

For discussion
on 9 December 2002

LegCo Panel on Welfare Services

An Update on the Support for Self-reliance Scheme

Purpose

The purpose of this paper is to provide Members with updated information on the progress and effectiveness of the employment assistance measures taken by the Social Welfare Department (SWD) under the Support for Self-reliance (SFS) Scheme to help able-bodied Comprehensive Social Security Assistance (CSSA) recipients to achieve self-reliance.

Background

2. The SFS Scheme, which has been implemented since June 1999, initially comprised two programmes: the Active Employment Assistance (AEA) programme and the Community Work (CW) programme. Unemployed CSSA recipients and low-income recipients without a full-time job were required to participate in the AEA programme under which they would attend fortnightly interviews with staff of SWD, who would help them get access to information on job vacancies and employment-related services and monitor their personalised action plans to find work. After an initial period on AEA, the recipients were also required to perform community work for one day or two half-days a week as arranged by SWD under the CW programme¹, which aims to help them develop a work habit and increase their self-esteem and confidence.

3. While the AEA programme has generally proved its worth in moving employable CSSA recipients into work², it is recognised that a

¹ Currently some 3 000 AEA participants are performing community work each week.

² Up to the end of September 2002, on a cumulative basis, 13% of AEA participants had found a job, compared with the success rate of 1% per year when the unemployed recipients were only required

considerable number of unemployed CSSA recipients, in particular those who have been out of touch with the labour market for some time, may require additional forms of assistance to help them overcome barriers to work and improve their employability. In this connection, SWD launched in early 2001 two major employment assistance initiatives mainly to offer more intensive support to specific groups of CSSA recipients. One was the commissioning of non-governmental organisations (NGOs) to run a Special Job Attachment Programme to provide the participants with more structured employment assistance, and the other was the setting up of an Intensive Employment Assistance Fund to finance NGOs to run innovative, tailor-made employment assistance projects for specific groups.

4. To encourage and help CSSA single-parent recipients to maximise their chances of participating in social and economic activities so that they can become more self-reliant and be included in mainstream society, SWD implemented an Ending Exclusion Project in March 2002. CSSA single-parent recipients with young children may join the Project on a voluntary basis.

5. As part of the SFS Scheme, the provision of disregarded earnings under the CSSA Scheme has been enhanced to provide employable recipients with more incentives to work.

An update on the CSSA Caseload

6. The implementation of the SFS Scheme together with other policy measures in June 1999 triggered an unprecedented downward trend in CSSA cases. However, against a backdrop of unfavourable economic conditions and rising unemployment and given the fact that most of those remaining on CSSA are particularly disadvantaged in the labour market, the downward trends in CSSA caseload and its 'unemployment' component have been reversed since February 2001 and April 2001 respectively.

7. As at October 2002, the year-on-year growth in overall CSSA caseload was 11.1%. Compared with the figures a year earlier, cases under the 'unemployment', 'low earnings' and 'single parent' categories

(i.e. cases involving able-bodied adults) increased by 47.5%, 18.1% and 17.1% respectively. These cases accounted for 31.3% of total CSSA caseload, compared with 26.7% in October 2001.

Profile of unemployed CSSA recipients

8. The personal characteristics and qualifications of welfare recipients affect their chances of returning to work and moving up the job ladder. As at the end of September, the bulk of the unemployed CSSA recipients were male (73%), and slightly more than half (53%) were family cases. In general, they were of low educational attainment (65% had received no more than primary education) and about half of them possessed no special skills. Moreover, they included a comparatively large number of older people (median age being 45 and 69% in the 40-59 age group). These recipients are undoubtedly at a decided disadvantage in the labour market³.

The Special Job Attachment Programme

9. The Special Job Attachment Programme (SJAP) is a two-year programme costing \$17.3 million per year. Thirteen NGOs have been commissioned to implement the Programme, each required to serve at least 75 participants a year. Under the SJAP, the NGOs assist CSSA recipients and a certain percentage of other unemployed non-CSSA recipients by giving them the necessary counselling and job seeking preparation, arranging job attachments in non-profit making organisations for these participants to gain real working experience and then helping them find jobs in the open market and providing follow-up support. The Programme targets CSSA recipients who are younger or who are single parents with priority given to those whose youngest child is approaching 15 years of age. As part of the Programme, participants may be given a job attachment allowance of \$1,805 per month for no more than six months during the period of job attachment. For CSSA purpose, this job attachment allowance would be totally disregarded. However, to be eligible for the allowance, the participant has to demonstrate that he has achieved no less than 80% attendance per month during the job attachment period.

