their retraining allowances to the Social Welfare Department (SWD), which resulted in overpayment of CSSA allowances to them. Audit estimates that the overpayment of CSSA allowances amounts to \$2 million a year (paras. 3.45 to 3.58).

J. **Compilation of job placement rates.** Audit noted that the duration of employment was not taken into account in defining a placement, and there was insufficient verification of the accuracy of placement information compiled by training bodies. Audit also found that different placement rates for unsatisfactorily-placed retrainees (e.g. who worked short working hours, earned low salaries and were employed in occupations unrelated to the retraining courses attended) had not been compiled by the ERB to more accurately reflect the placement situation (paras. 4.3 to 4.23).

K. **Evaluation of retraining courses and monitoring of training bodies.** The Executive Office of the Employees Retraining Board (EO/ERB) has recently made concerted efforts to make improvements on the evaluation of retraining courses and monitoring of training bodies' performance. Nevertheless, Audit notes that the EO/ERB has not verified the information stated on evaluation forms completed by retrainees. Audit also notes that the EO/ERB has not implemented the performance indicators on retrainees' skills development and satisfaction of retrainees and employers (paras. 4.24 to 4.45).

L. **Audit recommendations.** Audit has made the following major recommendations that the Executive Director, ERB should:

- (a) coordinate retraining programmes conducted by different training bodies (last inset of para. 2.17);
- (b) standardise the names of similar courses conducted by different training bodies (first inset of para. 2.31);
- (c) explore the option of adopting a competitive tender system for appointing training bodies (second inset of para. 2.54);
- (d) require operators of retraining courses which are educational in nature to comply with the registration/exemption requirements laid down in the Education Ordinance (first inset of para. 2.71);

- (e) take action to ensure that the premises on which retraining courses are conducted meet the loading, design, structural and fire safety standards of the Government (second inset of para. 2.71);
- (f) ensure compliance with the Executive Council's policy directives, which state that the Employees Retraining Scheme should primarily focus on retraining those who are unemployed, aged 30 or above, with no more than lower secondary education (first inset of para. 3.15);
- (g) to ensure maximum utilisation of retraining resources, consider adopting the practice of over-enrolment of retrainees (first inset of para. 3.27);
- (h) ensure that retrainees comply with the ERB's rules on the frequency of attending full-time courses (first inset of para. 3.43);
- (i) introduce additional control measures to vet the applications submitted by retrainees who have previously attended full-time job-specific-skill courses to ensure that they have motivations to find jobs (third inset of para. 3.43);
- (j) promptly supply information of retrainees who are eligible for retraining allowances and have declared themselves as CSSA recipients to the SWD for necessary adjustments of their CSSA payments (second inset of para. 3.55);
- (k) supply personal data of retrainees who have received retraining allowances to the SWD for conducting data matching periodically with the SWD's records (third inset of para. 3.55);
- (l) conduct periodic retention surveys to ascertain the duration of retrainees' employment (first inset of para. 4.21);
- (m) in respect of each training body, compile different placement rates to take account of relevant factors (e.g. the duration of employment and the age group of retrainees) (second inset of para. 4.21);
- (n) take appropriate action against those training bodies which repeatedly fail to comply with the ERB's guidelines and requirements (para. 4.43(b)); and
- (o) take early action to implement performance indicators on retrainees' skills development and satisfaction of retrainees and employers (para. 4.43(g)).

M. Response from the ERB and the Administration. The Executive Director, ERB and the Administration have generally accepted the audit recommendations.

PART 1: INTRODUCTION

Background

Employees Retraining Scheme

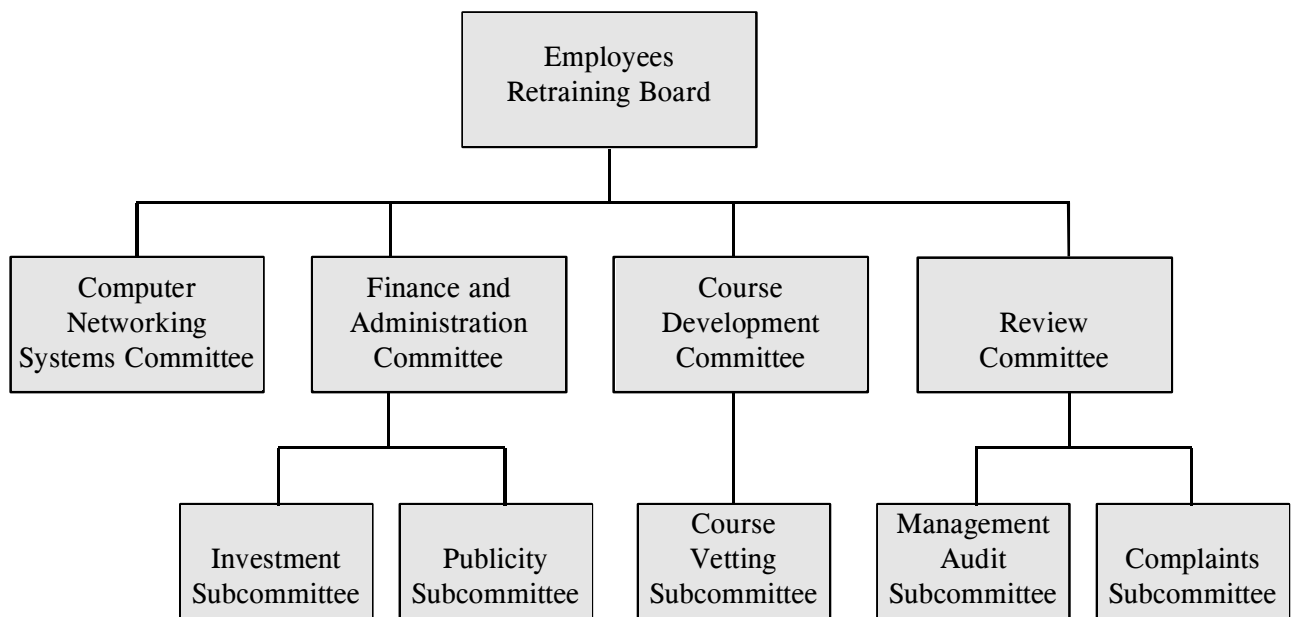
1.1 The Employees Retraining Scheme (ERS) is administered by the Employees Retraining Board (ERB), which was established in late 1992 under the Employees Retraining Ordinance (ERO) — Cap. 423. The ERS seeks to help local employees adjust to changes in the employment market, arising from Hong Kong's economic restructuring, by acquiring new or enhanced vocational skills.

Employees Retraining Board

1.2 Members of the ERB consist of a Chairman, a Vice-Chairman, four employers' representatives, four employees' representatives, four professionals from vocational training, retraining and manpower planning and two government representatives, namely the Commissioner for Labour and the Deputy Secretary for Education and Manpower. The ERB has established four committees and five subcommittees to assist in the performance of its functions. The Executive Office of the ERB (EO/ERB) is headed by the Executive Director who is assisted by 54 staff. Figure 1 below shows the structure of the ERB.

Figure 1

Structure of the ERB



Source: EO/ERB's records

Employees Retraining Fund

1.3 An Employees Retraining Fund (ERF), which is managed by the ERB, was set up under the ERO. The ERF mainly consists of levies collected from employers of imported workers, government grants and course fees from retrainees. In the financial year 1999-2000, the ERB spent \$384 million in providing retraining courses and granting retraining allowances to retrainees. Appendix A shows the income and expenditure of the ERF since its inception in 1992.

Income of the ERF from employers of imported workers

1.4 In January 1992, the Government introduced a General Labour Importation Scheme (GLIS) under which a maximum of 25,000 workers at any one time at the levels of technician, supervisor, craftsman and experienced operator would be admitted to work in Hong Kong. In 1995, having regard to the labour market situation, the Government decided that the GLIS should end and be allowed to run down naturally.

1.5 In February 1996, to cater for the special needs of industries, the Government introduced a Supplementary Labour Scheme which allows the entry of imported workers to take up jobs which cannot be filled locally.

1.6 Furthermore, in order to facilitate the timely completion of the new airport and related projects, in 1990, the Government introduced a Special Importation of Labour Scheme for the New Airport and Related Projects. The Scheme ceased operation upon completion of the airport projects in early 1999.

1.7 The above three labour importation schemes require employers to pay a levy of \$400 per imported worker per month. Income from the levy is channelled to the ERF to finance employees retraining programmes that meet the needs of the local workforce. During the eight-year period between 1992-1993 and 1999-2000, the ERF received \$490 million levies from employers of imported workers (see Appendix A).

Government grants to the ERF

1.8 Due to the termination of the GLIS in October 1995 and the fact that there was a small number of workers imported under the Supplementary Labour Scheme and the Special Importation of Labour Scheme for the New Airport and Related Projects, the levy on imported workers was insufficient to finance the retraining programmes under the ERS. As a result, in addition to the initial capital injection of \$300 million granted to the ERF at its inception in 1992, the Government made three further grants of \$300 million and \$500 million in 1996-97 and \$500 million in 1998-99. Up to July 2000, the Government had made grants totalling \$1,600 million to the ERF. As at 31 March 2000, the ERF had a balance of \$542 million.

Executive Council's policy directives of June 1997

1.9 In 1996, the Government conducted a review of the future direction of the ERS. In late 1996 and early 1997, the Government carried out public consultations on a set of proposals to revamp the ERS. In June 1997, having considered the feedback from the parties concerned, the Executive Council (ExCo) directed that the ERS should be revamped. The ExCo's major policy directives were as follows:

- the Scheme should focus primarily on retraining the unemployed, aged 30 or above, with no more than lower secondary education;
- all the existing Skills Upgrading Courses under the Scheme should be taken over by the Vocational Training Council, in phases, whilst the ERB should continue to provide General Skills Courses for the employed on the condition that these courses meet the three new criteria of quality assurance, cost-effectiveness, and the availability of a suitable fee-charging system;
- the retraining programme should, in future, as far as possible, take the form of a specially-designed package of employment-oriented training courses, aiming at helping the retrainees to secure and hold down their jobs; and
- the ERB should critically evaluate the number and composition of the training bodies under the ERS, with a view to improving their effectiveness and the ERB's monitoring of their performance and quality.

Audit review

1.10 Audit acknowledges the importance of employees retraining at a time when Hong Kong's economy is undergoing an economic restructuring. Audit considers that it is necessary to ensure that value for money is obtained from the public resources deployed to the ERS, and that the resources are used to assist those most in need of retraining as directed by ExCo. Against this background, Audit recently conducted a review to examine the economy, efficiency and effectiveness with which the resources allocated to the ERB have been used (Note 1).

1.11 The ERB provides retraining courses under five programmes, namely Ordinary Retraining Programme, Programme for New Arrivals, Tailor-made Programme for the Elderly, Tailor-made Programme for the Disabled and Regular Training Courses. As the Ordinary

Note 1: *Financial audit of the ERB is conducted by a firm of Certified Public Accountants.*

Retraining Programme accounted for 94% of the ERB's resources in 1999-2000 (see Appendix B), this audit review focused on this programme. The review did not cover the activities under the other four minor programmes. This was because the expenditure of these four programmes, in terms of materiality, only accounted for 6% of the ERB's annual expenditure. Audit has identified a number of areas where there is room for improvement and has made a number of recommendations to the Executive Director, ERB.

General response from the ERB

1.12 The **Executive Director, ERB** has said that:

- the EO/ERB welcomes and agrees to Audit's constructive recommendations;
- some of Audit's recommendations have been included in the ERB's Three-year Strategic Plan for 1999-2001 which was approved in November 1998;
- the EO/ERB has set up a Task Group to further examine and follow up the recommendations in this audit report. The recommendations will provide the ERB with fresh insight into ways of achieving its mission of providing high quality retraining courses to the unemployed and potentially unemployed;
- the ERB's Management Audit Subcommittee (MASC) will monitor the implementation of Audit's recommendations; and
- without the Government's long-term funding arrangement for the ERS, it would be premature for the ERB to embark on implementing those recommendations which require substantial resources.

PART 2: PROVISION OF RETRAINING COURSES BY ENGAGING SERVICES OF TRAINING BODIES

Functions of the ERB

- 2.1 The ERB, as laid down in section 4 of the ERO, has the following major functions:
- providing and administering retraining courses to eligible employees in adjusting to changes in the employment market by acquiring new or enhanced vocational skills;
 - identifying occupations that have high vacancy rates for the purpose of providing corresponding retraining courses; and
 - engaging the services of training bodies for the purpose of providing or conducting retraining courses.

Retraining courses conducted by training bodies

2.2 In 1999-2000, the ERB appointed 39 training bodies to provide 3,931 retraining classes under the Ordinary Retraining Programme, and paid \$204.2 million to these training bodies to defray their costs of conducting these retraining classes. The amounts of training costs defrayed to each of the 39 training bodies in 1999-2000 are shown in Appendix C.

2.3 Under the ERB's Ordinary Retraining Programme, there are four categories of retraining courses, namely *job-search-skill courses*, *job-specific-skill courses*, *general-skill courses* and *tailor-made courses for employers*. The components of these retraining courses, number of training bodies involved, number of retraining classes conducted, number of retrainees admitted and training costs for providing the retraining courses in 1999-2000 are shown in Appendix D.

Planning for the provision of job-specific-skill retraining courses

2.4 *ExCo's policy directives of June 1997.* In June 1997, ExCo directed, among other things, that the ERB's retraining programme should in future and as far as possible take the form of a specially-designed package of employment-oriented training courses, aiming at helping the retrainees to secure and hold down their jobs.

2.5 *Job-specific-skill courses conducted in 1999-2000.* As shown in Appendix E, on average, 3,032 retrainees were admitted to job-specific-skill courses a month in 1999-2000. The majority of these retrainees were eligible for a retraining allowance (see paragraph 3.2 in Part 3 below). The major courses were: clerical (32%), family care (27%) and security/building attendants (24%). The other job-specific-skill courses which admitted significant number of retrainees included health care (5%) and service industry (3%).

2.6 ***Applications for conducting recurrent job-specific-skill retraining courses.*** In November each year, existing training bodies submit proposals for conducting recurrent retraining courses in the coming year. The EO/ERB prepares a budget for the number of retraining places to be provided for each category of retraining courses in the coming year. The proposal is submitted to the ERB's Course Development Committee for vetting and endorsement, and then to the ERB for final approval.

2.7 Each quarter, training bodies submit detailed proposals for conducting recurrent retraining courses in the next quarter to the EO/ERB, stating the course names, number of classes, number of retrainees, locations, budgets, etc. The EO/ERB examines the cost per retrainee and past performance of the training bodies, including utilisation of approved retraining places per class, retrainee attendance rates, placement rates, etc., before granting approval to the training bodies for conducting the proposed courses based upon the proposed budgets.

2.8 ***Applications for conducting new job-specific-skill retraining courses.*** Regarding proposals for conducting new retraining courses submitted by training bodies, the EO/ERB evaluates the proposed courses with reference to forecasts of job vacancies and assesses the cost-effectiveness of the courses. Based on the results of the evaluations and assessments, the EO/ERB makes recommendations to the Course Vetting Subcommittee (CVSC), which vets the recommendations and grants approvals or otherwise for running the courses.

2.9 ***Recent computer networking system.*** In early 1999, the EO/ERB started to implement a new computer networking system, called Retraining Networking System (Rnet). This system connects the computers of training bodies with those of the EO/ERB to improve communications between them. Part of the system is called ***Placement and Job Matching***. It has two functions, namely reporting placement information obtained by training bodies to the EO/ERB (see paragraphs 4.3 to 4.5 in Part 4 below) and sending job vacancy information collected by the EO/ERB to training bodies to assist retrainees in finding jobs. Periodically, the Labour Department supplies job vacancy information to the EO/ERB. Some employers may also register with the EO/ERB in respect of job vacancies available. The EO/ERB consolidates the vacancy information and inputs it into its computerised database which can be accessed by training bodies through the networking system. Training bodies then convey the vacancy information to retrainees to assist them in finding jobs. Retraining course information is also input into the system which can be accessed by Local Employment Services Centres of the Labour Department.

2.10 ***Researches on labour market information.*** The ERB has established a Research and Development Department with three staff to carry out, on a regular basis, analyses of the labour market information for planning retraining programmes. The analyses are based on data obtained from the following sources:

- job vacancy information of the Labour Department;
- research results of the Census and Statistics Department, Government Economist, Task Force on Employment and Vocational Training Council;
- contacts with trade associations, employer groups and training bodies;

- job vacancy information from advertisements in major newspapers; and
- feedback from Course Steering Groups, Trade Advisory Groups and employers.

2.11 The Research and Development Department provides, on a regular basis, reports on statistics and analyses of labour market information for reference by training bodies for planning retraining courses. Some training bodies have established market research functions and networks of contact with employers and low-income groups to ensure quick response to market needs. Since March 1999, the ERB has set up a Research and Development Working Group which consists of members from the ERB and major training bodies. Members exchange research and market information and consider areas for further research.

2.12 The EO/ERB holds regular meetings with various trade and employer associations and training bodies to exchange labour market information. The EO/ERB has also set up nine Trade Advisory Groups for different trades and industries, eleven Course Steering Groups and a Placement Services Working Group. The groups meet regularly to exchange information on job market in specific trades or industries and help monitor and evaluate the design and delivery of relevant retraining programmes.

