

**Second Meeting of  
the Economic and Employment Council**

***Information Note : Tackling Youth Unemployment:  
Hong Kong vis-à-vis Other Economies***

**Purpose**

This paper briefs Members on the measures taken by the Government to tackle youth unemployment and how Hong Kong compares with other selected economies.

**Youth Employment Programmes**

***Youth Pre-employment Training Programme***

2. In September 1999, we launched the Youth Pre-employment Training Programme (YPTP) to provide young school leavers aged 15 to 19 with comprehensive pre-employment training in both inter-personal and vocational skills. Over the past four years, YPTP provided training to about 45,000 young persons. Discounting those who decided to pursue further studies on completion of the programme, about 70% of the trainees had secured employment.

***Youth Work Experience and Training Scheme***

3. In July 2002, we launched the Youth Work Experience and Training Scheme (YWETS) to provide employment opportunities to young people aged 15 – 24 with education attainment below degree level through on-the-job training. So far, some 13 000 trainees had been successfully placed in training vacancies under the scheme and another 8 200 trainees placed in other jobs in the open employment market. This far exceeded our original target of placing 10 000 youths in employment within two years.

4. In view of its success, we decided to extend the YWETS for another two years to help an additional 10 000 youths.

### ***Youth Self-employment Support Scheme***

5. The Labour Department will launch the Youth Self-employment Support Scheme (YSSS) shortly on a trial basis to train and assist young people aged 18 – 24 with education attainment below degree level assessed to have motivation to become self-employed in areas with business prospects. We have already approved 36 projects which together will provide about 1 500 training places. Enrolment of trainees has commenced since 24 May 2004.

6. Although each of the above three programmes has its own objectives, they collectively provide a comprehensive range of services and options to cater for different employment and training needs of youths. Our ultimate aim is to better equip them in seeking jobs.

### **Perspectives of the International Labour Organization (“ILO”)**

7. The ILO indicates in a report on youth employment in 2001 that it is difficult to assess the usefulness of different youth employment programmes as their effectiveness depends on the influence of economic cycle in different periods of time in various economies. The ILO, however, promotes an Active Labour Market Policy (“ALMP”) and highlights that a good ALMP on youth employment should comprise the following elements:

- establishment of social partnership;
- subsidised work placement;
- vocational training;
- job search assistance, including career guidance and counselling;
- promotion of entrepreneurship/self-employment; and
- introduction of measures for disadvantaged youth.

8. Our approach is in line with ALMP and our various youth employment programmes carry all the elements recommended by the ILO. **Annex A** shows how the YPTP, YWETS and YSSS match with the ILO principles. Mr. Ian Chambers, Director of the ILO Bangkok Area Office and East Asia Multidisciplinary Advisory Team, indicated in a tripartite regional meeting on youth employment in Bangkok in 2002 that Hong Kong was “one of the regional leaders in promoting youth employment”. He commented that the ILO had confidence in the skills Hong Kong possessed in tackling youth unemployment and that “Hong Kong would offer important lessons to the rest of the region”. Our efforts in the area of youth employment were well recognised by the international audience.

### **How Hong Kong Compares With Other Selected Economies**

9. Based on the available information, we have compared the youth unemployment rates of the 15-24 age group in Hong Kong with those in a number of other selected economies/regions (**Annex B**). As shown in **Annex B**, out of the 11 selected economies, the youth unemployment rate of Hong Kong in 2001 was 11.3%, which was higher than that of Germany, the United Kingdom, the United States, Japan, South Korea, and Singapore. In February 2004, our youth unemployment rate was 11.4%, which was only worse than that of Germany (9.8%) and Japan (10%). It is noteworthy that we have basically contained the problem of youth unemployment, with the unemployment rate rising only marginally from 11.3% in 2001 to 11.4% in February 2004. On the contrary, the corresponding unemployment rate soared from 12.7% to 20% in the case of Australia, from 10.6% to 11.8% for the United States, from 10.5% to 11.8% for the United Kingdom and from 12.4% to 14.8% for the OECD as a whole.

10. To gauge the magnitude of the youth unemployment problem, it would be useful to compare the ratio of youth unemployment rate with the overall unemployment rate. In 2001, the ratio in Hong Kong was 2.22, which was in the lower-middle range among the major developed economies then. This ratio dropped to 1.58 in February 2004, despite a rise of 2.1 percentage points in the overall unemployment rate over the same period. Hong Kong now compares favourably with all the economies in **Annex B** except Germany<sup>1</sup>. It should also be noted that only Germany, the United States and Hong Kong had succeeded in reducing this ratio over the period from 2001 to February 2004. We consider our youth employment programmes launched in recent years have had a positive effect on youth unemployment, notwithstanding the worsened overall unemployment situation since the Asian financial crisis.