³ According to the quarterly report for April-June 2002 in the General Household Survey conducted by the Census and Statistics Department, 55% of the unemployed population in Hong Kong were below 40 years of age (median age: 37), and 78% had received secondary or above education.

10. The selected NGOs launched the Programme from January 2001 onward. As at the end of September 2002, a total of 2,311 participants have joined the Programme, which is above the target of serving 2,000 participants within two years. Among them, 1,897 (82.1%) are CSSA recipients and 414 (17.9%) are non-CSSA recipients. The NGOs have conducted 428 training courses and organised 18,696 counselling sessions for their participants. A total of 1,854 (80.2%) participants have completed job attachments and 273 of them (11.8%) dropped out for various reasons, e.g. changed status from unemployed persons to ill-health persons or family carers, before the attachment programme ended.

11. The NGOs have co-ordinated 2,811 job interviews. At the end of September 2002, 762 (33%) participants have successfully found jobs either through job interviews arranged by the NGOs or by themselves. 648 participants have started receiving post-placement service and 192 of them have received service for a period of six months. Among the 1,897 CSSA participants, 559 (29.5%) have secured employment. Of those who have found jobs, 146 (26.1%) have changed from the 'unemployment' to the 'low earnings' category and 116 (20.8%) successfully left CSSA. The remaining 297 (53.1%) CSSA recipients who have secured employment after participating in the SJAP had not recorded a change in their CSSA status at the time of the statistical reporting. This may be due to the time lapse (under CSSA policy, as an incentive to work, the first month's income regardless of amount is totally disregarded) or more likely due to the fact that their employment earnings are of a very low level because of the part-time nature of their employment (under current CSSA system, an able-bodied person earning less than \$1,610 a month is still classified as 'unemployed'). A statistical summary of the progress of SJAP is at Annex I.

12. By redeploying existing resources, we will extend the SJAP for one more year in 2003. Drawing on the operating experience, we will set more rigorous performance indicators, and also allow operating NGOs to arrange job attachment for participants in private firms to help them gain real work experience.

The Intensive Employment Assistance Fund

13. Another enhanced employment assistance initiative introduced in 2001 takes the form of Intensive Employment Assistance Fund (IEAF) projects financed from a capital commitment of \$43 million approved by the LegCo Finance Committee. These projects have been launched by NGOs and are intended to last over the three-year period from 2000-01 to 2002-03. They aim to serve 6,000 participants with general support and another 1,200 with intensive employment assistance each year.

14. IEAF projects do not arrange any job attachment and participants would not be given any job attachment allowance. Project activities are intended to address the barriers faced by participants through intensive counselling, help with motivation to work, job matching and placement as well as post-placement services. NGOs are encouraged to serve CSSA recipients with the sort of background most similar to those of their usual clientele.

15. SWD invited applications for IEAF projects from NGOs in two rounds. In the first round of applications, 14 projects at a total project cost of \$26.7 million were approved and all of them started operation from mid-2001. In the second round, another eight projects at a cost of \$12.6 million were selected and these projects commenced in February 2002. A further IEAF project tailor-made for an increasing number of unemployed CSSA recipients with “sam hong” skills was approved in May 2002 at a cost of \$1.8 million.

16. As at the end of September 2002, a total of 4,115 participants have joined the various IEAF projects. Among them, there are 2,736 (66.5%) CSSA recipients and 1,379 (33.5%) non-CSSA recipients. There have been 639 training courses organised for the participants. The NGOs have arranged 19,265 sessions for counselling service including 1,055 sessions rendered in groups. The number of mass activities organised by the NGOs for promoting IEAF projects is 429, with a total number of participants of 11,344.