Audit observations on planning for the provision of job-specific-skill retraining courses

2.13 **Section 4 of the ERO states that one of the functions of the ERB is to identify occupations that have high vacancy rates, and then engage the services of training bodies to provide corresponding retraining courses to unemployed people to assist them to secure jobs in these occupations.**

2.14 Audit conducted a review to ascertain the relevance of the retraining courses. Audit noted that, in 1999-2000, there were on average 2,711 job vacancies relating to sales personnel registered with the Labour Department every month. However, during the same period, the ERB did not organise any job-specific-skill courses in this job category. **Audit considers that the under-provision of retraining courses in this job category could have been caused by training bodies conducting their own market researches and determining the retraining courses individually. Audit also considers that the ERB should, based on up-to-date labour market information collected from various sources, make structured and comprehensive forecasts of job vacancies periodically.** The monthly average number of retrainees admitted to different job-specific-skill courses in 1999-2000 is shown in Appendix E, and the monthly average number of job vacancies registered with the Labour Department in the same year is shown in Appendix F.

2.15 The EO/ERB has stated that the ERS is operated on a market-driven approach, whereby the EO/ERB and training bodies jointly identify the labour market needs. The ERB is able to respond promptly to rapid changes in the labour market. The EO/ERB has also stated that, with respect to sales personnel, although the Labour Department received 2,711 such vacancies a month, these job vacancies were mainly commission based, requiring people in the younger-age groups with Form Five educational standard or above, and with relevant working experience. These requirements are unlikely to be met by the ERB's retrainees who are primarily middle-aged with

lower secondary education and little or no relevant experience. These retrainees look for jobs with steady income. Nevertheless, at the request of retail-chain employers, the ERB sometimes organises tailor-made retraining programmes for sales personnel.

2.16 Audit considers that the ERB should ensure that the retraining courses correspond with the demand in the labour market.

Audit recommendations on planning for the provision of job-specific-skill retraining courses

2.17 To ensure that occupations with high vacancy rates are identified and relevant types and appropriate number of job-specific-skill retraining courses are provided to unemployed persons to help them secure jobs, Audit has recommended that the Executive Director, ERB should:

- intensify the ERB's efforts in research and development;
- based on the labour market information collected from various sources, make structured and comprehensive forecasts of job vacancies in different job categories on a regular basis; and
- coordinate retraining programmes conducted by different training bodies to ensure that retraining courses correspond with the forecasts in demand in the labour market.

Response from the ERB

2.18 The Executive Director, ERB has stated that:

- the EO/ERB accepts Audit's recommendation to intensify its research and development efforts; and
- there are resource implications as the ERB may have to expand its Research and Development Department which has only three staff.

Provision of general-skill retraining courses

2.19 *Definition of general-skill retraining courses.* As stated in an Annex to the ExCo Memorandum dated June 1997, the ERB's general-skill courses comprised basic English, computing and Putonghua courses which were set at an elementary level and were designed for those with a low or minimal level of formal education. It was stated that most of the target retrainees spoke little or no English and were computer illiterate. The general-skill courses were provided for the employed to sustain them in employment.

2.20 *Course fees for part-time courses.* Since 1997-98, retrainees attending part-time retraining courses, which are mostly general-skill courses, have been required to pay course fees to the ERB. The course fees have been set at 20% of the training cost. From October 2000, the ERB will raise the course fees to a level equivalent to 40% of the training cost. Nevertheless, retrainees who are unemployed, or earning a monthly salary of less than \$6,333, may apply to the ERB for refund of the course fees paid if they have attended over 80% of the classes.

2.21 *Conditions for admission to general-skill retraining courses.* The ERB states in the Retraining Course Booklets published in June 2000, among others, the following rules:

- an applicant is not allowed to attend the same course more than once;
- an applicant is not allowed to enrol in a course at a level lower than the one he has previously attended in the same series; and
- an applicant is required to complete a course (technical or basic) before enrolment in another course. However, a retrainee attending a job-search-skill course may take one additional technical or basic course at the same time.

2.22 *General-skill courses conducted in 1999-2000.* Table 1 below shows the number of general-skill retraining courses conducted and the retrainees admitted in 1999-2000.

Table 1

**Number of general-skill retraining courses conducted
and retrainees admitted in 1999-2000**

	Courses		Retrainees	
	(Number)	(Percentage)	(Number)	(Percentage)
Computing	80	70%	38,730	89%
Putonghua	16	14%	2,358	6%
English	18	16%	2,295	5%
Total	114	100%	43,383	100%

Source: EO/ERB's records

Audit observations on provision of general-skill retraining courses

2.23 Audit noted that there were variations in the course names of general-skill retraining courses, although the nature of these courses was similar. These variations caused confusions to retrainees when applying for these retraining courses and created difficulties for the ERB in its efforts to ensure that retrainees would not repeatedly attend courses of the same type.

Possible confusions to retrainees

2.24 Audit scrutinised the Retraining Course Booklets and observed that there were variations in course names, course fees, and total training hours of similar general-skill retraining courses. For example, there were 22 different names for essentially similar elementary Chinese word processing courses (Note 2) in the Retraining Course Booklet issued in April 2000. These courses were conducted by 22 different training bodies. Details of these 22 courses are shown in Appendix G. The variations in course names would cause confusions to retrainees in selecting appropriate retraining courses to attend.

2.25 The EO/ERB has stated that, the ERS, at the early stage of operation, started from scratch with no previous experience locally or in other countries. The demand for each type of course was uncertain. Therefore, the ERB had to offer diverse courses proposed by training bodies to assess the demand for each course.

Difficult to ensure retrainees will not repeat a course

2.26 Based on the information contained in the EO/ERB's database, Audit ran a computer audit program and found that some retrainees had attended several part-time general-skill retraining courses. The number of general-skill courses attended by retrainees between 1992-1993 and 1999-2000 are shown in Appendix H.

2.27 Of the 147,199 retrainees who had attended retraining courses, Audit randomly selected five retrainees who had attended more than ten retraining courses for detailed examination. Audit noted that all the five retrainees had attended courses of similar types for more than once. In one extreme case, the retrainee attended 14 general-skill courses in eight years. Details of part-time general-skill courses attended by these five retrainees are summarised at Appendix I. As shown in Appendix I, for example, Retrainee A attended five English courses, four Putonghua courses and two word processing courses. Retrainee B also attended four English courses, two Putonghua courses and two word processing courses.

Note 2: *A retraining course is a course run by one training body which may comprise classes run in different centres, on different days and/or at different times. The course contents, duration and course fees of all related classes are similar. These classes are considered as one retraining course.*

2.28 The EO/ERB has stated that Retrainee A and Retrainee B had in fact attended different courses although the course names were similar. For example, computer word processing courses vary in course contents, duration and level of skills. With the rapid technological development in word processing techniques and software, computer skills have to be continuously updated in order to keep pace with the market demand. The EO/ERB considers that repeated attendance of word processing courses is necessary and acceptable over a long period of time.

2.29 The EO/ERB has also stated that the ERB has recently installed a new computer system called Rnet (see paragraph 2.9 above), which can show previous courses attended by the applicants. The EO/ERB considers that, for retrainees with special needs, repeated attendance should be exceptionally allowed to help them acquire enhanced skills to sustain their employability.

2.30 **Audit considers that public resources should not be used to assist retrainees to repeatedly attend similar general-skill courses in computing, English and Putonghua.** The ERB has set a rule that a retrainee cannot attend the same retraining course for more than once (see the first inset of paragraph 2.21 above). The EO/ERB has stated that it will check all applications by referring to previous courses attended by the applicants maintained in the ERB's database to ensure compliance with this rule. However, due to the different names given to similar retraining courses by different training bodies, it is difficult for the EO/ERB to effectively enforce this rule. Audit considers that standardising the course names and contents would be helpful in this respect.

Audit recommendations on provision of general-skill retraining courses

2.31 **In order to ensure that retrainees comply with the ERB's admission requirement that a retrainee should not be allowed to attend the same retraining course more than once, Audit has recommended that the Executive Director, ERB should take action to:**

- **standardise the names of similar courses conducted by different training bodies so as to avoid possible confusions and facilitate monitoring; and**
- **ensure that a retrainee cannot attend the same retraining course for more than once.**

Response from the ERB

2.32 The **Executive Director, ERB** has stated that:

- the EO/ERB agrees that the variations in course names may cause confusions to retrainees;
- in the light of operational experience, the EO/ERB has reviewed the issue and decided that course standardisation should be a priority item as stated in the ERB's Strategic Plan approved in November 1998;

- pilot-runs on course standardisation have been conducted. The EO/ERB plans to fully implement the scheme by early 2001; and
- the EO/ERB will use the new computer system Rnet to check all applications to see if they have violated the ERB's attendance rules.

Allocation of courses and defraying training costs to training bodies

2.33 *Appointment of training bodies.* In 1999-2000, there were 39 approved training bodies that provided a total of 113 types of retraining courses under the Ordinary Retraining Programme, of which 20 types, such as computing, English and Putonghua courses, were run on a regular basis. Training bodies not on the ERB's approved list of training bodies may apply to the ERB to become approved training bodies. The ERB will evaluate the mission, background, adult education experience, resources, etc. of these bodies before admitting them as approved training bodies.

2.34 *Approval for conducting retraining courses.* Under the cost-defraying system, approved training bodies submit retraining proposals with budgets for continued running of regular courses to the ERB for approval on a quarterly basis. The ERB, based on budget allocations and performance of the training bodies, approves or rejects the running of the courses.

2.35 In respect of training bodies' proposals for conducting new retraining courses, the ERB considers the market demand for the types of retraining as reflected by the views of employer groups and trade associations, and job placement rates of previous courses run by the training bodies.

2.36 *Defraying training costs to training bodies.* Under the cost-defraying system, training bodies submit to the EO/ERB monthly retraining accounts showing the income and expenditure of all retraining courses conducted by them in the previous month. The EO/ERB assesses the cash-flow position and expenditure of individual training bodies to decide the amounts of interim payments to be made to them. Upon the completion of a retraining course, the EO/ERB checks the final retraining account submitted by the training bodies against the approved budget, and on the appropriateness of the expenditure, before making the final payment for the course. Periodically, to ensure the accuracy of the retraining accounts, the EO/ERB sends a financial audit team comprising two staff members to training bodies to conduct checks on their books and records, including attendance records.

Audit observations on allocation of courses and defraying training costs to training bodies

2.37 **Audit observes that the present system of allocating retraining programmes to approved training bodies and defraying them the training costs incurred is not entirely satisfactory because:**

- **it is very difficult for the ERB to effectively monitor and accurately determine the costs incurred by the training bodies in conducting retraining programmes; and**
- **training costs are reimbursed by the ERB in full provided they do not exceed the approved budgets. There is little incentive for the training bodies to be cost conscious.**

Difficult to effectively monitor and accurately determine costs incurred by training bodies

2.38 Under the present cost-defraying system, training bodies are required to compile monthly financial statements showing costs incurred in conducting retraining courses. The EO/ERB has issued guidelines to training bodies regarding the procedures for maintaining books and records, and compiling financial statements for retraining courses. The EO/ERB makes payments to the training bodies based on their financial statements and approved budgets for the courses. However, some of the 39 training bodies may not have professional accounting staff to maintain the required accounting records. The process of preparing the accounts would become more complicated if the training bodies are conducting non-ERS courses at the same time. This could result in inappropriate and irrelevant costs being charged to the retraining account. Both the consultants commissioned by the ERB in 1998 and the ERB's audit team observed many discrepancies and shortcomings in the system, as described in paragraphs 2.39 and 2.40 below.

2.39 The consultants commissioned by the ERB in 1998 noted that there were many shortcomings in the cost-defraying system. The consultants noted that some training bodies:

- (a) found it costly, time consuming and difficult to accurately keep track of retraining expenditure;
- (b) did not maintain a separate set of book of accounts for retraining courses;
- (c) mistakenly included inappropriate items as retraining expenditure in the retraining account, such as reserves, contingencies, salaries for vacant posts, overseas travelling and entertainment;
- (d) could not produce supporting documents for high-value expenditure items, such as training centre rental and outsourced retraining;
- (e) paid high staff salaries which were not supported by appropriate staff information; and
- (f) charged high advertisement expenses and high general and administration expenses to the retraining account.

2.40 In 1999-2000, the financial audit team of the ERB conducted site audits on the accounts of 15 training bodies for 1998-1999. Among others, the ERB's audit team noted the following anomalies:

- (a) separate ledgers were not maintained for ERS expenditure;
- (b) documentary proof for some expenditure items was not available for audit checks;
- (c) inappropriate expenditure items were charged to the retraining account;
- (d) general ledger balances did not agree with those reported in the monthly statements submitted to the EO/ERB;
- (e) excessive expenditure on some items, such as photocopying, advertising and reference books, was charged to the retraining account; and
- (f) excessive fees were paid to some instructors and some instructors' fees were not supported by documentary proof.

2.41 The EO/ERB has stated that the above discrepancies happened before the full implementation of the ERB's new Strategic Plan and new initiatives. The discrepancies were subsequently followed up and appropriate actions were taken against the training bodies concerned to prevent their recurrence in the future. In August 1999, the EO/ERB appointed an audit manager to strengthen its audit function. The EO/ERB has also taken into account the above discrepancies and shortcomings in the revamp of the whole course administration and funding system.

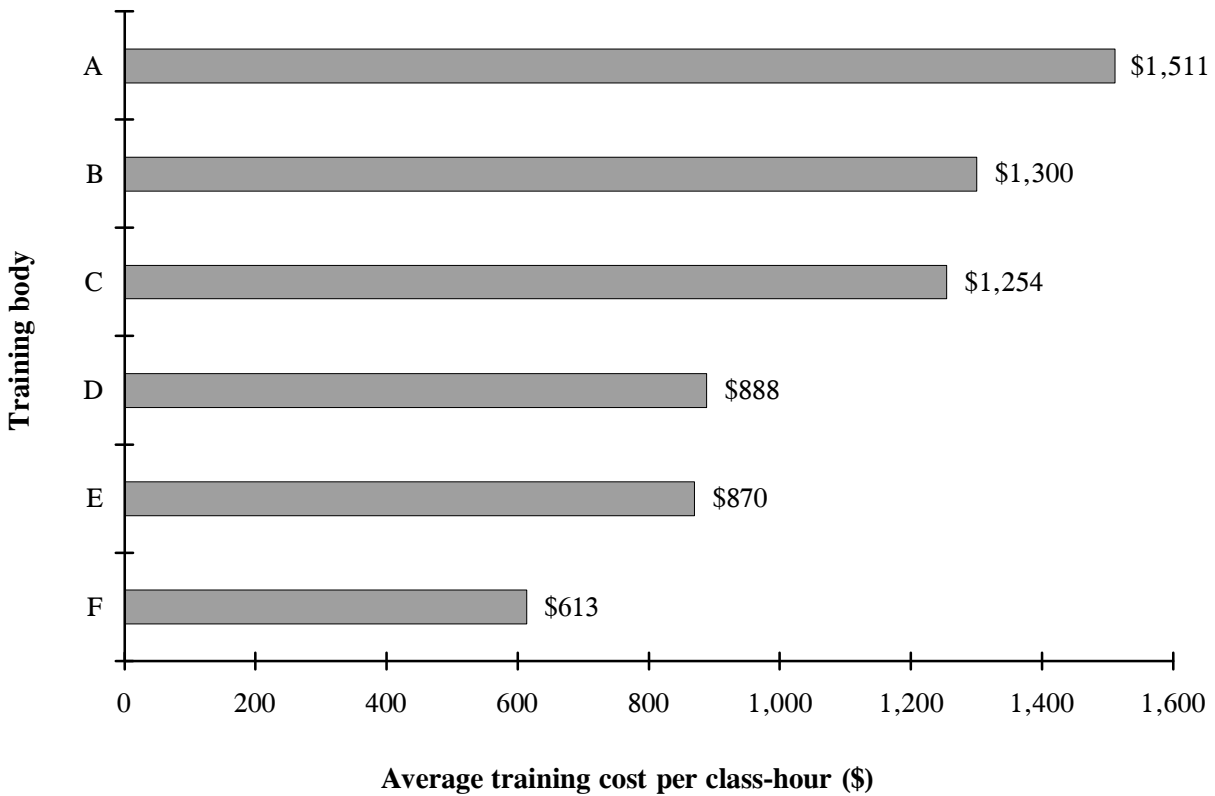
Little incentive for training bodies to be cost conscious

2.42 Under the present system, training bodies are normally reimbursed for all costs incurred by them in conducting retraining courses provided that the expenditure does not exceed the approved budgets. Under such a system, training bodies have little incentive to reduce the cost of conducting the courses.

2.43 Based on the records of the EO/ERB, Audit analysed the unit costs of different training bodies in conducting two randomly selected retraining courses in 1999-2000, namely, job-search-skill courses and family-care courses. The results revealed that, for job-search-skill courses, there were wide variations in the unit costs. For example, one training body claimed \$1,511 per class-hour from the ERB, which was 146% more expensive than the lowest unit cost of \$613 per class-hour claimed by another training body (see Figure 2 below).