### **Comparative Study with Other Selected Economies**

11. To better evaluate the qualitative aspect of our youth employment programmes, we have also conducted a comparative study on the youth employment measures adopted by nine other economies, namely the United Kingdom, Germany, the USA, Australia, New Zealand, Japan, South Korea, Singapore and China. Details are at **Annex C**.

### ***Observations***

12. Having compared the various measures implemented by the economies concerned, we have the following observations:

- Different governments adopt different approaches to tackle youth unemployment. The Dual System implemented by Germany incorporates vocational training as part of the school curriculum so that young people receive vocational training early in their education. The United Kingdom, Japan and South Korea rely mainly on ALMP to boost youth employment. Australia, China and New Zealand use a combination of both to promote youth

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<sup>1</sup> As no updated information on the unemployment rate for the cohort 15 – 24 in Singapore is available after 2001, the ratio cannot be compiled.

employment. Singapore implements minimal measures since youth unemployment is not considered a problem.

- ALMP on youth employment is sometimes pegged to the unemployment benefits system. In the United Kingdom, youths who refuse to take part in the New Deal will face penalties on their unemployment benefits. In Australia, the “Work for the Dole” programme requires young Australians on unemployment benefits to work on community projects.
- Our youth employment programmes are in line with ILO standards and have both breadth and depth dimensions. On diversity, we have put in place three different youth employment programmes. On provision of in-depth service, the counselling, vocational training, job search assistance and on-the-job training opportunities which we provide take care of both the personal and career development needs of young people in their transition from school to work.
- The strong involvement of social partners ranging from non-government organizations and employers’ associations to trade unions and training institutions is a unique feature of our youth employment programmes. Another notable characteristic is that we place equal emphasis on enhancing the employability of our youths and nurturing their personalities. In short, we combine soft skills with vocational training.

### **Task Force on Continuing Development and Employment-related Training for Youth**

13. The Government has recently appointed a Task Force on Continuing Development and Employment-related Training for Youth. One of the missions of the Task Force is to identify sectors with employment opportunities and develop suitable pilot training and workplace training programmes for young people. The Task Force has just commenced its work. It plans to conduct in late 2005 a comprehensive review on the overall

effectiveness of the pilot programmes implemented with a view to making suitable and concrete recommendations to the Government on future policies and initiatives in relation to tackling the problem faced by young people today, including the problem of employment.

### **Conclusion**

14. Overall, Hong Kong compares favourably with a number of Asian countries and other developed economies in tackling youth unemployment.

Economic Development and Labour Bureau  
Labour Department  
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### Elements of a good Active Labour Market Policy (ALMP) as recommended by the ILO and Hong Kong's compliance

<p><i>Establishment of Social Partnership</i></p>	<ul style="list-style-type: none"> <li>• Young people are trained by mutually supporting programmes with participation of various social partners. The Government works closely with NGOs and private enterprises to boost the demand for and supply of youth employment.</li> <li>• On supply side, the Government commissions NGOs to provide vocational training and career counselling to the youth. On demand side, it lines up private enterprises in the provision of on-the-job training opportunities.</li> </ul>
<p><i>Subsidised Work Placement</i></p>	<ul style="list-style-type: none"> <li>• Both YPTP and YWETS offer subsidised on-the-job training opportunities: <ul style="list-style-type: none"> <li>◆ <u>YPTP</u> The On-the-Job Training Scheme was introduced between June 2000 and July 2002 to further enhance the employment opportunities for young people who had completed the YPTP. The Scheme was subsumed under the YWETS in July 2002.</li> <li>◆ <u>YWETS</u> Participating employers are entitled to a monthly subsidy of \$2,000 during the training period, which ranges from 6 to 12 months.</li> </ul> </li> <li>• Participating employers have to appoint mentors to guide trainees throughout the entire period of on-the-job training.</li> </ul>

<p><b><i>Vocational Training</i></b></p>	<ul style="list-style-type: none"> <li>• While trainees are strongly encouraged to attend training on job search skills and interpersonal skills, YPTP and YWETS feature different vocational training for young people:             <ul style="list-style-type: none"> <li>◆ <u>YPTP</u> Trainees may sign up for employment-related training in areas of computer application, job-specific skills, as well as leadership, self-discipline and team building.</li> <li>◆ <u>YWETS</u> Trainees can get reimbursement of up to \$4,000 for suitable vocational course(s) taken during on-the-job training, subject to a pass in relevant examination or attainment of 90% attendance.</li> </ul> </li> <li>• Young people aged 15 – 19 are encouraged to attend pre-employment training offered by YPTP first before participating in the longer period of on-the-job training under YWETS.</li> </ul>
<p><b><i>Job Search Assistance</i></b></p>	<ul style="list-style-type: none"> <li>• Registered social workers will deliver employment counselling and support services to facilitate job search by YPTP and YWETS trainees.</li> </ul>