17. The NGOs have also identified 8,498 job vacancies and made 5,500 referrals for job interviews. At the end of September 2002, a total of 1,288 (31.3%) participants have secured employment either through the operating NGOs or by their unaided efforts. A total of 1,080 (26.2%)

participants have started receiving post-placement service, and 127 (3.1%) of them have received a period of six months' service. Among the 2,736 CSSA participants, 826 (30.2%) have secured employment. Of those who have found jobs, 114 (13.8%) have changed from the 'unemployment' to the 'low earnings' category and 118 (14.3%) have successfully left CSSA. The causes for a significant portion of CSSA participants securing employment but with no change in their CSSA status are more or less the same as those applicable to SJAP participants. A statistical summary of the progress of IEAF projects is at Annex II.

The Ending Exclusion Project

18. The Ending Exclusion Project (EEP) implemented since March 2002 aims to assist CSSA single parent families whose youngest child is under 15 to become more self-reliant and reduce the risk of social exclusion.

19. As a start, 2,000 CSSA single parent recipients were invited to join the Project in the first year of implementation. The Project comprises a *voluntary* employment assistance programme, improved work incentives, help with childcare and enhanced supportive services.

20. The voluntary employment assistance programme is a proactive service to help single parents find jobs. Participants are assisted to get up-to-date market information and employment training opportunities and develop personalised action plans to find work. Where appropriate, they are also referred to the SJAP and IEAF projects. Those attending training/retraining programmes, participating in paid employment or activities under the SJAP or IEAF projects or actively seeking work, may be assisted with coupons for free After School Care Programme (ASCP) places for their children in over 130 centres over the territory running the programme. To help single parents overcome problems and stress arising from single parenthood, restore resilience, build up a social network of support and mutual help, and improve their self-esteem, they will be referred, depending on individual circumstances, to Single Parent Centres (SPCs) for assistance. The SPCs provide a range of services such as counselling, family education and parent education programmes, training programmes on child-minding and job skills, and referrals for other appropriate support services. To provide a greater incentive to work, the maximum level of disregarded earnings for

single parents with young children has been raised from \$1,805 to \$2,500 per month under the CSSA Scheme since March 2002.

21. As at the end of September 2002, a total of 2,274 CSSA single-parent recipients, including 649 (28.5%) single fathers and 1,625 (71.5%) single mothers have joined the EEP and of these 1,098 (48.3%) were found to be job-ready. Of these job-ready participants, 143 (13%) have succeeded in securing employment. Of the 1,176 non-job ready participants, 870 (74%) have been referred to SPCs for appropriate services. A summary of the key figures is at Annex III.

Evaluation

22. SWD has commissioned a research company to undertake two opinion surveys of participants in the SJAP and IEAF projects. It has also commissioned a research team of City University to conduct a longitudinal study of EEP participants.

The Special Job Attachment Programme

23. As indicated by the results of the survey, participants of the SJAP generally expressed satisfaction over the design and arrangement of the Programme. Respondents were of the view that the present form of SJAP, consisting of 'job training', 'job attachment', 'job counselling', 'job matching' and 'post-placement service', was useful in achieving the Programme's intended objectives. Over 70% of the respondents supported that SJAP was helpful to them in 'searching jobs actively', 'developing a work habit', 'building up self-confidence', 'widening their social network' and 'enhancing their employability'. Over 70% of the participants were satisfied with the various stages of services covered by the Programme.

24. The analyses also showed that different groups of respondents had slightly different views. Those who tended to give positive answers to the programme were female participants, younger respondents of age below 30, single parent CSSA recipients, respondents having completed both 'job training' and 'job attachment' as well as having received other services, respondents who had secured a full-time or part-time job, and respondents whose present jobs had been referred to them by staff of NGOs.

25. Those who tended to give negative answers were male participants, older respondents of age 50 or over, respondents having attained a higher education level of matriculation or above, and respondents who had not secured a job after joining the SJAP.