Figure 2

**Average training cost per class-hour of
job-search-skill courses conducted by different training bodies in 1999-2000**



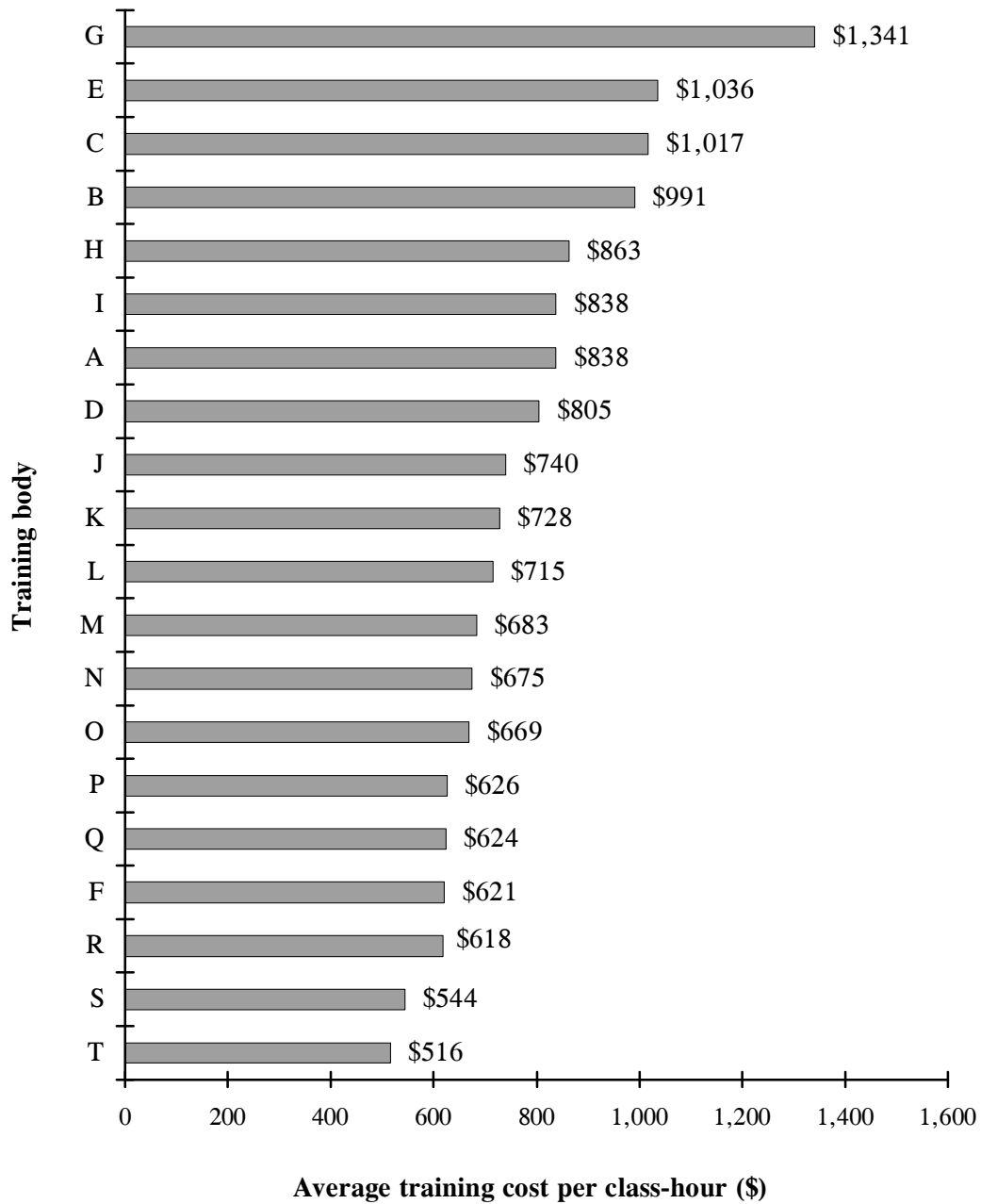
Source: EO/ERB's records

Note: The name codes assigned to the training bodies here refer to the same training bodies in Figure 3 below.

2.44 For family-care courses, a similar situation was observed. The highest unit cost of \$1,341 per class-hour claimed by a training body was 160% more expensive than the lowest cost of \$516 claimed by another training body (see Figure 3 below).

Figure 3

Average training cost per class-hour of family-care courses conducted by different training bodies in 1999-2000



Source: EO/ERB's records

Note: The name codes assigned to the training bodies here refer to the same training bodies in Figure 2 above.

2.45 The significant variations in average unit costs charged by different training bodies (as shown in Figure 2 of paragraph 2.43 and Figure 3 of paragraph 2.44 above) indicate that many training bodies were able to run similar retraining courses at much lower unit costs.

2.46 The EO/ERB has stated that, due to variations in course durations, course contents, class sizes which range from 20 to 25 retrainees per class, locations of training, background and mission of the training bodies, and their scale of operation, there were variations in the unit costs of training provided by different training bodies. Those training bodies which incur high unit costs but deliver less satisfactory results in placement and other performance indicators would face reductions in training capacity or even suspension from conducting the courses concerned. With the introduction of the course standardisation and unit-cost funding system (see paragraphs 2.47 to 2.50 below), which is planned to be fully operational in April 2001, the variations in unit costs would be narrowed. Training bodies would have to be more cost conscious.

Recent developments of defraying training costs to training bodies

2.47 In March 2000, the ERB endorsed a proposal to adopt a unit-cost system for retraining courses, which would replace the cost-defraying system. Under the new system, an “indicative common unit cost” (ICUC) will be set for each type of courses. The ICUC funding system is based on training bodies’ past cost records and performance, cost information in the stock-taking exercise conducted by the EO/ERB in 1999-2000, and training bodies’ recent submission of course proposals. The ICUC excludes training bodies’ capital costs such as purchase of equipment and new additional services. The basis and assumptions used in the calculation of administration and indirect costs are based on past experience.

2.48 To implement the system smoothly, the EO/ERB has indicated that the ICUC will be acceptable to the majority of training bodies with proven track record of good performance. For example, the EO/ERB has calculated that the unit costs for full-time family-care courses range from \$25 to \$54 an hour per retrainee. The EO/ERB has proposed to the training bodies that the ICUC for family-care course should be set at \$41 an hour per retrainee.

2.49 The EO/ERB has worked out the ICUC for major retraining courses for implementation in 2000-2001. The EO/ERB has proposed that, for training bodies whose unit costs are lower than the ICUC, the unit costs of the training bodies would be used. If these training bodies wished to apply for an increase of their unit costs to the same level as the ICUC, justifications must be submitted. For training bodies whose unit costs are higher than the ICUC, the training bodies will be given one year to adjust their unit costs. The ICUC will be applied to them as from April 2001.

2.50 Audit considers that the ICUC system has some inherent deficiencies, as follows:

- the determination of the ICUC is based on training bodies’ past cost records. Some of these cost records have been found to be unreliable, and some training bodies have charged excessive and inappropriate expenditure items to the retraining accounts (see paragraphs 2.39 and 2.40 above); and

- due to the lack of objective bases for determining the costs of providing retraining courses, the EO/ERB has to negotiate with training bodies to arrive at an ICUC for every type of retraining course.

Therefore, the ICUC system provides little assurance that the ERB will obtain the best value for money.

The need for an improved system of allocating retraining resources

2.51 Up to 1999-2000, the Government had made grants totalling \$1,600 million to the ERB to finance the employees retraining programme. It is important that the training bodies deliver the retraining courses cost-effectively. **As described in paragraphs 2.37 to 2.50 above, there are deficiencies in the existing cost-defraying system and the proposed ICUC system. Furthermore, the ERB's efforts in monitoring the expenditure of the training bodies are both costly and ineffective. There is a case for adopting a more open selection system of appointing training bodies, such as competitive tendering. This system can provide a more objective basis for assessing the costs as well as the quality of services rendered by different training bodies.**

2.52 **Competitive tendering has the following advantages:**

- **it reduces the ERB's efforts in monitoring the expenditure of training bodies;**
- **it reduces the unit costs of retraining due to competition. This will in turn enable more people to benefit from the retraining programmes;**
- **it enables other training bodies not on the approved list to show the ERB whether they are capable of delivering cost-effective and high quality retraining courses. Training bodies not on the approved list should be allowed to submit tenders and such successful tenderers can be added to the approved list thereafter; and**
- **it improves the accountability of the ERB by establishing a fair system of appointing training bodies.**

2.53 The EO/ERB has said that, in view of the ERB's numerous short courses delivered by different training bodies at different locations and times, competitive tendering is expensive to administer and cannot respond quickly to rapidly changing needs. Due to competition among training bodies under the new unit-cost funding system, unit costs of retraining programmes will be reduced and the retraining programmes will be cost-effective. The EO/ERB has stated that the unit-cost funding system is a modified form of competitive tendering. Training bodies with good performance records which offer to run retraining courses at the lowest unit costs will receive approval for conducting all courses proposed. On the other hand, training bodies which did not perform well but offer to run retraining courses at high unit costs will face reduction in the number of courses allocated to them. After tough budget negotiations with each training body under the new funding system, unit costs of training bodies have generally been reduced. Nevertheless,

Audit considers that competitive tendering should be pursued as a long-term measure in view of the advantages stated in paragraph 2.52 above.

Audit recommendations on allocation of courses and defraying training costs to training bodies

2.54 To ensure that the arrangement for allocating retraining resources to training bodies is cost-effective and fair, Audit has *recommended* that the Executive Director, ERB should:

- **implement the ICUC arrangement only as a short-term measure;**
- **in the longer term explore the option of adopting a competitive tender system for appointing training bodies; and**
- **draw up tender procedures by making reference to best practices, e.g. government tender procedures, to ensure that the system is fair and cost-effective.**

Response from the ERB

2.55 The **Executive Director, ERB** has stated that the EO/ERB will review the present ICUC funding system and will explore the feasibility of adopting a competitive tender system. The Executive Director has also stated that:

Competitive tendering

- the EO/ERB welcomes Audit's further advice on a workable and cost-effective tender system;
- the ERB regularly reviews the performance of training bodies and deletes those non-performers from the approved list. As interested training bodies with the necessary expertise and experience may apply for inclusion in the approved list subject to a stringent and prudent scrutiny by the EO/ERB, the CVSC and Course Development Committee, the current system is fair, transparent and accountable to the public; and

ICUC system

- of all viable options, the ICUC system is considered by the ERB to be the best alternative. With the introduction of the unit-cost funding system, training bodies and the EO/ERB will save substantial resources in compiling and checking retraining

expenditure. Under the system, training bodies which are non-performers will face reduction in training capacity or deletion from the approved list of training bodies.

Response from the Administration

2.56 The **Secretary for Education and Manpower** has said that:

- the introduction of the ICUC should further improve the existing system for defraying training costs to training bodies;
- there may be difficulties in adopting an open-tender system for new or tailor-made courses proposed by individual training bodies to meet changing market needs; and
- the Education and Manpower Bureau (EMB) will review with the ERB the existing mechanism for selecting training bodies and payment of retraining costs to see if any refinement should be introduced.

Registration of training bodies under the Education Ordinance

2.57 ***Registration and provisional registration of schools.*** According to section 10(1) of the Education Ordinance (Cap. 279), every school shall be registered or provisionally registered. Section 11 of the Ordinance states that an application for registration of a school shall be made to the Director of Education. Section 3 of the Ordinance defines “school” as an institution, organisation or establishment which provides for 20 or more persons during any one day, or eight or more persons at any one time, any nursery, kindergarten, primary, secondary or post secondary education or any other *educational course* by any means, including correspondence delivered by hand or through the postal services.

2.58 As the Education Ordinance does not define the term “educational course”, the Education Department has laid down guidelines on determining whether a course falls within the ambit of “educational course” under the Ordinance. The guidelines are summarised in Appendix J.

2.59 ***Certificates required for registration.*** According to section 12 of the Education Ordinance, an application for registration of a school where the premises were not designed and constructed as a school shall be accompanied by, among others, certificates issued by the relevant authorities, including:

- a certificate from the Director of Buildings on the suitability of the school premises having regard to the loading for which they are designed and constructed;
- a certificate from the Director of Buildings that the premises on which the school is to be operated do not have structural timber floors;

- a certificate from the Director of Buildings that in the event of fire on the premises the means of escape for all persons on the premises would be adequate; and
- a certificate from the Director of Fire Services that the use for the purposes of a school of the premises would not expose the persons on the school premises to any undue risk of fire.

2.60 ***Exemption from the Education Ordinance.*** Section 9(3) of the Education Ordinance prescribes that the Chief Executive in Council may exempt any school or class from all or any of the provisions of the Education Ordinance on such conditions, if any, as he thinks fit. Furthermore, section 9(5) of the Education Ordinance provides that the Director of Education may exempt:

- (a) any school which provides education consisting only of a series of lectures, or a course of instruction in a particular subject or topic; and
- (b) any school which provides less than ten hours of academic instruction each week;

from all or any of the provisions of the Education Ordinance on such conditions, if any, as he thinks fit.

Audit observations on registration of training bodies under the Education Ordinance

2.61 **In this audit, Audit found in early 2000, and informed the Director of Education, that some training bodies had not applied to the Education Department for conducting 81 ERS educational retraining courses under section 10(1) of the Education Ordinance.**

Audit examination of retraining courses

2.62 The ERB issues a booklet every month which sets out details of retraining courses offered, including course names, course contents, admission requirements, course fees, training bodies, duration and time of training, and location of training. In the booklet issued in April 2000, a total of 347 retraining courses were offered for application. By referring to the guidelines stated at Appendix J, Audit considered that 81 of the 347 retraining courses listed in the April 2000 Retraining Course Booklet might fall within the ambit of educational courses under the Education Ordinance. These 81 courses mainly consisted of courses in computing, English, Putonghua and accounting.

Director of Education's confirmation

2.63 In April 2000, Audit sought confirmation from the Director of Education as to whether the 81 retraining courses identified by Audit were in fact educational courses under the Education Ordinance, and, if so, whether the training bodies conducting these courses had registered with the Director of Education. **In response, the Director of Education stated that, by inspecting the course names and brief course contents stated in the booklet, the courses identified by Audit**

were considered educational in nature. The Director also confirmed that none of the training bodies concerned had applied to the Director of Education for registration/exemption from registration for operating these courses.

2.64 Audit considers that the ERB should have clarified with and sought advice from the relevant government departments as to whether there was a requirement to register the ERB's retraining courses under the Education Ordinance. The indications are that the training bodies for the 81 retraining courses have not complied with the requirements of the Education Ordinance on the registration/exemption of educational retraining courses.

2.65 In response to Audit's enquiries, the EO/ERB has stated that nearly all the 81 courses identified by Audit are part-time courses on vocational languages, i.e. English and Putonghua, and elementary bookkeeping courses supplemented with computing skills. The computing courses are set at an elementary level relating to office-automation skills. These courses are vocational in nature and should not be required to be registered as educational courses. The retrainees are mainly unemployed, potentially unemployed and low-income workers who need to acquire basic skills to improve and sustain their employability.

Implications of not registering with the Education Department

2.66 The 81 educational courses were conducted by 17 training bodies in 59 training centres. Of these 59 centres, 13 (22%) were located on premises which had been registered with the Education Department for conducting non-ERS courses (Note 3). The remaining 46 training centres (78%) were mostly housed in commercial buildings or community centres, which had not been registered with the Education Department. As the training bodies involved had not applied to the Director of Education for registration under the Education Ordinance, up to 31 August 2000 the training bodies had not obtained the certificates required under section 12 of the Education Ordinance for the 46 unregistered centres. The certificates required include those issued by:

- the Director of Buildings about the loading, design and structural safety of the training premises; and
- the Director of Fire Services about fire safety standards.

2.67 An important objective of the school registration requirements set out in the Education Ordinance is to ensure that the premises on which the schools are operated would not expose any person on the premises to undue building-related and fire risks. **Audit is concerned that the failure of the training bodies to register under the Education Ordinance may result in insufficient safeguards being provided to the retrainees, trainers and staff staying on the unregistered premises against undue building-related and fire risks.**

Note 3: *Training bodies conducting educational courses are required to apply to the Education Department for registration even though the courses are conducted on premises which are designed and constructed as schools.*

2.68 The EO/ERB has stated that the question of fire and structural safety of training bodies' training centres should not arise as some of the training centres are housed on school premises, or have obtained exemption from the Director of Education for conducting retraining courses (Note 4). Some of the other centres are located in purpose-built social service centres suitable for conducting training. Furthermore, those centres which are located in commercial buildings have to comply with the fire and structural safety requirements of the related building management offices.

Memorandum of Understanding with training bodies

2.69 In late August 2000, the ERB signed a Memorandum of Understanding with all training bodies. The Memorandum requires training bodies to take all reasonable steps to provide a safe physical environment for staff and service users on all training premises offering retraining courses and services, and to ensure the loading, design and structural safety of such premises. The Memorandum also states that training bodies should take all reasonable steps to ensure the fire safety of all training premises offering retraining courses and services, including the provision of adequate means of escape in the event of fire, and to ensure that all the staff and service users would not be exposed to any undue risk of fire.

Action taken by the Education and Manpower Bureau on registration of training bodies

2.70 In June 2000, the Director of Education informed Audit that the Secretary for Education and Manpower intended to seek the Chief Executive in Council's approval for a general exemption of all the ERB's retraining courses under section 9(3) of the Education Ordinance. The EMB would proceed with the necessary legislative procedures. In September 2000, the Executive Director, ERB informed Audit that the EMB had proceeded to explore options to ensure compliance with the relevant statutory requirements in consultation with the Education Department, ERB and Department of Justice.

Audit recommendations on registration of training bodies under the Education Ordinance

2.71 **In order to provide sufficient safeguards to retrainees and trainers of the ERB's retraining courses against potential hazards, Audit has recommended that the Executive Director, ERB should:**

- **require operators of retraining courses which are educational in nature to comply with the registration/exemption requirements laid down in the Education Ordinance; and**

Note 4: *About 22% of the training centres were located on premises which had been registered with the Education Department for conducting non-ERS courses (see paragraph 2.66 above).*

- **take action to ensure that the premises on which retraining courses are conducted meet the loading, design, structural and fire safety standards of the Government.**

Response from the ERB

2.72 The **Executive Director, ERB** has stated that:

- the EO/ERB accepts Audit's recommendation on compliance with the registration requirements under the Education Ordinance and has taken necessary steps to ensure compliance with the requirements;
- the EO/ERB has required all ERS operators offering educational courses to obtain exemption for registration from the Director of Education. On 5 September 2000, the EO/ERB coordinated the submission of applications for exemption of all relevant educational courses to the Director of Education; and
- the EO/ERB accepts Audit's recommendation on compliance with the building and fire safety standards of the Government. With effect from 1 September 2000, under the Memorandum of Understanding, training bodies are required to take all reasonable steps to ensure fire and structural safety for staff and service users on all training premises.