<p><b><i>Promotion of Entrepreneurship/Self-employment</i></b></p>	<ul style="list-style-type: none"> <li>• YSSS will be launched in May 2004 to train and help young people to become self-employed.</li> <li>• Social partnership is built with NGOs to provide services to trainees in areas of both vocational training and work skills relating to self-employment, render available facilities and administrative support for securing business, and assist in networking with appropriate bodies and organisations, etc.</li> </ul>
<p><b><i>Introduction of Measures for Disadvantaged Youth</i></b></p>	<ul style="list-style-type: none"> <li>• To promote the employability of the most vulnerable group of youth, the Action S4 programme is implemented under the YWETS. The Labour Department adopts the CREAM (i.e. caring environment, real work experience, early intervention, assessment, and meaningful work) training approach.</li> <li>• Disadvantaged youths are placed in NGOs for nurturing when the payroll is taken care of by the Government.</li> <li>• Intensive on-the-job training is tailor-made for each trainee with special attention to their specific needs that are subject to regular reviews.</li> <li>• Each participating NGO has to assign two officers for the training of the disadvantaged youth, one as a caring workplace mentor and the other as case manager. The former takes care of the trainee's job-related skills assisting him/her to navigate the course of the on-the-job training while the latter is responsible for the trainee's career maturity.</li> </ul>

## Comparison of Youth and Overall Unemployment Rates

No.	Country/Region	Unemployment Rate (%)					
		Overall	Youth (15 – 24)	Ratio of youth unemployment to overall unemployment rates	Overall	Youth (15 – 24)	Ratio of youth unemployment to overall unemployment rates
		2001 *			February 2004 **		
1	Australia	6.70	12.70	1.90	5.90	20.00	3.39
2	New Zealand	5.30	11.80	2.23	4.60 <sup>(1)</sup>	14.30 <sup>(1)</sup>	3.11
3	Germany	7.90	8.40	1.06	9.30	9.80 <sup>#</sup>	1.05
4	France	8.60	18.70	2.17	9.40	20.60 <sup>#</sup>	2.19
5	Italy	9.50	27.00	2.84	8.50 <sup>(2)</sup>	27.10 <sup>(2) #</sup>	3.19
6	United Kingdom	5.00	10.50	2.10	4.80 <sup>(2)</sup>	11.80 <sup>(2)</sup>	2.46
7	United States	4.80	10.60	2.21	5.60	11.80	2.11
8	Japan	5.00	9.70	1.94	5.00	10.00	2.00
9	Korea	3.90	9.70	2.49	3.90	11.50	2.95
10	Singapore	3.80	6.20	1.63	4.70 <sup>(1)</sup>		
11	Hong Kong	5.10	11.30	2.22	7.20 <sup>(4)</sup>	11.40 <sup>(4)</sup>	1.58
12	Total OECD	6.50	12.40	1.91	7.30 <sup>(3)</sup>	14.80 <sup>(3)</sup>	2.03
13	European Union	7.60	13.90	1.83	8.00	15.50 <sup>#</sup>	1.94

### Remarks

- <sup>(1)</sup> Data as at Q4 2003. Updated information is not available on the unemployment rate for the cohort aged 15-24 in Singapore after 2001.
- <sup>(2)</sup> The most up-to-date figures available. Data as at January 2004. Instead of starting from age 15 in calculating both overall and youth unemployment rates, they start from age 16.
- <sup>(3)</sup> The latest comparable overall and youth unemployment rates available from OECD are released as of June 2003. OECD defines youth unemployment as employment of people aged under 25.
- <sup>(4)</sup> Figures refer to the average for the three months ending February 2004. The overall unemployment rate is seasonally adjusted, while the youth unemployment rate is unadjusted.
- <sup>#</sup> These countries define youth unemployment as unemployment of young people under 25.