The Intensive Employment Assistance Fund

26. As observed from the results of the survey, participants of IEAF projects were fairly satisfied with the various services provided by the projects. Regarding the overall arrangement of IEAF projects, 58.7% of the respondents expressed satisfaction and 3.6% expressed dissatisfaction. Participants of IEAF projects were generally of the view that the present form of IEAF projects was useful in achieving its intended objectives. Over three-quarters of the respondents supported that the projects were helpful to them in 'enhancing their ability in securing a job', 'building up self-confidence', 'searching jobs actively', 'widening their social network', 'enhancing their work skill' and 'removing the obstacles to securing a job'. The majority (73.2%) of the respondents held a positive view that they had a better chance of securing a job after joining the projects. A relatively large proportion of this view was recorded from female participants, respondents of age 40 to 49, respondents having attained a higher education level, and non-CSSA recipients.

27. On the other hand, there were some respondents who gave unfavourable comments on the projects. Their comments mentioned, among other things, insufficient 'interview skill training' and 'interpersonal skill training' provision, content of 'job-related training' and 'interview skill training' being not practical and not meeting participants' needs, insufficient 'job counselling' and 'post-placement counselling' provision, content of 'job counselling' not meeting their needs, and jobs referred not matching participants' ability and needs.

28. A summary of the findings of the surveys is at Annex IV.

The Ending Exclusion Project

29. To evaluate the effectiveness of the Project, a longitudinal study to gauge the psychological, attitudinal and behavioural changes of

the participants and their children is underway. The study is expected to be completed in mid-2003.

Cost-effectiveness of these programmes

30. The SJAP and IEAF projects have assisted 762 and 1,288 participants in securing employment, representing a success rate of 33% and 31% respectively.

31. The annual costs of the SJAP and the IEAF projects are \$17.3 million and \$11.6 million respectively. After 21 months' operation, these projects have assisted 234 (116 from the SJAP and 118 from IEAF projects) CSSA recipients' families to move off CSSA and another 260 (146 from the SJAP and 114 from IEAF projects) to receive smaller CSSA payments (transferred from the 'unemployment' to the 'low earnings' category). Apart from reducing CSSA payments, the value of these programmes in enhancing self esteem, confidence and job readiness of the CSSA recipient should not be overlooked.

32. It is too early to comment on the cost-effectiveness of the EEP, which has been implemented for only several months. Nevertheless, the initial results are encouraging, considering that 13% of the job-ready participants have secured employment.

Disregarded earnings

33. The provision of disregarded earnings (DE) is an important element of the CSSA Scheme. In addition to meeting work-related expenses (transportation, eating out, etc), it allows CSSA recipients to retain a portion of their earnings, thus ensuring recipients in paid work are financially better off than those who are totally reliant on welfare.

Improvements to the DE arrangements for employable able-bodied recipients

34. As part of the SFS Scheme, with effect from June 1999, in addition to the provision of monthly DE of up to \$1,805, the first month's income earned by an employable recipient could be totally disregarded, subject to the condition that the benefit could be allowed not more than once during a two-year period.

35. To provide more incentives for employable recipients to take up any paid job available, including part-time or casual work, with a view to helping them achieve a gradual transition to self-sufficiency, we have since July 2000 removed the minimum monthly income and working hours requirements⁴ for the purpose of DE for employable recipients. In connection with this new arrangement, we undertook to conduct a review of the DE arrangements in mid-2002.

The review

36. For the purpose of the review, we have analysed the relevant statistical data up to the end of June 2002 and looked at those factors which might have affected the effects of DE arrangements on CSSA recipients' incentives to work.

37. In addition, we have conducted a longitudinal study of some 600 AEA participants who moved from the 'unemployment' to 'low earnings' category during the three-month period from December 2000 to February 2001. The main aim is to trace subsequent changes to these cases as at the end of June 2002 to see if the findings can shed light on the effectiveness of the current DE arrangements in moving employable CSSA recipients into work and off benefit.

38. Key findings of the review are as follows:

- (a) Notwithstanding unfavourable economic factors and rising unemployment, the proportion of employable CSSA recipients with earnings increased from 26% in November 1999 to 29% in June 2002, and the number of these recipients rose from 8 603 to 12 375 over this period, up 44%.
- (b) The total amount of earnings that were disregarded increased from \$169 million in 1998-99 to \$299 million in 2001-02.
- (c) The benefit status of the 600 'unemployment turned low earnings' cases in the longitudinal study as at the end of June

⁴ Before July 2000, employable able-bodied recipients had to earn at least \$3,200 and work at least 120 hours a month in order to be eligible for DE.