Response from the Administration

2.73 The **Secretary for Education and Manpower** has said that:

- the EMB is actively discussing with the Education Department, the ERB and the Department of Justice on the best way to proceed with the issue;
- where necessary, amendments to the Education Ordinance will be introduced as soon as possible;
- a general exemption under section 9(3) of the Education Ordinance (see paragraph 2.60 above) is one of the options under consideration; and
- the EMB is also exploring other possible options.

PART 3: ALLOCATION OF RETRAINING PLACES AND PAYMENT OF RETRAINING ALLOWANCES TO RETRAINEES

Course fees for part-time retrainees

3.1 During the three years between 1997-1998 and 1999-2000, course fees for part-time retraining courses were set at 20% of the training cost. In 1999-2000, the ERB collected about \$10 million course fees. From October 2000, the ERB will raise the course fee to a level equivalent to 40% of the training cost. As a result, the course fees will be in the range of \$300 to \$1,700 per retrainee per course.

Retraining allowances for full-time retrainees

3.2 Retraining allowances for full-time retraining courses, which mostly consist of job-search-skill courses, job-specific-skill courses, and tailor-made courses for employers, are not required to pay any course fees. Furthermore, retrainees attending these full-time courses lasting for more than one week, except job-search-skill courses, are eligible for a retraining allowance at the rate of \$153.8 a day, subject to a maximum of \$4,000 a month.

3.3 In 1999-2000, the ERB admitted 34,546 retrainees to full-time retraining courses who were eligible for retraining allowances. The ERB paid over \$81 million retraining allowances to these retrainees. The number of retrainees admitted to these full-time retraining courses and amounts of retraining allowance paid to them in 1999-2000 are summarised at Appendix K.

Compliance with ExCo's policy directives on target retrainees

ExCo's policy directives

3.4 In June 1997, the Government, after public consultation, submitted a Memorandum to ExCo proposing the revamp of the ERS. At Annex E of the ExCo Memorandum, it was stated that:

“Whilst the ERS should primarily focus on providing retraining for the unemployed with no more than lower secondary education and aged 30 or above, with flexibility on age and educational attainment **in individual cases**, the ERB should also provide retraining for the employed who need to receive basic skills training so as to sustain their employment.” (Audit emphasis)

3.5 The ExCo's policy directives on target admission criteria for the ERB's retrainees were stated in the ExCo Memorandum as follows:

- the ERS should focus **primarily** on retraining the unemployed, aged 30 or above, with no more than lower secondary education; and

- the ERB should continue to provide general-skill courses for the employed on the condition that the courses met the three new criteria of quality assurance, cost-effectiveness, and the availability of a suitable fee-charging system.

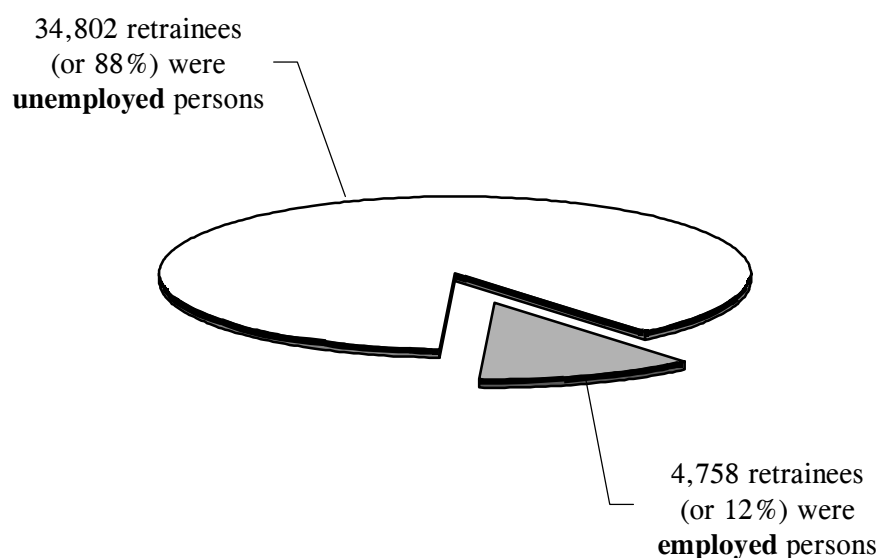
Audit observations on compliance with ExCo's policy directives on target retrainees

3.6 In 1999-2000, the ERB admitted 39,560 retrainees to job-search-skill courses, job-specific-skill courses, and tailor-made courses for employers (or 48% of the total 82,943 retrainees admitted under the Ordinary Retraining Programme — see Appendix D). These courses can be regarded as employment-oriented courses.

3.7 *Many employed retrainees did not meet the target admission criteria.* In a data analysis conducted by Audit, Audit ascertained the employment status (Note 5) of the 39,560 retrainees admitted to employment-oriented courses in 1999-2000. The results are shown in Figure 4 below.

Figure 4

Employment status of retrainees admitted to employment-oriented courses (Note 1) in 1999-2000



Source: EO/ERB's records

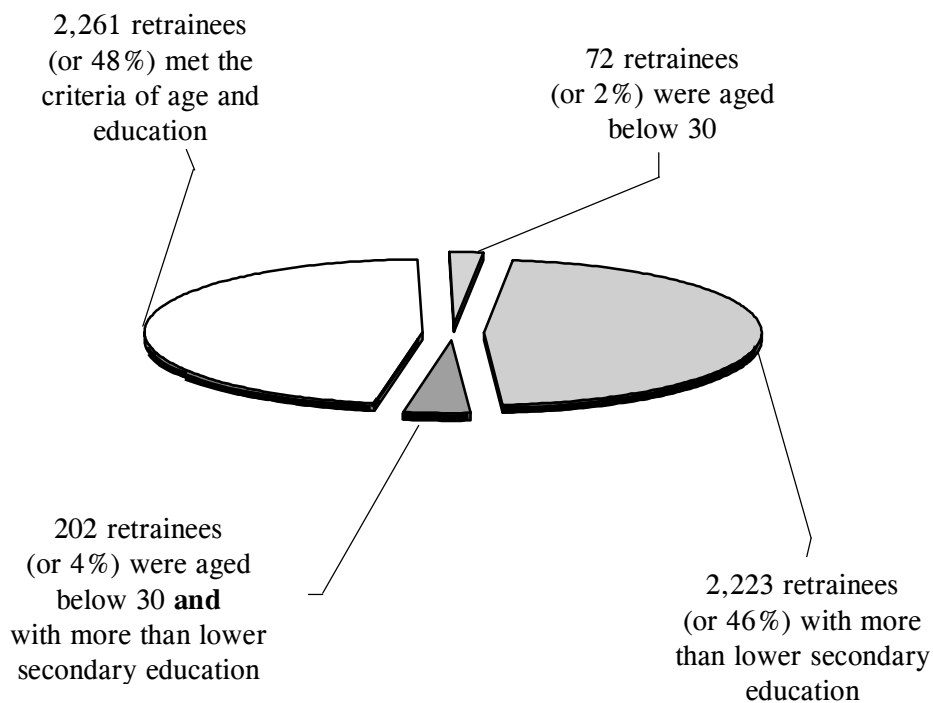
Note 1: Employment-oriented courses do not include general-skill courses.

Note 2: Total number of retrainees admitted to employment-oriented courses in 1999-2000 = 34,802 + 4,758 = 39,560.

Note 5: *The employment status of retrainees was based on information supplied by the retrainees.*

3.8 It can be seen from Figure 4 above that 34,802 (or 88%) retrainees were unemployed persons while **4,758 (or 12%) retrainees were employed persons**. The EO/ERB has advised that the majority of the employed retrainees were engaged in part-time or temporary jobs. These retrainees were hoping to secure a full-time or steady job after attending retraining. Audit conducted a further analysis of the 4,758 employed retrainees admitted to employment-oriented courses in 1999-2000 in relation to the target admission criteria of age and educational attainment. Figure 5 below shows the results of the analysis.

Figure 5
Analysis of *employed retrainees*
admitted to employment-oriented courses in 1999-2000



Source: EO/ERB's records

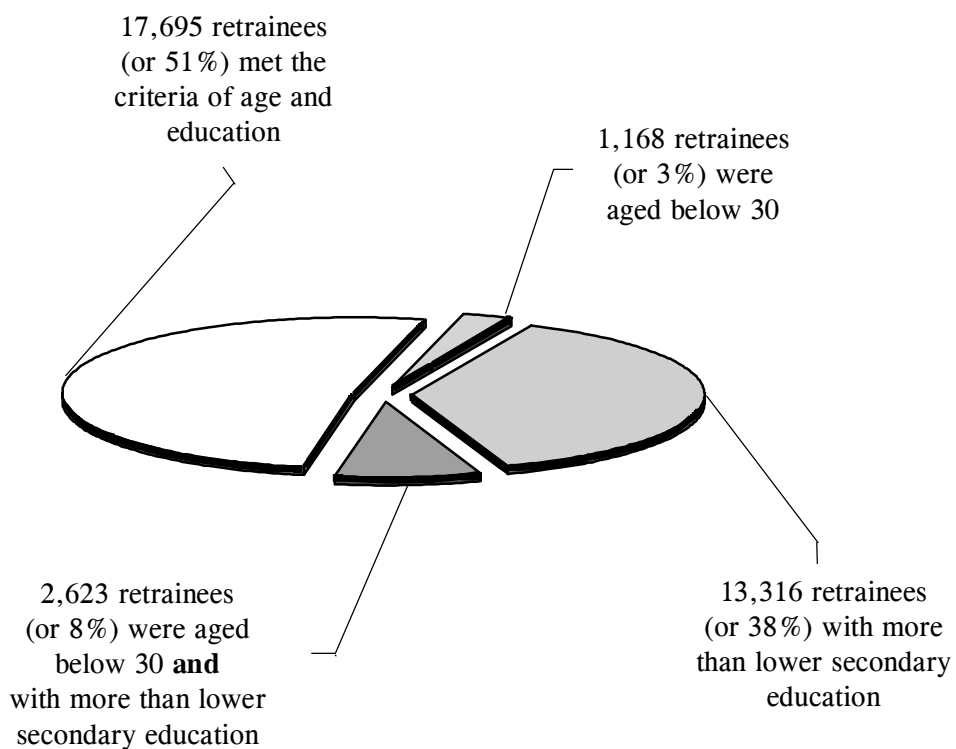
Note: Total number of employed retrainees admitted to employment-oriented courses in 1999-2000 = 2,261 + 72 + 2,223 + 202 = 4,758.

3.9 It can be seen from Figure 5 above that, of the 4,758 retrainees who were employed, **2,497 (72 + 2,223 + 202)** retrainees were aged below 30 and/or with more than lower secondary education. This represents 52% (2% + 46% + 4%) of the total number of employed retrainees.

3.10 **Many unemployed retrainees did not meet the target admission criteria.** As shown in Figure 4 above, there were 34,802 retrainees admitted to employment-oriented courses who were unemployed. Audit conducted an analysis on these 34,802 retrainees in relation to the target admission criteria of age and educational attainment. Figure 6 below shows the results of the analysis.

Figure 6

**Analysis of unemployed retrainees
admitted to employment-oriented courses in 1999-2000**



Source: EO/ERB's records

Note: Total number of unemployed retrainees admitted to employment-oriented courses in 1999-2000 = 17,695 + 1,168 + 13,316 + 2,623 = 34,802.

3.11 It can be seen from Figure 6 above that, of the 34,802 retrainees who were unemployed, **17,107** (1,168 + 13,316 + 2,623) unemployed retrainees were aged below 30 and/or with more than lower secondary education. This represents 49% (3% + 38% + 8%) of the total number of unemployed retrainees.

3.12 **According to the EMB, the ERS should primarily focus on providing retraining for the unemployed with no more than lower secondary education and aged 30 or above, with flexibility on age and educational attainment *in individual cases* (see the first inset of paragraph 3.17 below).**

3.13 It can be seen from Figure 4 of paragraph 3.7 above that 12% of the retrainees admitted to employment-oriented courses were employed persons. Furthermore, of the total 39,560 retrainees admitted to employment-oriented courses in 1999-2000, 19,604 (2,497 + 17,107 — see paragraphs 3.9 and 3.11 above) retrainees (or 50%) did not meet the target admission criteria of age and/or educational attainment. **Audit has reservations as to whether the large number of the retrainees admitted, who did not meet the age and/or educational attainment criteria, was in line with the policy intention of allowing flexibility only in individual cases. Audit considers that the ExCo's policy directives on target retrainees for employment-oriented courses aim at ensuring that, with the limited retraining resources, the ERB would provide retraining to those people who need it most.**

3.14 The EO/ERB has stated that the ExCo's policy directives on target retrainees allow the ERB flexibility in respect of age and educational attainment of the retrainees. Retrainees who meet all the admission criteria should only represent the "hard core" of the retrainees who require the ERB's services. The EO/ERB has also expressed views on compliance with the ExCo's policy directives, the educational attainment requirements, the need to respond to retrainees' requirements, and the need to respond to unemployment. These views are summarised at Appendix L.

Audit recommendations on compliance with ExCo's policy directives on target retrainees

3.15 **To ensure that the retraining resources of the ERB are directed to those people who are the target retrainees according to the Government's policy, Audit has *recommended* that the Executive Director, ERB should:**

- ensure compliance with the ExCo's policy directives, which state that the ERS should primarily focus on retraining those who are unemployed, aged 30 or above, with no more than lower secondary education; and
- implement an effective control mechanism to ensure compliance with the ExCo's policy directives, such as by asking training bodies to refer all non-compliance cases to the EO/ERB for consideration and approval.

Response from the ERB

3.16 The **Executive Director, ERB** has stated that:

- the EO/ERB accepts Audit's recommendations on compliance with the ExCo's policy directives on target retrainees;
- in its Strategic Plan for 1999-2001, one of the policy areas requiring review is the ERB's service targets; and
- the EO/ERB has issued newly revised Course Administration Guidelines to all training bodies to ensure consistency in enrolment. The Guidelines state:
 - (i) the admission requirements;
 - (ii) that all applicants for full-time placement-tied courses are required to be interviewed to ensure their motivations to find jobs;
 - (iii) that cases not complying with the admission requirements are accepted on individual merits by authorised staff of the training bodies; and
 - (iv) that special cases of non-compliance with the admission requirements are required to be referred to the EO/ERB for vetting and approval.

Response from the Administration

3.17 The **Secretary for Education and Manpower** has said that:

- the ERS should primarily focus on providing retraining for the unemployed with no more than lower secondary education and aged 30 or above, with flexibility on age and educational attainment in individual cases. The ERS should also provide retraining for the employed who need to receive basic skills training so as to sustain their employment;
- as a matter of policy, full-time placement-tied courses should be reserved for the unemployed;
- according to the statistics provided by the ERB, in 1999-2000, of the 39,560 retrainees admitted to job-search-skill courses, job-specific-skill courses, and tailor-made courses for employers (see paragraph 3.6 above), 4,413 retrainees were enrolled in part-time

job-specific-skill courses. Therefore, only 35,147 (39,560 – 4,413) retrainees were admitted to full-time placement-tied courses;

- of these 35,147 retrainees, 48.5% met all the three target admission criteria, and 41.5% met two of the three criteria. Furthermore, 88.9% of these retrainees were aged 30 or above, and 56.1% were with lower secondary education (another 34.9% were with secondary four or secondary five education); and
- on the basis of the above figures, the Secretary considers that the ExCo's policy directives that the ERB's programmes should primarily focus on providing retraining for the unemployed with no more than lower secondary education and aged 30 or above, with flexibility on age and educational attainment in individual cases, have been generally adhered to by the ERB.

Enrolment and registration of retrainees

3.18 *Conditions and criteria for applications for retraining courses.* The EO/ERB issues a Retraining Course Booklet every month which lists details of retraining courses offered, including course names, course contents, admission requirements, course fees, training bodies, duration and time of training (number of weeks, number of meetings per week, and days in a week), and locations of training. The Booklet also prescribes the general conditions and criteria for application for the courses. The salient conditions and criteria are:

- employees who were made redundant in the past six months, disabled persons, single-parent-family applicants, Comprehensive Social Security Assistance (CSSA) recipients, or industrial accident victims will be accorded priority in their application for attending retraining courses;
- applicants must meet the admission criteria stated in paragraph 2.21 above; and
- in the event that applicants have had difficulties in finding jobs or changing jobs but they cannot meet the above application requirements (e.g. below 30 years old or in possession of less than two years' working experience), training bodies may assess each case on its own merits and apply the above rules in a flexible manner.

3.19 *System of enrolment and registration of retrainees.* The Retraining Course Booklets are distributed to the public free of charge and are obtainable from the ERB Head Office in Tsim Sha Tsui, the two ERB resource centres in Lok Fu and Jordan, all centres of training bodies, and district offices of the Labour Department, Social Welfare Department (SWD), and the Home Affairs Department.

3.20 After selecting retraining courses, an applicant may lodge his application form to the ERB offices, district centres of the Labour Department or directly to the training bodies concerned. The EO/ERB has issued procedural guidelines to the training bodies for processing the applications. The guidelines require training bodies to forward all application forms and “Exemption for Complying with Eligibility Requirements Forms” to the EO/ERB within five working days after receipt of the forms from applicants. Upon receipt of the application forms, the EO/ERB will check the eligibility of the applicants, as follows:

- an applicant can only attend two full-time courses that last for more than one week in one year;
- an applicant is not allowed to attend the same course more than once;
- an applicant is not allowed to enrol in a course at a level lower than the one he has previously attended in the same series; and
- an applicant has to complete a course before he can apply for another course. (This rule does not apply to job-search-skill courses.)

3.21 The EO/ERB will inform the training bodies within two weeks after the receipt of application forms of the results of its checking. Thereafter, training bodies will notify those applicants who do not meet the eligibility requirements within three working days that their applications have been declined. In respect of the eligible applicants, the training bodies need to conduct interviews/entrance examinations to assess their suitability. In respect of the successful applicants, the training bodies will inform them of the details of classes allocated to them seven days before the commencement of the classes.