### \* Sources

- No. 1-9, 12-13 OECD Employment Outlook 2002  
 No. 10-11 Key Indicators of the Labour Market (3rd edition), ILO

### \*\* Sources

- No. 1-2 Extracted from draft overseas training report on youth training  
 No. 3, 4, 5, 13 Eurostat News Release (1 April 2004)  
 No. 6 Office for National Statistics (Labour Force Survey: Unemployment Rates by Age): United Kingdom  
 No. 7 US Department of Labor (Bureau of Labor Statistics): USA  
 No. 8 Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications: Japan  
 No. 9 National Statistics Office: Korea  
 No. 10 Ministry of Manpower: Singapore  
 No. 11 Census and Statistics Department: Hong Kong  
 No. 12 Quarterly Labour Statistics, Volume 2003/3, OECD

**Comparative Study  
on Measures Promoting Youth Employment**

<b>Countries</b>	<b>Page Number</b>
United Kingdom	2
Germany	2
United States	3
Australia	4
New Zealand	5
Japan	6
South Korea	6
Singapore	7
China	7

## United Kingdom

Targeted youth: those under 25

### Special measures:

- New Deal
  - ♦ It was launched in 1998. Counselling and guidance of up to 4 months are offered to participants before they choose one of the following five options:
    - ⇒ 6 months' subsidised work placement in the regular labour market;
    - ⇒ 6 months' work with the Environmental Task Force (a job creation programme in environmental work);
    - ⇒ 6 months' work with an employer in the voluntary sector;
    - ⇒ full-time education and training for up to 12 months without loss of unemployment benefit; and
    - ⇒ entry into self-employment.
  - ♦ Unemployed young people who refuse to participate in the scheme will face penalties on their unemployment benefits.

## Germany

### General measures:

- Dual System
  - ♦ The German educational system features a substantial degree of integration between schools and the labour market. Post-school routes are influenced by the type of secondary school that a young person attends. Occupational choice is decided very early in life.
  - ♦ Most young people undertake some form of education or vocational training at least up to age of 18. 65 – 70% do an apprenticeship. Those who enter the labour force at this stage must attend a vocational school on a part-time basis before looking for work.
  - ♦ On funding of apprenticeship training, apprentices are effectively making a substantial contribution to the cost of their own training as their remuneration is only around one-third of a skilled worker's wage.
  - ♦ Vocational training is highly regulated. There is tightly controlled certification that produces uniform standards in occupational qualifications.
  - ♦ Germany has a long tradition of social consensus in its provision of high-quality vocational training. Fully supportive of the system, the social partners are actively involved in determining both the content and certification of vocational training.

## United States

Targeted youth: school leavers/college graduates

### General measures:

- Young people are entitled to public employment services provided to other age groups by the Employment and Training Administration (ETA) and the US Department of Labour (DOL). The Office of Youth Services is set up for coordinating youth related workforce activities.

### Special measures:

- Job Corps. It is administered since 1964 by DOL and ETA to provide residential, education and job training programme for at-risk young people aged 16 – 24. It aims at enabling young people to get quality jobs or further education through an integrated academic, vocational and social skills training.
- Youth Formula-funded Grant Programmes. Grants are used to prepare eligible low-income youths, aged 14 – 21, who have barriers to employment for employment or postsecondary education through strong linkages between academic and occupational learning. Training, intensive mentoring and support services are available.
- Youth Opportunity Grants. They are designed to help youths, aged 14 – 21, living in impoverished urban and rural areas acquire the necessary skills through employment, training and supportive services. As projects are locally designed to place young people in long-term private-sector jobs and increase their enrolment in college, they are linked to local school systems and the Job Corps and formula funded programmes.
- Apprenticeship. It is a combination of on-the-job training and classroom instruction in which workers learn both the practical and theoretical aspects of a highly skilled occupation. Apprenticeship programmes are sponsored by joint employer and labour groups, individual employers, and/or employer associations.

## Australia

Targeted youth: those between 15 and 24

### General measures:

- Young people are entitled to the employment services and self-employment support services available to all age groups. Self-employment support services include business advice and mentoring for 12 months, and the provision of an allowance equivalent to the amount of unemployment benefits, etc.
- Work for the Dole enables unemployed people, including youths, to fulfil their obligation in return for their unemployment benefits and to train up their work habits and skills through engagement in community projects.