2002 was as follows:

- (i) 20% had moved off CSSA;
- (ii) 44% remained on CSSA under the 'low earnings' category;
- (iii) 27% had returned to unemployment and rejoined the AEA programme; and
- (iv) 9% were granted CSSA for other reasons (e.g. ill-health).

39. The main conclusions that can be drawn from the findings of the review are as follows:

- (a) The changes to the DE arrangements we have put in place since the implementation of the SFS Scheme should have played a part in motivating employable recipients to work and increasing labour force participation among them.
- (b) Apart from DE, a host of factors, such as economic conditions, benefit levels, the structure of the system, the recipients' characteristics and qualifications, may influence the recipients' chances of returning to work.
- (c) Given the prevailing labour market conditions, even if the provision of DE may succeed in moving some CSSA recipients into work, it may not succeed in lifting them out of the CSSA net.
- (d) There is no evidence to suggest that the removal of the restrictions on DE for employable recipients in July 2000 has brought about any adverse effects on the system.

Way forward

40. While we are committed to providing a well-resourced social safety net for people who cannot support themselves, we should do everything we can to help those who can work to move into work and stand on their own feet rather than impede their will to become

self-reliant and deepen their dependency. With the implementation of the SFS Scheme, our social security system has been providing not only cash assistance but also services and opportunities for people to get off benefit. It can now be seen as an active arrangement in which recipients who can work have obligations to support themselves to the maximum extent possible and to take up assistance offered to them to reduce or eliminate their dependence on public coffers.

41. We recognise that there is a need to review from time to time the measures we have put in place to help CSSA recipients back to work, having regard to the recipients' characteristics, their changing needs, labour market conditions and other relevant factors. To ensure CSSA can serve as a springboard to self-reliance, we will continue our efforts to strengthen the existing arrangements under the SFS Scheme and consider introducing more intensive strategies to empower people to move towards self-reliance.

Advice sought

42. Members are invited to comment on the information provided in this paper.

Progress of the Special Job Attachment Programme
(as at September 2002)

Annex I

	CSSA recipients	Non-CSSA recipients	Total
No. of participants joined the programme	1,897 (82.1%)	414 (17.9%)	2,311
No. of job attachment arranged	1,547 (83.4%)	307 (16.6%)	1,854
No. of training courses organised	N/A	N/A	428
No. of participants having attended one or more training courses	4,984 (84.7%)	900 (15.3%)	5,884
No. of counts of participants receiving individual counselling	8,244 (83.3%)	1,648 (16.7%)	9,892
No. of counts of participants receiving group counselling	1,971 (85%)	347 (15%)	2,318
No. of participants having secured employment	559 (73.4%)	203 (26.6%)	762 (33% of total participants)
No. of participants receiving post-placement service	482 (74.4%)	166 (25.6%)	648
No. of participants having received post-placement service for 6 months	148 (77%)	44 (23%)	192
No. of CSSA participants changed to 'low-earnings' category	146 (7.7% of total CSSA participants)	N/A	146 (26.1 % of those CSSA participants having secured employment)
No. of CSSA participants out of CSSA net	116 (6.1% of total CSSA participants)	N/A	116 (20.8% of those CSSA participants having secured employment)
No. of jobs sustained for 3 months or above	157	55	212 (27.8% of total participants having secured employment)

Progress of the Intensive Employment Assistance Fund Projects
(as at September 2002)

Annex II

	CSSA recipients	Non-CSSA recipients	Total
No. of participants joined the programme	2,736 (66.5%)	1,379 (33.5%)	4,115
No. of training courses organised	N/A	N/A	639
No. of participants having attended one or more training courses	3,941 (68.4%)	1,824 (31.6%)	5,765
No. of counts of participants receiving individual counselling	8,529 (79.9%)	2,143 (20.1%)	10,672
No. of counts of participants receiving group counselling	1,874 (56.8%)	1,427 (43.2%)	3,301
No. of participants having secured employment	826 (64.1%)	462 (35.9%)	1,288 (31.3% of total participants)
No. of participants receiving post-placement service	696 (64.4%)	384 (35.6%)	1,080
No. of participants having received post-placement service for 6 months	58 (45.7%)	69 (54.3%)	127
No. of CSSA participants changed to 'low-earnings' category	114 (4.2% of total CSSA participants)	N/A	114 (13.8% of those CSSA participants having secured employment)
No. of CSSA participants out of CSSA net	118 (4.3% of total CSSA participants)	N/A	118 (14.3% of those CSSA participants having secured employment)
No. of jobs sustained for 3 months or above	65	41	106 (8.2% of total participants having secured employment)