3.22 *Objections to decisions of the EO/ERB or training bodies.* Applicants who are not satisfied with the decisions of the EO/ERB or the training bodies in respect of their applications for attending retraining courses may lodge objections to the EO/ERB. All objections and complaints are considered by the Review Committee of the ERB which, after examination of all relevant facts, will confirm, vary or reverse the decisions of the EO/ERB or training bodies.

Utilisation of retraining resources

3.23 The EO/ERB allows training bodies to conduct a retraining class when more than 80% of the target number of retrainees have been enrolled in the class. The level of enrolment of retraining classes under the Ordinary Retraining Programme conducted in 1999-2000 is shown in Appendix M.

Audit observations on enrolment and registration of retrainees

3.24 As shown in Appendix M, although the overall actual utilisation rate of all courses reached 93%, the job-search-skill courses attained a lower utilisation rate at 89%. Of the total 67 job-search-skill classes conducted in 1999-2000, Audit randomly selected ten classes (15% of 67) for examination. Table 2 below shows the actual utilisation rates of these ten job-search-skill retraining classes.

Table 2
Actual utilisation rates of
ten randomly selected job-search-skill classes conducted in 1999-2000

Training body	Training class	Target number of retrainees	Number of retrainees enrolled	Number of retrainees who attended the classes	Enrolment rate	Actual utilisation rate
		(a)	(b)	(c)	(d) = $\frac{(b)}{(a)} \times 100\%$ (Percentage)	(e) = $\frac{(c)}{(a)} \times 100\%$ (Percentage)
A	1	20	18	15	90%	75%
A	2	20	14	13	70%	65%
A	3	20	16	14	80%	70%
B	4	20	19	16	95%	80%
B	5	20	21	16	105%	80%
B	6	24	27	21	113%	88%
C	7	24	25	20	104%	83%
C	8	24	26	13	108%	54%
D	9	25	27	23	108%	92%
D	10	25	20	11	80%	44%
Total/ Percentage		<u><u>222</u></u>	<u><u>213</u></u>	<u><u>162</u></u>	96%	73%

Source: EO/ERB's records

3.25 Table 2 above shows that some retrainees who had been enrolled in job-search-skill courses did not attend the classes. Audit noted that Training Bodies B, C and D enrolled more retrainees than the target number of retrainees of the classes in anticipation of absentees. However, Training Body A did not adopt this practice which resulted in lower utilisation rates (i.e. 65% to 75%) of its classes. **The figures shown in Table 2 above also indicate that 24% (i.e. (213 - 162) / 213 = 100%) of the enrolled retrainees did not attend the job-search-skill classes. If all the training bodies had adopted the practice of over-enrolment, the actual utilisation rates of the retraining courses would have been improved.**

3.26 Audit also notes that most training bodies conduct their own course promotion and advertising activities individually. Audit considers that this may not be a cost-effective arrangement. A more cost-effective arrangement is for the ERB to centrally coordinate the promotion and advertising of retraining courses conducted by different training bodies.

Audit recommendations on enrolment and registration of retrainees

3.27 **To ensure that retraining courses are conducted cost-effectively, Audit has recommended that the Executive Director, ERB should:**

- **consider adopting the practice of over-enrolment of retrainees so as to maximise the utilisation of retraining resources and to make full use of the spare capacity of classes arising from the non-attendance of enrolled retrainees; and**
- **centrally coordinate the promotion and advertising of retraining courses.**

Response from the ERB

3.28 The **Executive Director, ERB** has stated that:

- the EO/ERB accepts Audit's recommendation to over-enrol retrainees. This practice has been adopted by some training bodies to allow for "no shows" and "drop-outs"; and
- the EO/ERB has centrally coordinated promotion and advertising. The EO/ERB has issued promotion and public-relation guidelines to training bodies to ensure standardisation and compliance with the ERB's promotion and advertising policies. The EO/ERB allows training bodies to conduct their own promotion and advertising so as to maximise their regional networks.

Controls over frequency of retrainees attending full-time courses

3.29 *Frequency of retrainees attending full-time courses.* Since the inception of the ERB in 1992 and up to March 2000, 115,414 retrainees had attended full-time retraining courses. Many retrainees had attended more than one full-time course. The frequency of retrainees attending full-time retraining courses between 1992-1993 and 1999-2000 is shown in Appendix N.

3.30 *Restrictions on attending full-time courses.* Before 1 April 1998, a retrainee was only allowed to attend one full-time retraining course lasting for more than one week in a two-year period. In April 1998, the ERB relaxed the restrictions. As from 1 April 1998, a retrainee can attend up to two full-time retraining courses lasting for more than one week in a year.

3.31 The ERB has stated that the reasons for the relaxation were due to the unemployment problem and rapid changes in the labour market. The ERB has also stated that it would closely monitor the applications to prevent retrainees attending full-time courses excessively.

3.32 *System of control over frequency of retrainees attending full-time courses.* Information on retraining courses attended by retrainees is maintained in a computerised database system at the EO/ERB. Upon receipt of applications for retraining courses, either from training bodies or from other centres, the EO/ERB checks the previous courses attended by the applicants before the applications are approved. Before March 1995, checking of applications was done by the Labour Department. The ERB is currently in the process of installing the Rnet system to assist in the vetting and recording of applications. The Rnet system will show all the attendance records of applicants when they apply for new courses.

Audit observations on controls over frequency of retrainees attending full-time courses

3.33 **Audit conducted an examination to ascertain whether the ERB's rules described in paragraph 3.30 above had been complied with. Audit found that this rule had been breached in some cases. Audit also noted that the EO/ERB did not exercise sufficient controls over the frequency of retrainees attending full-time courses.**

Retrainees attending more full-time courses than allowed by ERB's rules

3.34 Audit used a computer program to review the records of 115,414 retrainees who had attended full-time courses between 1992-1993 and 1999-2000 (see Appendix N). Audit selected 21 retrainees (1 + 1 + 2 + 2 + 15) who had attended *seven* or more full-time retraining courses during the period to ascertain whether the ERB's attendance rule stated in paragraph 3.30 above had been complied with. Of the 21 retrainees, Audit noted that four (19%) had breached the attendance rules of the ERB. Table 3 below shows the number of full-time retraining courses attended by these four retrainees.

Table 3

Number of full-time retraining courses lasting for more than one week attended by selected retrainees who breached ERB's attendance rules (Note)

Retrainee	Number of retraining courses taken in					
	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998
F	2	—	—	—	—	—
G	—	—	2	—	1	1
H	—	—	—	—	1	1
I	—	1	1	—	1	1

Source: EO/ERB's records

Note: Some full-time retraining courses attended by the retrainees lasted for one week or less. These courses were not subject to the attendance rule set by the ERB (see paragraph 3.30 above).

3.35 The above Audit examination was limited to the 21 retrainees who had attended *seven* or more full-time retraining courses. The cases in Table 3 above show that four retrainees had breached the ERB's attendance rules that were in force before 1 April 1998, i.e. a retrainee was only allowed to attend one full-time retraining course lasting for more than one week in a two-year period.

3.36 The non-compliance cases shown in Table 3 above illustrate that there is room for improvement in the system of control described in paragraph 3.32 above. Audit considers that the ERB should take action to ensure compliance with the ERB's attendance rules. In addition, as a control measure to detect such cases, exception reports on retrainees who have attended several retraining courses should be produced periodically.

ERB's comments on retrainees attending more full-time courses than allowed by ERB's rules

3.37 In response to Audit's concern about the non-compliance with the ERB's attendance rules, the Executive Director, ERB has stated that:

- only a small percentage of retrainees were found to have attended seven or more full-time retraining courses. This indicates that the control mechanism was well managed and effective;

- some retrainees with employment difficulties and special needs were allowed to take more full-time courses; and
- the new computer Rnet system will help check previous retraining courses attended by the applicants.

Controls over frequency of retrainees attending full-time courses

3.38 In a further Audit examination of the four retrainees who had attended nine or more retraining courses in the past eight years (see Appendix N), Audit noted that all of them had attended a variety of different full-time job-specific-skill courses but apparently still could not secure a stable job. Retraining courses attended by these four retrainees are summarised at Appendix O. The following is a case for illustration:

“In the six years from August 1993 to May 1999 a retrainee (i.e. Retrainee K in Appendix O) attended eight different job-specific-skill courses: Chinese Dim Sum Making, Office Assistant, Home Assistant, Security Guard, Basic Office Work, Practical Bookkeeping, Decorative Painting and Assistant Electrician (Installation). He repeated in the following courses: Core Course on Job Search Skills (repeated twice), and Home Assistant Training (repeated once).”

3.39 Generally speaking, a retrainee would attend one full-time job-search-skill course and one full-time job-specific-skill course in order to possess job-search skills and job-specific skills. **If a retrainee attends full-time job-specific-skill courses frequently, it is questionable whether the retraining courses are useful in helping the retrainee to find a job and keep him in employment.**

3.40 Under the new set of attendance rules, a retrainee can attend up to two full-time job-specific-skill courses in one year. **Some retrainees may therefore be admitted to attend several full-time job-specific-skill courses over a period of a few years. Audit has reservations as to whether this is an effective use of the limited retraining resources.**

3.41 **Audit considers that the EO/ERB should ascertain from applicants, who have previously attended full-time job-specific-skill courses (say two courses), their motivations in finding jobs. The EO/ERB should only grant approval for applicants to attend more than one full-time courses if it is satisfied that they are genuine job seekers.**

ERB’s comments on controls over frequency of retrainees attending full-time courses

3.42 In response to Audit’s concern on some retrainees’ motivations to seek employment, the Executive Director, ERB has stated that:

- some retrainees might still encounter employment difficulties in entering a trade or industry after attending a short period of retraining in a job-specific-skill course. These retrainees might need to attend other job-specific-skill courses to find gainful employment;
- some retrainees might have been laid off in certain trades and need to attend other job-specific-skill courses again; and
- training bodies have been requested to conduct interviews with all retrainees applying for job-specific-skill courses to ascertain their motivations to find jobs after attending the courses. These bodies have an incentive to enrol job-seekers as training bodies need to achieve the 70% placement-rate requirement.

Audit recommendations on controls over frequency of retrainees attending full-time courses

3.43 To ensure that public resources are deployed to assist those retrainees who are in genuine need of retraining assistance, Audit has *recommended* that the Executive Director, ERB should:

- **ensure that retrainees comply with the ERB’s rules on the frequency of attending full-time courses;**
- **to facilitate control over the frequency of retrainees attending full-time courses, consider producing periodically exception reports on those retrainees who have attended more than one job-specific-skill course; and**
- **introduce additional control measures to vet the applications submitted by retrainees who have previously attended full-time job-specific-skill courses. The controls should include:**
 - (i) measures to ensure that the applicants have motivations to find jobs, e.g. by requiring them to disclose the nature and duration of their previous employment and what they wish to do after attending the retraining courses; and**
 - (ii) requiring the applicants to show evidence that they are unemployed and looking for jobs.**

3.48 ***SWD's policy from June 1999.*** In early 1999, the SWD conducted a review of the treatment of retraining allowances. As a result of the review, the SWD changed its policy on retraining allowances received by CSSA recipients. With effect from 1 June 1999, the SWD has adopted a new rule that it disregards, for the purpose of assessing the amount of CSSA payable, all types of training or retraining allowances received by CSSA recipients up to \$1,805 a month. As a corollary, all the training or retraining allowances received by a CSSA recipient in excess \$1,805 a month are regarded as income and hence deducted from the CSSA payments. The deduction is to ensure that those who attend training or retraining courses should not be better off than those who work.

Audit observations on payment of retraining allowances to CSSA recipients

3.49 **Audit noted that a substantial number of retrainees in receipt of CSSA allowances had not reported their retraining allowances to the SWD, which resulted in overpayment of CSSA allowances to them. Audit estimates that the overpayment of CSSA allowances amounts to \$2 million a year (see paragraphs 3.51 to 3.53 below).**

3.50 **Audit observed that the SWD had not taken action to seek the ERB's cooperation to conduct data matching in respect of those retrainees who received retraining allowances and CSSA allowances at the same time.**

Audit's data-matching exercise

3.51 In March 2000, Audit conducted a data-matching exercise of the data of the ERB's retrainees who had received retraining allowances and of the SWD's data of CSSA recipients.

3.52 According to the records of the EO/ERB, there were 22,935 full-time retrainees who were eligible for retraining allowance during the period between 1 June 1999 and 15 February 2000, i.e. eight and a half months (Note 6). Audit's data-matching exercise revealed that during the same period, 2,112 retrainees had received CSSA allowances (Note 7).

Note 6: *With effect from 1 June 1999, retraining allowance was required to be deducted from CSSA allowance (see paragraph 3.48 above). When Audit conducted the data-matching exercise in March 2000, the latest data available to Audit was up to 15 February 2000.*

Note 7: *The 2,112 cases revealed from the data-matching exercise included the following three categories of retrainees whose CSSA allowances were in order:*

- *retrainees who had ceased receiving CSSA allowances during the period they were receiving retraining allowances;*
- *retrainees whose CSSA allowances were subsequently adjusted in the light of retraining allowances received; or*
- *retrainees whose retraining allowances were below the earning level of \$1,805 a month which was disregarded by the SWD.*

3.53 Of the 2,112 retrainees who had received CSSA allowances, Audit randomly selected a sample of 105 retrainees (or 5%) and examined details of the CSSA payments contained in the case files kept in the SWD's Field Units. Audit found that, of the 105 retrainees who had received the retraining allowance of the ERB, 41 retrainees (or 39%) had not reported their retraining allowances to the SWD. Audit noted there was an overpayment of \$71,231 of CSSA allowances to the 41 retrainees. On this basis, Audit estimates that the total overpayment of CSSA allowances to the ERB retrainees who received retraining allowances could amount to \$2 million a year (Note 8). In view of the sample result, in August 2000, Audit forwarded the information of these 2,112 retrainees to the SWD and requested it to conduct a full investigation on potential overpayments of CSSA allowances to them.

3.54 In Chapter 4 of Report No. 32 of the Director of Audit published in April 1999 on "The Administration of the CSSA and Social Security Allowance Schemes", Audit recommended that the Director of Social Welfare should, where it was necessary and cost effective to do so, expand the scope of data matching by making arrangements with appropriate organisations which agreed to provide collaborating evidence for the verification of welfare beneficiary eligibility. In response, the Director of Social Welfare undertook to explore the feasibility of conducting data matching with the parties concerned (Note 9).

Audit recommendations on payment of retraining allowances to CSSA recipients

3.55 **To assist the SWD in preventing and detecting overpayments of CSSA allowances, Audit has recommended that the Executive Director, ERB should:**

- **specify in the application form for retraining allowance that:**
 - (i) **the applicant must declare whether or not he is a CSSA recipient;**

Note 8: *The audit samples covered 5% of the 2,112 cases revealed in the data-matching exercise for the period from 1 June 1999 to 15 February 2000, i.e. 8.5 months. Therefore, the full year overpayment in respect of retrainees receiving both retraining allowances and CSSA could amount to $\$71,231 \div 5\% \times 12/8.5 = \$2,011,228$, say \$2 million.*

Note 9: *The SWD has obtained the Privacy Commissioner's approval to carry out data matching for CSSA cases with six departments. The SWD has commenced conducting data matching with the Treasury, Correctional Services Department, Land Registry and Companies Registry since September 1999, January 2000, March 2000 and June 2000 respectively. Data matching with the Housing Authority and Hospital Authority is pending the completion of the user acceptance tests of the computer program by the parties concerned. The SWD is consulting other government departments and similar bodies regarding more data matching, including the Transport Department and the Housing Society.*

- (ii) **the applicant must give consent that his personal data can be supplied to the SWD for reassessment of his CSSA entitlement; and**
- (iii) **if the applicant is a CSSA recipient, he must report to the SWD the retraining allowance received from the ERB and his failing to do so is an offence;**
- **promptly supply information of retrainees who are eligible for retraining allowances and have declared themselves as CSSA recipients to the SWD for necessary adjustments of their CSSA payments; and**
- **supply personal data of retrainees who have received retraining allowances to the SWD for conducting data matching periodically with the SWD's records.**

3.56 In order to prevent and detect overpayments of CSSA allowances to the ERB's retrainees who are eligible for retraining allowances, Audit has *recommended* that the Director of Social Welfare should:

- **urgently conduct a full investigation of the 2,112 potential overpayment cases identified in Audit's data-matching exercise;**
- **take appropriate action against those CSSA recipients who do not report their retraining allowance to the SWD; and**
- **seek the ERB's cooperation to supply to the SWD retrainees' data and periodically conduct data matching of the data of retrainees who receive both retraining allowances and CSSA payments.**

Response from the ERB

3.57 The Executive Director, ERB has stated that:

- **the EO/ERB accepts Audit's recommendations on specifying CSSA details on application forms for retraining allowance;**
- **since May 2000, the EO/ERB has required retrainees to declare whether they are CSSA recipients and to give consent to the ERB to pass their particulars to the SWD for conducting checks with CSSA data;**

- the EO/ERB has agreed with the SWD to conduct comprehensive data-matching exercises in early October 2000 and in March/April 2001 to check retrainees receiving retraining allowance and CSSA allowance at the same time; and
- when the data-matching computer program is completed by the SWD in early 2001, the EO/ERB will supply retrainees' data to the SWD for conducting data matching with data of CSSA recipients periodically.