### Special measures:

- The government integrates general education and vocational training in schools, universities and other training institutions. Some examples are:
  - ♦ the Structured Workplace Training offers on-the-job training for senior high school students. The training is supported by classroom learning in school.
  - ♦ the Aboriginal School-based Traineeship Programme is a 2-year programme in Western Australia. Students spend 2 days at school, 2 days with an employer and 1 day for vocational training within a single week.
  - ♦ the New Apprenticeship Access Programme provides disadvantaged job-seekers aged 17 – 25 with pre-vocational and apprenticeship training.
- Employability promotion programmes
  - ♦ the Green Corps Programme aims at providing training on time management, team building and problem-solving to youths aged 17 – 20. Participants are divided into groups of 10 to undertake 6-month community projects.
  - ♦ the Job Placement, Employment and Training Programme serves disadvantaged young people aged 15 – 21, especially those at risk of becoming homeless, refugees and ex-offenders. It aims at early intervention and prevention of long-term welfare dependency. Young people are provided with individual case management service.
  - ♦ Tailored assistance including vocational training, work attachment, job matching, relocation assistance and language and literacy training are offered for young people to move them from safety net to gainful employment.
  - ♦ There are also projects to engage jobless youths in environmental protection, horticulture, waste management, small start-ups, public services, etc. through the introduction of incentives including wages and training subsidies.

## New Zealand

Targeted youth: those between 15 and 26

### General measures:

- Young people can receive employment assistance available to other age groups. They include case management, work transition grants, job search assistance, work confidence programmes, wage subsidies, community employment, etc.

### Special measures:

- Workplace attachment training
  - ♦ Gateway. It gives Year 11 – 13 secondary school students workplace attachment opportunities and counts them as course work. Participating students can acquire classroom support for their attachment and obtain assessment against the New Zealand National Qualifications Framework.
  - ♦ Modern Apprenticeships Scheme. Modern apprentices are provided with individual training plans to guarantee tailor-made combination of courses in industry-specific knowledge, communications, numeracy and IT. It is aimed at enabling participating young people aged 16 – 21 to obtain national qualification on the National Qualifications Framework.
- Youth Training Programme
  - ♦ government agencies offer fully-funded skills training programmes for young people. On completion of training, young people can achieve credit towards national qualifications for the purpose of to further education, training and employment.
- Employability promotion programmes
  - ♦ the New Zealand Defence Force and Outward Bound provide short-term residential training programmes to boost motivation and confidence of young people to help them gain employment or move into work-related training.
  - ♦ the government implements 20-week youth development programmes to provide young people, including moderate offenders, with conservation, community work and works projects for learning, evaluation of career choices and challenging recreation.
- Entrepreneurship promotion programme
  - ♦ Enterprise Allowance Programme. Grants and subsidies are payable to young entrepreneurs for their start-ups up to 52 weeks.

## Japan

Targeted youth: high school/college graduates

### General measures:

- Employment Support Measure
  - ♦ Public Employment Security Offices (PESO) organise job interview fairs for would-be high school and college graduates in which on-site job interviews by prospective employers, and talks on job search skills are conducted.
  - ♦ PESO even set up special offices for new college graduates to provide employment information and counselling and placement services. Students who fail to secure employment after graduation are still entitled to service if registered.
  - ♦ PESO also render support for all young people without a stable job in assessing their aptitudes, offering counselling and employment assistance, providing employment information and developing labour demand.
- Strengthening job consciousness among young people through the introduction of employment guidance and internships in schools.
- Public vocational training for all age groups including the youth.

## South Korea

Targeted youth: those between 18 and 30

### General measures:

- Subsidised vocational training
- Job creation programme in public works for young people

### Special measures:

- Government-subsidised intern programme
  - ♦ the government provides subsidies of around HK\$2,500/month to firms employing young people for a minimum of 3 months.
  - ♦ this subsidy is payable for 3 additional months if firms convert interns into regular workers.



## Singapore

### General measures:

- Funding subsidies to encourage employers to provide training for employees of all age groups including the youth.

### Special measures:

- In a communication to the ILO in 2002, the Singapore government explicitly indicated that it did not consider youth unemployment a problem. Continuing robust economic growth over the years before the Asian Financial Crisis has prevented the emergence of unemployment problem. In fact, Singapore has all along been relying on foreigners to meet manpower needs in a tight labour market. Even with the Asian Financial Crisis, youth unemployment is still not considered a problem since hardest-hit workers are the older ones.

## China

Targeted youth: primary/secondary school leavers

### General measures:

- Stimulating labour demand through the introduction of tax cuts to firms hiring young people in the urban area.
- Empowering employment agencies to disseminate employment information.
- Educating youth leaders who provide further counselling to young people on their entry to the workforce.
- Launching awareness campaigns to improve young people's attitudes towards work.

### Special measures:

- A labour reserve system is put in place in the cities, and potentially in rural areas, to upgrade the quality of the young workforce. It targets at primary and secondary school leavers who want to work in the urban area instead of staying in the agricultural sector. Young people have to attend vocational training programmes for 1 – 3 years and obtain certification before they are allowed to start their job search. Sources of funding for the vocational training programmes come from the government, training participants and recruiting companies. Job search assistance is available to those in the labour reserve system.