Progress of The Ending Exclusion Project
(as at September 2002)

	Total
Total no. of EEP participants joining the Programme	2,274
Breakdown of the number of participants by sex	
(a) No. of single fathers joined the EEP	649 (28.5%)
(b) No. of single mothers joined the EEP	1,625 (71.5%)
Breakdown of the number of participants by age group	
(a) No. of participants aged below 20	11 (0.5%)
(b) No. of participants aged 20 to below 30	94 (4.1%)
(c) No. of participants aged 30 to below 40	893 (39.3%)
(d) No. of participants aged 40 or over	1,276 (56.1%)
No. of participants ready for job (% of total participants)	1,098 (48.3%)
No. of participants secured employment (% of job-ready)	143 (13.0%)
Salaries of the job sustained :	
(a) under \$1,610.-	33 (23.1%)
(b) from \$1,610 - \$3,999	54 (37.8%)
(c) from \$4,000 - \$7,999	48(33.6%)
(d) \$8,000 or above	8 (5.5%)
No. of participants not ready for job (% of total participants)	1,176 (51.7%)
No. of single parents referred to Single Parent Centres for services (% of non-job-ready)	870 (74%)
No. of EEP participants using After School Care Programme (ASCP) services (% of job-ready)	46 (4.2%)
No. of child beneficiaries receiving ASCP services	58

**Summary of Opinion Surveys on the Special Job Attachment Programme (SJAP) and
the Intensive Employment Assistance Fund (IEAF) projects**

Items involved/ major questions covered in the telephone interviews	Particulars / Survey findings on :	
	SJAP	IEAF
No. of successful interviewees	760	791
Response rate	90%	84%
Feedback on usefulness of present form of the programme in achieving its intended objectives	Over three-quarters of the respondents gave affirmative answer	Over three-quarters of the respondents gave affirmative answer
Comments on overall arrangement of the programme	<ul style="list-style-type: none"> • 64.2% showed satisfaction • 8.7% showed dissatisfaction 	<ul style="list-style-type: none"> • 58.7% showed satisfaction • 3.6% showed dissatisfaction
Views on chances of securing a job after joining the programme	<ul style="list-style-type: none"> • 55.4% held a positive view • 43.6% considered more or less the same as before 	<ul style="list-style-type: none"> • 73.2% held a positive view • 25.2% considered more or less the same as before
Percentage of participants having secured a job after joining the programme	<p align="center">23.2%</p> <ul style="list-style-type: none"> • 12.6% having a full-time job • 10.6% having a part-time job 	<p align="center">29%</p> <ul style="list-style-type: none"> • 13.3% having a full-time job • 15.7% having a part-time job
Jobs secured through referrals by the operating agency	46.6%	31.4%

Items involved/ major questions covered in the telephone interviews	Particulars / Survey findings on :	
	SJAP	IEAF
Classification of position engaged in: <ul style="list-style-type: none"> • Elementary occupations • Service workers and shop sales workers • Clerks • Others 	44.3% 24.4% 14.8% 16.5%	48% 23.1% 10.5% 18.4%
Median amount of monthly personal income	\$5,000	\$4,000
Monthly income below \$4,000	38.7%	44.9%
Monthly income below \$2,000	16.5%	21.8%
Areas suggested for improvement: <ul style="list-style-type: none"> • Training • Job counselling • Job matching 	<ul style="list-style-type: none"> - Training provision insufficient, content of training not practical - N/A - Jobs referred were limited in number and types 	<ul style="list-style-type: none"> - Training provision insufficient, content of training not practical - Insufficient job counselling - Jobs referred not able to meet participants' capability and needs