Response from the Administration

3.58 The **Director of Social Welfare** has said that CSSA recipients have the responsibility to report their retraining allowance to the SWD. As a condition of assistance, unemployed CSSA applicants are required to participate in the Active Employment Assistance Programme during which the applicants will be asked whether or not they have attended any retraining courses and the amount of retraining allowance received. The Director welcomes Audit's recommendation that the ERB should promptly supply information of retrainees who are CSSA recipients and have received retraining allowances to the SWD for necessary adjustments of their CSSA payments. The Director will seek the ERB's cooperation to provide the SWD with the related information promptly. In respect of Audit's recommendations, the Director has said that:

- the Social Security Field Units of the SWD have been asked to take appropriate follow-up actions on the 2,112 potential overpayment cases identified in Audit's data-matching exercise;
- in the above follow-up actions, if overpayment in CSSA allowance is discovered, the SWD will take the necessary recovery action. Furthermore, where fraud is established, the SWD will consider referring the cases to the Police Force for legal action; and
- the SWD agrees that conducting data matching of the data of retrainees who receive both retraining allowances and CSSA payments will be effective in detecting recipients who have failed to report their retraining allowances to the SWD. The SWD will liaise with the ERB to make the necessary arrangements.

PART 4: EVALUATION OF EFFECTIVENESS OF RETRAINING COURSES AND MONITORING OF TRAINING BODIES' PERFORMANCE

ERB's indicators of effectiveness

4.1 As stated in the ERB's 1998-99 Annual Report (Note 10), the ERB used the following indicators to evaluate its effectiveness:

- a total of 69,850 retrainees completed courses financed by the ERB in 1998-99, which represented an increase of 25.6% over that of the previous year. Of the 69,850 retrainees, 41.8% were full-time retrainees. This reflected that the ERB courses were in demand and that the ERB was able to help the unemployed and other needy people. Also, the courses were able to attract more people to turn to retraining to equip themselves to re-enter the labour market; and
- the average placement rate of the ERB's full-time graduates was 68%. This showed that there was demand for workers with specific skills in certain sectors of the labour market.

4.2 In mid-1999, the ERB prepared a set of performance indicators for assessing the effectiveness of retraining courses. The performance indicators, which are summarised in paragraph 4.40 below, have been issued to members of the ERB and its committees for information.

Compilation of job placement rates

4.3 *Job placement compilation system.* In August 1999, the EO/ERB issued a set of guidelines to training bodies on the submission of job placement reports for retrainees who had attended full-time job-search-skill courses, job-specific-skill courses and tailor-made courses for employers. The guidelines define a placement as **“a retrainee who is engaged in a paid job after attending a retraining course”**. The EO/ERB has said that this is a commonly accepted definition of placement which has been adopted by local and overseas institutions, such as the Labour Department.

4.4 As laid down in the guidelines, training bodies are required to contact the retrainees who have completed retraining courses conducted by them *one month* after the completion of each course to find out their employment status. Retrainees may be placed by training bodies directly or indirectly. Some retrainees may find their own jobs. Training bodies will also make contacts with retrainees through reunion activities, retention surveys, focus group meetings, self-help group meetings, etc. For retrainees who have obtained employment, which may be through training bodies or their own efforts, they are asked to provide the following additional information:

Note 10: *ERB's annual reports are laid on the table of the Legislative Council in accordance with Section 13 of the ERO.*

- date of employment;
- name of employer and job title;
- whether the job is full-time or part-time;
- hours of work per week and salaries; and
- whether the job is related to the retraining course attended.

4.5 At the end of the *second month* after completion of the retraining course, the training body will make another contact with those retrainees who were unemployed, according to the record of the contact exercise of the previous month, to ascertain their employment status. The third and final contacts will be made, at the end of the *third month* after completion of retraining, to those retrainees who were unemployed in the contacts made in the previous two months. However, those retrainees who have reported that they obtained employment in the previous months will not be contacted again in subsequent follow-up enquiries. Training bodies are required to record the information relating to the retrainees' employment in an ERB Placement Reporting Form and submit it to the EO/ERB.

4.6 ***Job placement reports compiled by the EO/ERB.*** Based on the returns from training bodies, the EO/ERB compiles monthly placement progress reports, which are submitted to the ERB and its committees for information. The ERB's placement progress report for job-specific-skill retraining courses for the period between April 1999 and September 1999 is summarised in Appendix P. Periodically, based on placement information recorded in the ERB's database, the EO/ERB compiles placement-profile reports to analyse the percentages of retrainees who were successfully placed in relation to age, gender, education, job category, industry, full-time or part-time job mode and salary range.

Audit observations on compilation of job placement rates

4.7 **In an examination conducted by Audit, Audit noted that there was room for improvement in the job-placement system. The areas where further improvement is needed include:**

- **the duration of employment in defining a job placement (see paragraphs 4.8 to 4.13 below);**
- **the basis used in compiling placement rates (see paragraphs 4.14 to 4.18 below); and**
- **the verification of the accuracy of placement information compiled by training bodies (see paragraphs 4.19 to 4.20 below).**

Duration of employment in defining a job placement

4.8 The consultants commissioned by the ERB had observed in 1998 that even though a retrainee worked for a short time within three months, a training body would treat this as a placement. In fact, under the present system of collecting placement information from retrainees, once a retrainee has reported that he was in employment in one telephone contact, the training body would not contact him again. The duration of employment of retrainees is not available for evaluating the effectiveness of the retraining programme. **In this connection, Members of the Finance Committee of the Legislative Council raised their concern at two meetings about the minimum period of employment in the compilation of placement rates (see paragraphs 4.10 and 4.11 below). Audit agrees that a minimum period of employment is required for the compilation of placement rates. Casual employment lasting for a short period (say, less than three months) should not be regarded as a satisfactory placement.**

4.9 **ExCo stated in June 1997 that the retraining programme should aim at helping the retrainees to secure and hold down their jobs (see the third inset of paragraph 1.9 above). Audit considers that the duration of the employment, or the period of job retention, is an important factor for calculating the placement figures.**

4.10 In May 1996, in examining a proposed financial commitment of \$300 million grant to the ERB, Members of the Finance Committee expressed concern about the effectiveness of the retraining programmes in meeting the objective of helping the unemployed to rejoin the labour market. In response, the Executive Director, ERB said that, based on the returns by the training centres and agencies, more than 70% of the retrainees were able to find a job within three months after attending the full-time retraining programme. As regards the retention rate, there was no available information.

4.11 In December 1998, in examining another proposal to grant a financial commitment of \$500 million to the ERB, a Member of the Finance Committee sought clarification on the overall average placement rate of 70% for full-time graduate retrainees and enquired about the basis for the said placement rate, such as a minimum period of employment. In response, the Executive Director, ERB said that there was no minimum period of stay on the job to constitute a successful placement. He further said that the issue of job retention was receiving serious attention by the ERB and would be further reviewed.

4.12 In September 1999, the EO/ERB completed a retention survey on 226 retrainees who had attended tailor-made retraining courses from late 1998 to early 1999. In September 2000, the ERB completed another retention survey on 440 retrainees who had attended security/building attendant courses in early 1999. The EO/ERB has planned to conduct retention surveys for all tailor-made programmes and extend the surveys to all other job-specific-skill courses on a sample basis.

4.13 In response to Audit's enquiries, the EO/ERB has said that there is no commonly accepted minimum period of employment in defining a successful placement. One way to help retrainees both in placement and in retaining their jobs is by conducting well-planned skill-updating and upgrading training, and comprehensive post-training support services. It is very difficult to expect that a retrainee could hold down to a new job after undergoing just a short and basic-skill retraining programme lasting for two to four weeks' time. As the ERB is bound by the ExCo's

policy directives stated in June 1997, the ERB cannot provide the skill-updating and upgrading courses to retrainees to help them secure and retain their jobs.

Basis used in compiling placement rates

4.14 In an examination conducted by Audit, Audit noted that, in calculating the overall placement rate of 70%, the ERB had included in the computation a substantial number of retrainees who worked short working hours, earned low salaries or who were employed in occupations unrelated to the retraining courses they had attended.

4.15 Audit selected one course from each of the nine categories of job-specific-skill retraining courses (see Appendix P) completed between April and October 1999 for examination. Of the 191 retrainees who attended the nine selected job-specific-skill courses, 135 were reported to have been successfully placed, representing a placement rate of 71% ($135 \div 191 \times 100\%$). However, based on the placement reports on these 135 retrainees submitted by training bodies, Audit noted that:

- (a) 67 retrainees (or 50%) reported that they had obtained full-time jobs which were related to the retraining courses attended;
- (b) 24 retrainees (or 18%) reported that they had found part-time jobs which were related to the retraining courses attended. **Of these 24 retrainees, ten reported that they earned \$2,000 or less a month;**
- (c) 27 retrainees (or 20%) had obtained full-time jobs which were **not** related to the retraining courses attended. **20 retrainees in this group worked as garment workers, packing and sample workers, shop or store keepers, cashier, casual workers, labourers, cleaners, salesmen, driver, gardener and beauty advisor (see Note 1 in Appendix Q); and**
- (d) 17 retrainees (or 12%) had obtained part-time jobs which were **not** related to the retraining courses attended. **12 retrainees in this group worked as shopkeepers, casual workers, labourers, cleaners, courier, salesmen, driver, private tutor and property agent (see Note 2 in Appendix Q). Another two retrainees in this group reported that they earned \$2,000 or less a month.**

The reported earnings of these 135 retrainees are shown in Appendix R.

4.16 As the occupations stated in paragraphs 4.15(c) and 4.15(d) above bore very little relation to the retraining courses attended by the retrainees, Audit considers that separate placement rates should be computed for these placements. Furthermore, for retrainees earning \$2,000 a month or less, which is a very low income, Audit considers that different placement rates should also be calculated for these unsatisfactorily-placed retrainees.

4.17 In view of the above, of the 135 retrainees who were regarded by the EO/ERB as having been successfully placed after attending the ERB's retraining courses, Audit considers that only 91 of them (see Appendix S) should have been considered as having obtained full-time employment as a result of attending the ERB's retraining programmes. Accordingly, the placement rate for this category of retrainees should have been 48% (91 ÷ 191 × 100%).

4.18 In response to Audit's enquiries, the EO/ERB has stated that placements should not be confined to those which are directly related to retraining. The prime objective of retraining is to build up retrainees' confidence, help them acquire generic and transferable skills, and provide them with job-specific skills to help them obtain employment. Some retrainees prefer part-time jobs with more flexible working hours. Although some retrainees earn \$2,000 a month, their hourly rate is not low.

Verification of accuracy of placement information compiled by training bodies

4.19 In February 2000, the EO/ERB completed a pilot placement survey on 111 classes of retraining courses completed in mid-1999. The retraining courses covered in the survey included tailor-made courses, domestic helper training courses and building attendant courses. The results indicated that 72 (or 5%) of the 1,387 placement records were found to be "false records", i.e. the retrainees confirmed that they never worked in the jobs reported by the training bodies. There were another 154 (or 11%) "true records with minor errors", i.e. some of the data were wrongly reported in the placement records. Training bodies were informed of the errors made in their placement reports, and they were reminded of the importance of accuracy of placement records. The training bodies were also reminded to be more cautious in compiling placement information.

4.20 **Audit considers that the ERB should conduct placement surveys on a periodical basis by selecting a sample of the placement reports and contact the retrainees to verify the accuracy of the information stated in the reports. This will help the ERB obtain accurate and reliable job placement rates, and assess the overall effectiveness of the retraining programme.**

Audit recommendations on compilation of job placement rates

4.21 In order to enhance the usefulness of placement information for evaluating the effectiveness of retraining courses and performance of training bodies, Audit has *recommended* that the Executive Director, ERB should:

- conduct periodic retention surveys to ascertain the duration of retrainees' holding on their employment;
- in respect of each training body, compile different placement rates to take account of:

- (i) **the duration of employment;**
 - (ii) **the age groups of retrainees;**
 - (iii) **the educational background of retrainees;**
 - (iv) **whether the retrainees are in part-time or full-time employment; and**
 - (v) **whether the employment is related to the retraining courses attended; and**
- **conduct periodic checks by contacting selected retrainees to verify the accuracy and reliability of placement data reported by training bodies.**

Response from the ERB

4.22 The **Executive Director, ERB** has stated that:

- the EO/ERB accepts Audit's recommendation on conducting periodic retention surveys. The EO/ERB has conducted retention surveys for all tailor-made courses and has recently extended the surveys to all full-time placement-tied courses on a sample basis;
- the EO/ERB agrees to produce management reports to analyse the placement rates of retrainees of individual training bodies in relation to different retrainees' profile; and
- subject to manpower resources, the EO/ERB will conduct placement surveys more frequently in the future, such as on a quarterly basis.

Response from the Administration

4.23 The **Secretary for Education and Manpower** has said that the EMB agrees that it is important to follow up on how well retrainees can hold down their jobs. The EMB notes that the ERB has agreed to conduct retention surveys for all tailor-made programmes and extend their coverage to all other job-specific-skill courses on a sampling basis, compile statistics on the duration of employment and mode of employment, and conduct job-placement audits.

Evaluation of retraining courses and monitoring of training bodies

4.24 *Monitoring performance of training bodies by ERB's subcommittees.* The ERB has established a CVSC under the Course Development Committee (see Figure 1 of paragraph 1.2 above) for vetting and approving new training bodies and new retraining courses, and monitoring the performance of training bodies. In February 2000, the ERB set up a new MASC under the Review Committee for monitoring the financial operations and effectiveness of training bodies in conducting retraining courses. The CVSC comprises eight members and the MASC comprises six members. The Director of Labour and the Deputy Secretary for Education and Manpower, or their representatives, are members of both the CVSC and MASC.

4.25 The EO/ERB collects feedback from retrainees during class inspection visits, discussion forums and focus group meetings, and written complaints/comments from retrainees. The EO/ERB also obtains information on the performance of retrainees through feedback from employers.

4.26 *Conduct of financial audits on training bodies.* Two staff members of the Accounts and Administration Department of the EO/ERB have been assigned to carry out financial audits on training bodies and submit audit reports to the Executive Director, ERB and the MASC. In these financial audits, the ERB staff examine retraining expenditure incurred by training bodies, payments of retraining allowances to retrainees, refunds of course fees to eligible retrainees, and the corresponding internal monitoring systems. They focused on large training bodies in terms of retraining expenditure.

4.27 *Conduct of site inspections at training bodies.* Since February 2000, two staff members of the Course Administration and Development Department of the EO/ERB have been assigned to conduct site inspections at training centres and submit inspection reports to the EO/ERB and MASC for information and monitoring. During site inspections of training bodies, the ERB's inspection team examines training facilities, training centres, retrainees' records, teaching materials, instructors' records, etc. The team also holds discussions with retrainees and instructors and attends classes as observers. The ERB's inspection team focuses its examination on course administration, teaching in classes, and follow-up services provided to retrainees. The team compiles an inspection report after each inspection detailing all observations and recommendations for improvement.

4.28 *Recent initiatives made by the EO/ERB.* Since early 1999, the EO/ERB has made the following initiatives: embarking on course standardisation, setting up of Course Steering Groups and Trade Advisory Groups, signing of a Memorandum of Understanding with training bodies, issue of Course Administration Guidelines, conduct of placement audits and course administration audits, and carrying out of retention surveys.

Audit observations on evaluation of retraining courses and monitoring of training bodies

4.29 **Audit notes that concerted efforts have been made by the EO/ERB recently to make improvements on the evaluation of retraining courses and monitoring of training bodies' performance. However, Audit has observed that further efforts are needed in the following areas:**

- **compliance with the ERB's requirements by training bodies (see paragraphs 4.30 to 4.34 below);**
- **verification of evaluation forms completed by retrainees (see paragraphs 4.35 to 4.39 below); and**
- **implementation of performance indicators on retrainees' skills development, and satisfaction of retrainees and employers (see paragraphs 4.40 to 4.42 below).**

Compliance with ERB's requirements by training bodies

4.30 In 1999-2000, of the 39 training bodies involved, the ERB's financial audit team (see paragraph 4.26 above) conducted audits on 15 of them (or 38%). The ERB's audit team observed that many training bodies had breached the rules laid down by the ERB in relation to retraining courses or accounts in 1998-1999 (see paragraph 2.40 above).

4.31 During the four-month period between February 2000 and May 2000, the ERB's site-inspection team (see paragraph 4.27 above) conducted four inspections of four training bodies. According to two inspection reports made available to Audit, the team observed that the two training centres concerned had failed to comply with the rules laid down by the ERB. The significant observations included:

- claims for refund of course fees not supported by documentary proofs;
- incomplete records of instructors' academic qualifications and past working experiences; and
- lack of follow-up actions taken in respect of placement of the retrainees.

4.32 In response to Audit's enquiries on the irregularities identified by the ERB's audit team, the EO/ERB has stated that some training bodies had subsequently rectified the irregularities. The

ERB has issued advisory letters and warnings to the training bodies concerned to ask them to make improvements. The ERB also suspended some retraining courses. Some training bodies were requested to make refunds of expenditure which had been inappropriately charged to the retraining accounts.

4.33 A Management Audit Working Group chaired by the Executive Director, ERB has been set up since February 2000 to examine the irregularities and to discuss appropriate actions to be taken against the training bodies concerned. The ERB has arranged meetings with the training bodies' top management for implementation of remedial measures.

4.34 Audit notes that, so far, one training centre has been suspended from conducting retraining courses due to irregularities identified by the ERB's audit team. Audit considers that the EO/ERB should have taken more proactive actions on the irregularities noted, such as by issuing clear guidelines to training bodies, reminding them to strictly comply with the requirements, and taking appropriate action against those training bodies which repeatedly fail to comply with the ERB's requirements.

Verification of evaluation forms completed by retrainees

4.35 In January 2000, the EO/ERB issued a circular to training bodies requiring them to strictly comply with the course evaluation requirements, and use a new course evaluation form with effect from 1 February 2000. The new course evaluation form covers retrainees' evaluation on the retraining course, instructors' performance and the facilities of the training centres. Training bodies are required to distribute the evaluation forms to all retrainees for completion at the end of each course and to submit a consolidated return to the EO/ERB. It is optional for retrainees to state their names on the evaluation forms. The completed evaluation forms are kept by the training bodies concerned.

4.36 Course evaluations are important for providing an assurance that the course is up to the standard and meets the retrainees' needs. However, up to 31 August 2000 Audit noted that the EO/ERB had not conducted any exercise to select a sample of evaluation forms and contact the retrainees concerned to verify the information stated therein.

4.37 In an examination carried out by Audit on three randomly selected courses completed in early 2000, which were conducted by three different training bodies, Audit noted that 67% of retrainees of a course conducted by a training body had stated their names on the evaluation forms completed by them. However, in respect of another two courses conducted by two other training bodies, only 20% of the retrainees in one course and 5% in another course had shown their names.

4.38 Audit considers that it is necessary for retrainees to state their names on the evaluation forms in order to ensure the reliability of the evaluations and comments obtained.

This provides a means for the EO/ERB to conduct sample verification of the evaluations and to follow up on the useful comments stated in the forms.

4.39 In the course of the above examination carried out by Audit, Audit originally selected four courses conducted by four training bodies for checking. However, one of the training bodies could not produce the evaluation forms requested by Audit for checking. The training body explained that it could not locate the forms. The EO/ERB has stated that this was an isolated case.

Implementation of performance indicators

4.40 The consultants commissioned in 1998 by the ERB observed that the EO/ERB did not perform comprehensive evaluations of retraining courses, and that there was no formal performance evaluation of training bodies after their names had been included in the list of training bodies under the ERO. In the light of this, in late 1999, the ERB refined the performance indicators to measure the performance of retraining courses organised by the training bodies. The following are the current key performance indicators:

- **Outcome of the retraining courses** is measured in terms of placement rate, retention rate and retrainees' skills development through internal assessment and/or external examination;
- **Cost effectiveness of the retraining courses** is measured in terms of utilisation rate, completion rate, attendance rate and the unit cost; and
- **Customer satisfaction** is measured in terms of retrainees' satisfaction, employers' satisfaction and public satisfaction through surveys and complaints.

4.41 Since early 1998, the EO/ERB has compiled monthly evaluation reports on retraining courses and on training bodies to the CVSC for monitoring. The evaluation reports include the following information: placement rates, utilisation rates, completion rates, attendance rates and unit costs. The EO/ERB takes into account the above course information in considering quarterly applications for conducting retraining courses by training bodies.

4.42 **Audit notes that some performance indicators developed by the EO/ERB in 1999 have not yet been implemented. These indicators include retrainees' skills development through internal assessments and/or external examinations, and satisfaction of retrainees and employers through surveys. Audit considers that these performance indicators are essential for monitoring the effectiveness of retraining courses and the performance of training bodies, and that action should be taken to implement these indicators at an early date.**

Audit recommendations on evaluation of retraining courses and monitoring of training bodies

4.43 In order to improve the evaluation of retraining courses and monitoring of training bodies, Audit has *recommended* that the Executive Director, ERB should:

- (a) draw the attention of training bodies to irregularities observed in the ERB's financial and site audits and issue clear guidelines to them to avoid future recurrence of similar irregularities;
- (b) take appropriate action against those training bodies which repeatedly fail to comply with the ERB's guidelines and requirements, such as suspending their services and deleting their names from the approved list of training bodies;
- (c) require all retrainees to state their names on evaluation forms to facilitate course evaluation and follow-up action;
- (d) conduct verification of evaluation forms completed by retrainees on a sample basis;
- (e) require training bodies to forward all evaluation forms of selected courses to the EO/ERB for random checking;
- (f) conduct a review on the adequacy of the performance indicators for retraining courses; and
- (g) take early action to implement performance indicators on:
 - (i) retrainees' skills development through internal assessments and/or external examinations; and
 - (ii) satisfaction of retrainees and employers through surveys.

Response from the ERB

4.44 The Executive Director, ERB accepts Audit's recommendations on evaluation of retraining courses and monitoring of training bodies. He has said that the EO/ERB has implemented various new initiatives with its limited manpower of 54 staff. The ERB needs time to

implement all new initiatives stated in the three-year Strategic Plan 1999-2001. The ERB also needs to work with training bodies tactfully to gain their support in the various reforms, changes and new initiatives. Some initiatives need to be completed before the introduction of others. For example, common skills assessments can only be conducted after the standardisation of the courses is completed which is a time-consuming exercise. He has also said that:

- (a) the EO/ERB has drawn the attention of training bodies to the irregularities observed and has issued clear guidelines to them;
- (b) the EO/ERB has issued advisory letters to, and suspended the courses conducted by, the training bodies which were found to have breached the ERB's guidelines and regulations. The EO/ERB has issued a new set of accounting and administration guidelines and signed a Memorandum of Understanding with training bodies to spell out training bodies' rights and obligations under the ERS;
- (c) the EO/ERB will require retrainees to include their names on evaluation forms;
- (d) the EO/ERB will verify evaluation forms completed by retrainees on a sample basis;
- (e) the EO/ERB will require training bodies to forward all evaluation forms of specific courses to it for random checking;
- (f) the EO/ERB will review the system on performance indicators and consider other measurement tools at a later stage when the existing performance indicators have been fully implemented; and
- (g) the EO/ERB has recently engaged a well-established institute to conduct a comprehensive user-opinion survey to gauge feedback from retrainees and employers. The EO/ERB intends to implement the initiative on retrainees' skills development through common assessment, certification of competency and recognition system in 2000-2001.

Response from the Administration

4.45 The **Secretary for Education and Manpower** has said that the EMB will discuss with the ERB on setting appropriate effectiveness indicators, which will be promulgated in the ERB's annual programme of activities.

Appendix A
(paragraphs 1.3 and 1.7 refer)

**Income and expenditure of the ERF
1992-1993 to 1999-2000**

Year	Government grant	Levies on employers of imported workers	Course fees received	Interest/ other income	Total expenditure (Note)	ERF at year end
	(\$ million)	(\$ million)	(\$ million)	(\$ million)	(\$ million)	(\$ million)
1992-1993	300	107	—	2	(11)	398
1993-1994	—	130	—	15	(106)	437
1994-1995	—	98	—	21	(246)	310
1995-1996	—	67	—	18	(239)	156
1996-1997	800	29	—	23	(230)	778
1997-1998	—	38	5	57	(232)	646
1998-1999	500	16	11	56	(365)	864
1999-2000	—	5	10	47	(384)	542
Total/balance	1,600	490	26	239	(1,813)	542

Source: EO/ERB's records

Note: Total expenditure comprises costs of provision of retraining courses defrayed to training bodies, retraining allowance granted to retrainees, and administration costs incurred by the EO/ERB.

Appendix B
(paragraph 1.11 refers)

ERB's retraining programmes in 1999-2000

Retraining programme	Number of retraining classes conducted	Number of retrainees admitted	Total cost	
			(\$ million)	(Percentage of total cost)
Ordinary Retraining Programmes	3,931	82,943	285.6	94.3%
Programmes for New Arrivals	30	541	0.8	0.3%
Tailor-made Programmes for Elderly	85	1,552	2.6	0.8%
Tailor-made Programmes for Disabled	50	706	3.2	1.1%
Regular Training Courses (Note 2)	293	1,564	10.6	3.5%
Total	4,389	87,306	302.8	100.0%

Source: EO/ERB's records

Note 1: This comprises costs of the provision of retraining courses defrayed to training bodies and retraining allowances paid to retrainees.

Note 2: These were retraining courses offered by the Vocational Training Council, Construction Industry Training Authority and Clothing Industry Training Authority.

Appendix C
(paragraph 2.2 refers)

**Amount of training costs defrayed to
training bodies for provision of retraining courses
under the Ordinary Retraining Programme in 1999-2000**

Training body	Number of retraining classes conducted	Amount of training costs defrayed to training body (\$ million)	Percentage of total training costs
1.	625	43.2	21%
2.	486	33.5	16%
3.	470	27.3	13%
4.	534	21.7	11%
5.	179	20.8	10%
6.	216	11.1	5%
7.	20	9.2	5%
8.	32	4.1	2%
9.	163	3.2	2%
10.	171	3.0	1%
11.	77	3.0	1%
12.	13	2.8	1%
13.	70	2.7	1%
14.	177	2.7	1%
15.	53	2.1	1%
16.	73	1.6	1%
17.	79	1.5	1%
18.	51	1.3	1%
19.	71	1.2	1%
20.	87	1.1	1%
21.	53	1.1	1%
22.	25	0.9	} 3%
23.	47	0.8	
24.	35	0.7	
25.	14	0.6	
26.	22	0.5	
27.	10	0.4	
28.	13	0.3	
29.	9	0.3	
30.	15	0.3	
31.	4	0.3	
32.	8	0.3	
33.	16	0.2	
34.	4	0.1	
35.	1	} 0.3	
36.	4		
37.	2		
38.	1		
39.	1		
Total	<u>3,931</u>	<u>204.2</u>	<u>100%</u>

Source: EO/ERB's records

Appendix D
(paragraphs 2.3 and 3.6 refer)

**Details of retraining courses under
the Ordinary Retraining Programme conducted in 1999-2000**

Retraining course	Number of training bodies involved	Number of retraining classes (Note 1)	Number of retrainees admitted	Training costs defrayed to training bodies (\$ million)
(a) Job-search-skill	6	67	1,418	2.5
(b) Job-specific-skill (Note 2)	35	1,721	36,382	135.0
— clerical	17	562	11,627	53.1
— security/building attendants	20	407	8,618	23.8
— family care	20	464	9,619	21.6
— service industry	7	35	1,103	14.1
— electrical/mechanical	1	32	864	4.1
— health care	11	96	1,970	3.8
— technical	1	14	328	3.4
— construction	3	33	488	4.1
— business services	2	8	237	0.2
— others	12	70	1,528	6.8
(c) General-skill	28	2,053	43,383	59.8
— computing	28	1,842	38,730	53.8
— English	16	104	2,295	3.5
— Putonghua	16	107	2,358	2.5
(d) Tailor-made courses (Note 3)	14	90	1,760	6.9
Overall total	39 (Note 4)	3,931	82,943	204.2

Source: EO/ERB's records

Note 1: These are based on retraining classes completed in 1999-2000.

Note 2: See also Appendix E.

Note 3: These are customised retraining programmes for individual employers. Under the programme, employers need to be involved in designing the courses and in recruiting retrainees.

Note 4: As a training body may conduct more than one type of course, the total number of training bodies involved is less than the sum of the number of training bodies involved in each type of retraining course.

Appendix E
 (paragraphs 2.5 and 2.14 refer)

**Monthly average number of retrainees
 admitted to job-specific-skill retraining courses in 1999-2000**

Retraining course	Monthly average number of retrainees admitted	Percentage of total average number of retrainees admitted
Clerical	969	32%
Family care	802	27%
Security/building attendants	718	24%
Health care	164	5%
Service industry	92	3%
Electrical/mechanical	72	2%
Construction	41	1%
Technical	27	1%
Business services	20	1%
Others	127	4%
Total	<u>3,032</u>	<u>100%</u>

Source: EO/ERB's records

Appendix F
(paragraph 2.14 refers)

**Monthly average number of job vacancies in the top
20 occupations registered with the Labour Department in 1999-2000**

Occupation	Monthly average number of job vacancies	Percentage of total average number of job vacancies
Sales representative (Note)	1,804	19%
Watchman/security guard	994	11%
General office clerk	963	10%
Sales/sales assistant (Note)	907	10%
Cleaner	415	4%
Labourer	396	4%
Waiter/waitress	392	4%
Technician	387	4%
Accounting/bookkeeping clerk	364	4%
Merchandiser/buyer	348	4%
Teacher/tutor	323	3%
Domestic helper	298	3%
Storekeeper	284	3%
General assistant	260	3%
Driver	258	3%
Import/export/shipping/receiving clerk	254	3%
Insurance consultant/agent	243	3%
Secretary	199	2%
Cook/junior cook	188	2%
Engineer	146	1%
Total	9,423	100%

Source: Labour Department's records

Note: Sales representatives + Sales/sales assistants = 1,804 + 907 = 2,711 or 19% + 10% = 29%

Appendix G
(paragraph 2.24 refers)

**Course names, course fees and total training hours of elementary
Chinese word processing courses conducted by different training bodies in April 2000**

Course name		Course fee paid by each retrainee (\$)	Total training hours
中文電腦應用基礎課程	(Chinese computer application: foundation course)	250	36
中文電腦文書處理入門	(Introduction to Chinese word processing)	250	21
中文電腦基礎班	(Chinese computing: foundation course)	150	16
倉頡輸入法	(Cang-jie input method)	150	30
基礎中文電腦	(Chinese computing: foundation course)	150	30
初級中文電腦	(Elementary Chinese computing)	250	39
基本電腦操作及 中文電腦課程初級	(Basic computer operation and elementary Chinese computer course)	150	25
中文視窗及輸入法全面應用	(Chinese windows and input methods)	150	24
電腦初階	(Fundamental of computer)	150	36
辦公室中文商業電腦操作	(Chinese computer operation for office)	450	60
實用中文電腦入門	(Introduction to practical Chinese computing)	150	36
基本中文電腦應用	(Basic Chinese computer application)	350	40
初級中文電腦	(Elementary Chinese computing)	150	30
中文電腦應用	(Chinese computer application)	150	25
中文電腦應用	(Chinese computer application)	150	25
中文電腦文書處理 及輸入法訓練證書	(Certificate course on Chinese word processing and input methods)	250	30
中文電腦基礎班	(Chinese computing: foundation course)	150	25
中文電腦應用	(Chinese computer application)	150	24
中文電腦應用基礎	(Chinese computer application: foundation course)	250	36
電腦操作及中文輸入法訓練	(Training on computer operation and Chinese input method)	150	42
中文電腦文書處理入門	(Introduction to Chinese word processing)	150	30
中文電腦及文書處理	(Chinese computing and word processing)	250	25

Source: ERB's Retraining Course Booklet published in April 2000

Appendix H
(paragraph 2.26 refers)

**Number of general-skill courses attended by retrainees
between 1992-1993 and 1999-2000**

Number of general-skill courses attended by each retrainee	Total number of retrainees involved
16	1
15	—
14	8
13	8
12	27
11	40
10	89
9	212
8	450
7	964
6	1,984
5	3,999
4	8,462
3	18,122
2	33,913
1	78,920
Total	<u>147,199</u>

Source: EO/ERB's records

**Retrainees who attended similar retraining courses
between January 1993 and February 2000**

Retrainee	Period	Name of retraining course (Note)	
A			
	<u>English</u>		
	Oct 1994 to Feb 1995	辦公室實用英語	(Practical English for Office)
	Apr 1995 to Aug 1995	辦公室實用英語中班	(Practical English for Office — Intermediary)
	Nov 1998 to Dec 1998	辦公室應用英語	(Office English)
	Feb 1999 to Apr 1999	商業及顧客服務英語	(Business and Customer Service English)
	May 1999 to Aug 1999	實用商業英語	(Practical English for Business)
	<u>Putonghua</u>		
	Mar 1996 to Apr 1996	實用普通話	(Putonghua — Elementary)
	Jun 1996 to Jul 1996	零售業普通話	(Putonghua for Retail Industry)
	Feb 1997 to Apr 1997	就業普通話	(Vocational Putonghua)
	Aug 1997 to Nov 1997	普通話進階 (售貨員)	(Salesman Putonghua)
	<u>Computing</u>		
	Sep 1995 to Oct 1995	初級中文電腦	(Chinese Computer Course)
	Jan 1997 to Feb 1997	英文電腦文書處理	(Computer Word Processing)
	Sep 1999 to Sep 1999	電腦文書處理	(Computer Word Processing)
B			
	<u>English</u>		
	Nov 1995 to Jan 1996	實用英語會話	(Practical English)
	Mar 1996 to Jun 1996	辦公室實用英語	(Practical English for Office)
	Sep 1996 to Nov 1996	初級英語	(Elementary Practical English)
	Dec 1998 to Mar 1999	實用商業英語	(Practical English for Business)

Retrainee	Period	Name of retraining course (Note)	
<u>Putonghua</u>			
	Dec 1994 to Feb 1995	初級實用普通話	(Elementary Practical Putonghua)
	Sep 1999 to Nov 1999	普通話進階 (售貨員)	(Salesman Putonghua)
<u>Computing</u>			
	Sep 1994 to Oct 1994	倉頡輸入法電腦課程	(Training Course on Computer Cang-jie Input Method)
	May 1995 to Jul 1995	中文電腦進修班	(Chinese Computing — Advanced)
	May 1999 to Jul 1999	中文電腦文書處理進階課程	(Advanced Chinese Word Processing Computer Course)
	Dec 1999 to Feb 2000	倉頡輸入法速度訓練	(Chinese Word Processing Speed Training)
C			
<u>Computing</u>			
	Apr 1997 to Jun 1997	基本中文電腦應用	(Basic Word Processing)
	Dec 1997 to Mar 1998	基本電腦英文文書處理	(Introduction to DOS and Word Perfect)
	Mar 1998 to May 1998	基本視窗文書處理	(Introduction to Winword)
	Jul 1998 to Sep 1998	視窗 Excel	(Introduction to MS Excel)
	Nov 1998 to Jan 1999	視窗文書處理進階	(Winword — Intermediate)
	Oct 1999 to Nov 1999	中文視窗基礎操作及中文文書處理	(Basic Chinese Windows and Chinese Word Processing)
	Nov 1999 to Dec 1999	文書處理系統 中文視窗版課程	(Chinese Microsoft Word)
	Jan 2000 to Mar 2000	試算表中文視窗版	(Chinese Microsoft Excel)
D			
<u>Putonghua</u>			
	Dec 1995 to Jan 1996	實用普通話	(Putonghua — Elementary)
	Mar 1996 to Apr 1996	零售業普通話	(Putonghua for Retail Industry)
	May 1999 to Jul 1999	基礎商業普通話入門	(Putonghua Course)

Retrainee	Period	Name of retraining course (Note)	
		<u>English</u>	
	Sep 1996 to Oct 1996	實用英語	(Practical English — Elementary)
	Nov 1996 to Nov 1996	零售業英語	(English for Retail Industry)
E		<u>English</u>	
	Feb 1994 to Jun 1994	實用英語	(Practical English — Elementary)
	Oct 1994 to Dec 1994	實用英語中班	(Practical English — Intermediate)
	Mar 1995 to May 1995	實用英語高班	(Practical English — Advanced)
		<u>Computing</u>	
	Jan 1996 to May 1996	中文電腦	(Chinese Computer System and Data Entry)
	Aug 1996 to Oct 1996	中文電腦進階	(Advanced Chinese Computer System)
	Mar 1997 to Jul 1997	私人電腦基礎入門	(Basic PC Training)
	Sep 1997 to Oct 1997	高級中文電腦 及輸入速度訓練	(Advanced Chinese Word Processing)
	Nov 1997 to Feb 1998	基本視窗文書處理課程	(Basic Course of Word Processing for Windows)
	May 1998 to Jun 1998	中英文文書處理	(Word Processing)

Source: EO/ERB's records

Note: As stated in an Annex to the ExCo Memorandum dated June 1997, the general-skill courses should be set at an elementary level and designed for those with a low or minimal level of formal education (see paragraph 2.19 above). Some of the above courses were above elementary level. Furthermore, some retrainees attended similar courses more than once.

**Education Department’s guidelines
on determining whether a course falls within
the ambit of “educational course” under the Education Ordinance**

	Regarded as educational course	Not regarded as educational course
Purpose of course	Courses for developing students’ mind in the academic sense	Courses for mastering skills, developing hobbies, or interests.
Contents of course	Courses of which the greater part of the curriculum is to develop and raise the cognitive level of students	<p>Courses:</p> <ul style="list-style-type: none"> • which are practical or technical in nature aiming at training merely for the purpose of possessing a know-how or knack for a particular end; or • of which the mastering technique is by imitation and repetition of which the contents do not require in-depth explanations to rationalise specific acts; or • of which the contents fall outside the expertise of the Director of Education.
Nature of operation	Educational courses run by clubs or associations for their members	Courses which are to cater for an exclusive type of students, e.g. in-house training for employees provided by their employers.

Source: Education Department’s records

Appendix K
(paragraph 3.3 refers)

**Amounts of retraining allowance
paid to retrainees admitted to full-time courses in 1999-2000**

Course	Number of retraining classes	Number of retrainees admitted	Amount of retraining allowance paid to retrainees (Note) (\$ million)
(a) Job-specific-skill courses	1,514	31,809	74.0
— family care	463	9,596	13.4
— clerical	434	8,792	25.4
— security/building attendants	388	8,203	13.6
— health care	96	1,970	3.1
— electrical/mechanical	32	864	3.1
— technical	14	328	1.3
— construction	32	487	2.3
— service industry	35	1,103	10.0
— others	20	466	1.8
(b) General-skill	50	1,086	3.4
— computing	50	1,086	3.4
(c) Tailor-made courses for employers	85	1,651	4.0
Overall total (a) + (b) + (c)	1,649	34,546	81.4

Source: EO/ERB's records

Note: Only retrainees attending these full-time courses lasting for more than one week, except job-search-skill courses, are eligible for a retraining allowance at the rate of \$153.8 a day, subject to a maximum of \$4,000 a month.

ERB's comments on ExCo's policy directives on target retrainees

ERB's comments on compliance with the ExCo's policy directives

1. The EO/ERB has stated that the ERB has accorded priority to the target retrainees. For example:
 - in view of the high unemployment rate, in 1999-2000, the ERB drastically expanded its retraining capacity for full-time placement-tied courses suitable for those who were unemployed, aged 30 or above, with lower education and low skills, such as courses for domestic helpers, personal care workers, and security and property attendants; and
 - as stated in the ERB's Course Booklets, nearly all the ERB courses require retrainees' educational standard to be lower secondary education or below.

ERB's comments on the educational attainment requirement

2. The EO/ERB has stated that:
 - the requirement of "no more than lower secondary education" is difficult to enforce as it is impossible to verify the highest qualifications stated by applicants;
 - too stringent enforcement of the rule would cause dishonesty and falsification of information in applications; and
 - efforts in verifying the highest educational attainments of retrainees would require substantial resources which should be used for providing retraining.

ERB's comments on the need to respond to retrainees' requirements

3. The EO/ERB has stated that:
 - many of the retrainees admitted who possessed more than lower secondary education did not have any computer skills. These retrainees required retraining to help them sustain their employment;
 - some retrainees were new arrivals whose educational attainments were not fully recognised in Hong Kong;
 - those retrainees in their 40s and 50s who received their secondary education some 20 to 30 years ago might not be able to cope with the rapid technological development. These retrainees were in need of retraining; and

- as quite a substantial number of job vacancies requires the attainment of more than lower secondary education, in order to meet the needs of employers and help those unemployed retrainees with higher educational standard, the ERB should offer training to these unemployed people and help them find employment.

ERB's comments on the need to respond to unemployment

4. The EO/ERB has stated that:

- in view of the economic conditions in Hong Kong in recent years, and in response to public demands to help ease the unemployment problem through retraining, within the policy framework, the ERB has adopted a more flexible approach in admitting retrainees;
- the ExCo's policy directives were made in 1997 when the unemployment rate was 2.2%. From late 1998, the unemployment rate has risen to over 6%;
- the unemployment problem has extended to different age and educational groups of people, including those who are aged below 30 and possess educational standard higher than lower secondary education;
- in the circumstances, if the ERB failed to react positively to help those in need, both the ERB and the Government would have been under public criticism for being inflexible;
- the ERB has to help those unemployed persons in their 30s to 50s or older even if they possess more than lower secondary education as these workers are in demand in the job market;
- job vacancies relating to computer skills or clerical duties could be more easily filled by people with secondary education; and
- new arrivals with higher educational levels need training in job-search skills, languages and computing. The training will help them adapt better to a new place and equip them for employment. Otherwise, many of these people would join the Comprehensive Social Security Assistance Scheme.

Audit's comments

5. **Audit considers that, as ExCo has laid down clear criteria for admission of retrainees to the ERS, although a level of flexibility should be allowed, ExCo is expecting a reasonable degree of compliance with the policy. As half of the retrainees admitted to employment-oriented courses did not meet the age and/or educational criteria for the target retrainees (see paragraph 3.13 above), Audit has reservations as to whether the policy has been fully complied with. Furthermore, it should be noted that the ERB has conducted a separate Programme for New Arrivals (see paragraph 1.11 above).**

Appendix M
(paragraphs 3.23 and 3.24 refer)

**Level of enrolment of retraining classes under
the Ordinary Retraining Programme conducted in 1999-2000**

Retraining course	Number of classes	Target number of retrainees	Number of retrainees enrolled	Number of retrainees who attended the classes	Enrolment rate	Actual utilisation rate
		(a)	(b)	(c)	$(d) = \frac{(b)}{(a)} \times 100\%$	$(e) = \frac{(c)}{(a)} \times 100\%$
					(Percentage)	(Percentage)
Job-search-skill	67	1,593	1,629	1,418	102%	89%
Job-specific-skill	1,721	38,917	37,684	36,382	97%	93%
General-skill	2,053	46,974	44,235	43,383	94%	92%
Tailor-made	90	1,869	1,848	1,760	99%	94%
Total/Percentage	<u><u>3,931</u></u>	<u><u>89,353</u></u>	<u><u>85,396</u></u>	<u><u>82,943</u></u>	96%	93%

Source: EO/ERB's records

Appendix N
 (paragraphs 3.29,
 3.34 and 3.38 refer)

**Frequency of retrainees attending
 full-time retraining courses between 1992-1993 and 1999-2000**

Number of full-time courses attended by each retrainee	Total number of retrainees involved
(a)	(b)
14	1
10	1
9	2
8	2
7	15
6	48
5	169
4	816
3	3,733
2	19,220
1	91,407

Total	<u><u>115,414</u></u>

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Source: EO/ERB's records

**Retraining courses attended by retrainees who attended
nine or more full-time courses between 1992-1993 and 1999-2000**

Retrainee	Full-time retraining courses		Period
K	1	酒樓點心師培訓班 (Chinese Dim Sum Maker Course)	10.08.93 — 07.09.93
	2	轉業錦囊 (Core Course on Job Search Skills)	13.09.93 — 17.09.93
	3	基礎商業英文知識 (Introduction to Commercial English Knowledge)	08.11.93 — 03.12.93
	4	轉業錦囊 (Core Course on Job Search Skills)	06.12.93 — 10.12.93
	5	轉業錦囊 (Core Course on Job Search Skills)	13.12.93 — 17.12.93
	6	辦公室助理訓練 (Office Assistant Training)	15.04.96 — 20.04.96
	7	家務助理訓練課程 (Home Assistant Training)	10.06.96 — 14.06.96
	8	就業工作輔導課程 (Job Preparation Course)	11.07.96 — 13.07.96
	9	保安行業專業訓練 (Security Guard Training Course)	22.07.96 — 26.07.96
	10	辦公室基本實務 (Basic Office Work Training)	07.10.96 — 11.10.96
	11	家務助理訓練 (Home Assistant Training)	28.10.96 — 01.11.96
	12	實用簿記 (Practical Bookkeeping Training)	25.11.96 — 29.11.96
	13	裝修油漆班 (Decorative Painting)	14.07.98 — 10.10.98
	14	電力工程助理員 (裝置) 課程 (Assistant Electrician (Installation) Training Course)	26.04.99 — 28.05.99
L	1	長者就業錦囊 (Job Orientation Course for the Elderly)	06.06.94 — 21.06.94
	2	辦公室中文 商業電腦操作 (Chinese Business Computer Application)	05.09.94 — 18.10.94
	3	初級文員 (Junior Clerk Training)	24.02.97 — 14.03.97
	4	物業管理員課程 (Building Attendant Training for Elderly)	01.04.97 — 07.04.97
	5	物業管理課程 (Estates Attendant Management Course)	16.05.97 — 25.05.97
	6	停車場助理課程 (Car Park Attendant Training for Elderly)	26.05.97 — 28.05.97
	7	保安行業專業訓練 (Security Guard Training Course)	07.07.97 — 11.07.97
	8	出入口實務及 電腦視窗文書處理 (Import and Export/Winword Training)	11.08.97 — 15.08.97
	9	高級物業管理員課程 (Senior Building Attendant Training)	12.10.98 — 23.10.98
	10	電腦排版操作 (Introduction to Desktop Publishing)	16.11.99 — 29.12.99

Retrainee	Full-time retraining courses		Period
M	1	就業工作輔導課程 (Job Preparation Course)	18.07.96 — 20.07.96
	2	一般文員及 中文電腦應用 (General Clerk and Chinese Computer Applications)	08.08.96 — 03.10.96
	3	出入口實務及 電腦視窗文書處理 (Import and Export/Winword Training)	11.11.96 — 15.11.96
	4	實用簿記 (Practical Bookkeeping Training)	25.11.96 — 29.11.96
	5	轉業錦囊 (Core Course on Job Search Skills)	09.12.96 — 13.12.96
	6	營業員及收銀員訓練 (Salesmanship and Cashier Training)	16.12.96 — 23.12.96
	7	專業保安員訓練課程 (Tailor-made Course for a security company)	01.12.97 — 05.12.97
	8	高級物業管理 及保安員課程 (Property Management and Security Trainee Course)	04.03.99 — 31.03.99
	9	中藥配劑員初級 證書課程 (Certificate Course in Chinese Medicine Dispensing)	16.08.99 — 20.09.99
O	1	轉業錦囊 (Core Course on Job Search Skills)	17.07.95 — 21.07.95
	2	基本文職工作培訓 (Basic Clerical Training Course)	04.09.95 — 12.11.95
	3	保安行業專業訓練 (Security Guard Training Course)	27.11.95 — 01.12.95
	4	銷售技巧 (Sales Promotion Skills Training)	22.07.96 — 26.07.96
	5	百貨公司收銀員 培訓訓練 (Cashier Training Course for Department Stores)	14.04.97 — 20.04.97
	6	家務助理訓練 (Home Assistant Training)	26.05.97 — 30.05.97
	7	房務員課程 (Housekeeping Course)	25.06.97 — 09.07.97
	8	電腦排版操作 (Introduction to Desktop Publishing)	16.03.98 — 29.04.98
	9	電力工程助理員 (裝置) 課程 (Assistant Electrician (Installation) Training Course)	19.10.98 — 20.11.98

Source: EO/ERB's records

Appendix P
(paragraphs 4.6 and 4.15 refer)

**Job placements of retrainees who attended
job-specific-skill retraining courses
between April 1999 and September 1999**

Course category	Number of retrainees completed retraining (a)	All placements (Note)		Placements related to retraining		
		Number of retrainees placed (b)	Placement rate (c) = $\frac{(b)}{(a)} \times 100\%$ (Percentage)	Number of retrainees placed (d)	Placement rate calculated by EO/ERB (e) = $\frac{(d)}{(b)} \times 100\%$ (Percentage)	Placement rate calculated by Audit (f) = $\frac{(d)}{(a)} \times 100\%$ (Percentage)
Family care	4,714	3,710	79%	2,848	77%	60%
Clerical	4,434	3,059	69%	1,740	57%	39%
Security/ Building Attendants	3,811	2,999	79%	2,020	67%	53%
Health care	908	729	80%	476	65%	52%
Electrical/ Mechanical	406	273	67%	123	45%	30%
Technical	242	176	73%	104	59%	43%
Construction	103	61	59%	42	69%	41%
Service	817	588	72%	519	88%	64%
Others	280	150	54%	80	53%	29%
Overall total/ Percentage	15,715	11,745	75%	7,952	68%	51%

Source: EO/ERB's records

Note: These refer to job placements both related and not related to retraining courses attended by the retrainees.

Appendix Q
(paragraphs 4.15(c) and (d) refer)

**Occupations of retrainees who obtained full-time and part-time jobs
which were not related to the retraining courses attended**

Occupation	Number of retrainees who obtained full-time employment	Number of retrainees who obtained part-time employment
Garment worker	2	—
Packing/sample worker	2	—
Quality control inspector	1	—
Shop/store keeper	1	3
Machine operator	1	—
Cashier	1	—
Casual worker/labourer/cleaner	9	3
Domestic helper	—	1
Courier	—	1
Typist/computer operator	1	1
Security guard	1	1
Salesman	2	2
Driver	1	1
Electrician/technician	2	1
Construction worker	1	1
Private tutor	—	1
Property agent	—	1
Self-employed as gardener and beauty advisor	2	—
Total	<u>27</u>	<u>17</u>

Source: EO/ERB's records

Note 1: *Retrainees who obtained full-time employment which were not related to the retraining courses attended by them: 2 + 2 + 1 + 1 + 9 + 2 + 1 + 2 = 20*

Note 2: *Retrainees who obtained part-time employment which were not related to the retraining courses attended by them: 3 + 3 + 1 + 2 + 1 + 1 + 1 = 12*

Appendix R
(paragraph 4.15 refers)

**Salaries of 135 retrainees who obtained employment after
attending job-specific-skill retraining courses between April and October 1999**

Employment Category	Retrainee		Number of placed retrainees whose monthly salaries were						
	(Number)	(%)	Below \$500	Between \$500 and \$1,000	Between \$1,001 and \$1,500	Between \$1,501 and \$2,000	Between \$2,001 and \$2,500	Between \$2,501 and \$3,000	Above \$3,000
1	67	50%	—	—	—	—	—	1	66
2	27	20%	—	—	—	1	2	1	23
3	24	18%	2	5	3	—	—	—	14
4	17	12%	—	2	1	2	2	1	9
Total	135	100%	2	7	4	3	4	3	112

Employment Category 1 : Retrainees who obtained full-time employment (over or equal to 35 hours per week) which was related to the retraining courses attended

Employment Category 2 : Retrainees who obtained full-time employment (over or equal to 35 hours per week) which was not related to the retraining courses attended.

Employment Category 3 : Retrainees who obtained part-time employment which was related to the retraining courses attended.

Employment Category 4: Retrainees who obtained part-time employment which was not related to the retraining courses attended.

Source: EO/ERB's records

Appendix S
(paragraph 4.17 refers)

**Number of retrainees who should have been
considered as having obtained full-time employment
as a result of attending ERB's retraining programme in Audit's sample**

	Number of retrainees
Retrainees who reported they had found employment (see paragraph 4.15)	135
<u>Less:</u>	
Retrainees whose full-time employment bore very little relationship to the retraining courses attended (see paragraph 4.15(c))	(20)
Retrainees whose part-time employment bore very little relationship to the retraining courses attended (see paragraph 4.15(d))	(12)
Retrainees whose employment earned \$2,000 a month or less (see paragraphs 4.15(b) and 4.15(d), 10 + 2 = 12)	(12)
	—
	<u>91</u>

Source: EO/ERB's records and Audit's analyses

Appendix T

Acronyms and abbreviations

CSSA	Comprehensive Social Security Assistance
CVSC	Course Vetting Subcommittee
EMB	Education and Manpower Bureau
EO/ERB	Executive Office of the Employees Retraining Board
ERB	Employees Retraining Board
ERF	Employees Retraining Fund
ERO	Employees Retraining Ordinance (Cap. 423)
ERS	Employees Retraining Scheme
ExCo	Executive Council
GLIS	General Labour Importation Scheme
ICUC	Indicative common unit cost
MASC	Management Audit Subcommittee
Rnet	Retraining Networking System
SWD	Social Welfare Department