

**For discussion on  
14 June 2004**

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## **LegCo Panel on Welfare Services**

### **Progress of the intensified Support for Self-Reliance measures under the Comprehensive Social Security Assistance Scheme**

#### **PURPOSE**

The purpose of this paper is to inform Members of the up-to-date position of the intensified Support for Self-reliance (SFS) measures under the Comprehensive Social Security Assistance (CSSA) Scheme to help able-bodied CSSA recipients achieve self-reliance.

#### **BACKGROUND**

2. The SFS Scheme was implemented on 1 June 1999 to help unemployed CSSA recipients to rejoin the workforce and move towards self-reliance. The Scheme initially consisted of two main components: the Active Employment Assistance (AEA) and the Community Work (CW) programmes. CSSA unemployed 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 Social Welfare Department (SWD), who would help them access information on job vacancies and employment-related services and monitor their personalised action plans to find work. AEA participants were also required to perform community work for one-day or two half-days a week as arranged by SWD under the CW programme. The disregarded earnings provisions under the CSSA scheme were enhanced first in 1999 and again in 2000. Two major short-term employment assistance initiatives, the Special Job Attachment Programme and the Intensive Employment Assistance Fund,

delivered by Non-governmental Organizations (NGOs), were run between 2001 and 2004.

### **INTENSIFIED MEASURES UNDER THE SFS SCHEME**

3. When it was first introduced in June 1999, the SFS Scheme was found to be effective in containing the increasing unemployment caseload, which started declining immediately following the Scheme's implementation. However, starting from April 2001 amidst the deterioration of the employment market, the CSSA unemployment caseload took a reverse trend and began to increase again. As at April 2003, there was a cumulative increase of 95.7% over the two-year period from April 2001. In financial terms, the CSSA expenditure spent on the unemployment caseload was estimated at \$2.7 billion in 2003-04, representing an increase of 118.3% over 2000-01 even though there had been a reduction in the standard rates for able-bodied recipients due to deflationary adjustments by 11.1% effected as from 1 June 2003. To prevent over reliance on CSSA by the employable able-bodied, SWD introduced intensified measures to promote 'welfare-to-work' and self-reliance from 1 June 2003. These measures are summarized at Annex I.

### **PROGRESS OF INTENSIFIED MEASURES**

4. Results to date suggest that the intensified SFS measures are meeting our objectives of assisting CSSA unemployed recipients to become more self-reliant. In particular, a downward trend in the unemployment caseload emerged in October 2003 and the cumulative decrease of 3 222 cases from then until the end of April 2004 is encouraging. Key observations covering the period from July 2002 to April 2004 (i.e. 11 months before and after the implementation of the intensified SFS measures) are summarized below:

(a) **The Enhanced AEA Programme**

With the provision of more targeted assistance including direct job matching and post-placement services, a significantly increased number of unemployed CSSA recipients have found jobs and reduced their dependence on welfare. A summary of improvement indicators as a result of the enhanced AEA programme is at Annex II. Other

significant findings are:

(i) AEA Cancellations

AEA cancellations represent the number of AEA cases de-registered from the AEA programme, either because they have secured sufficient employment to change their AEA status, or they have no genuine need to rely on CSSA and hence withdrawn from the programme themselves. In the 11-month period before the implementation of the intensified SFS measures, the number of AEA cancellation was 3 092 cases per month. However, during the subsequent 11 months, the average figure had risen to 4 649 cases per month, representing an improvement of 50.4%.

(ii) Job securing rate

The average number of unemployed CSSA recipients who successfully secured employment was 781 per month during the 11-month period prior to the implementation of the intensified SFS measures. The number doubled and jumped to an average of 1 668 cases per month (an increase of 113.6%) after the intensified SFS measures were implemented (Annex III). As shown in Annex III, the number of active AEA participants has dropped steadily from the peak of over 55 226 in July 2003 to 50 267 at the end of April 2004.

(iii) Change of AEA status as a result of paid employment

On comparing the 11-month periods before and after the introduction of the SFS measures, the respective numbers of unemployed CSSA recipients who became totally independent and left the CSSA net or reduced their dependence on CSSA after taking up paid employment increased from 346 and 435 per month respectively to 700 and 968 per month on average. This represented improvements of 102.3% and 122.5% respectively

(iv) District-based employment support network

District staff of SWD have since April 2003 mustered job

openings within the district through their local network, and arranged direct job matching for participants where possible. Although this is our new initiative, our staff have during the past 13 months identified 29 100 jobs and assisted 1 841 AEA participants to secure employment as at the end of April 2004. The comparatively low success rate indicates that more efforts are needed in various aspects, e.g. to combat some employers' prejudice that CSSA recipients have become accustomed to welfare dependency and would not work hard, and on the other hand to encourage participants to take up any jobs that they are capable of doing. We also plan to further refine the operation of this network with the aim of improving the job securing rate through more direct job matching.

(v) Post-placement service

Unemployed CSSA recipients who have successfully found employment will be offered post-placement support service. As at the end of April 2004, a total of 6 900 AEA participants had received this service.

(vi) Sanctions

To ensure that CSSA is only paid to those who are in genuine need and cannot support themselves or their families through no fault of their own, sanctions will be imposed on AEA participants who have failed to comply with their obligations without good causes. As a result of more stringent enforcement, the number of sanctions increased from 212 per month on average to 801 per month (an increase of 277.8%) before and after the implementation of intensified SFS measures.

(b) The Enhanced CW Programme

Past experience shows that through participating in CW, unemployed recipients would regain self-esteem, pay more regard to their social responsibilities and strengthen their motivation to find employment.

(i) Number of CW Teams/CW participants

To ensure CSSA unemployed recipients can take part in CW within the first three months of receiving CSSA, as compared to about six months before the introduction of the intensified SFS measures, SWD has appealed to various government departments, NGOs and schools for more CW opportunities. As a result, the number of CW Teams in operation increased from 12 to 36 each day. The number of CW placements arranged has correspondingly increased from an average of 3 627 per month before the intensified measures were implemented to an average of 10 010 per month at present.

(ii) CW De-registrations

CW de-registrations refer to the number of AEA participants who have been arranged to perform CW but who subsequently leave the AEA programme, either because of increased self-reliance as a result of securing employment or because they have withdrawn from CSSA without giving a specific reason. In the 11-month period subsequent to the introduction of the enhanced CW programme, the average monthly CW de-registration was 1 930 cases, compared with the average of 1 253 cases per month in the 11-month period preceding the implementation, an increase of 54.0% (Annex IV).

(c) Intensive Employment Assistance Projects (IEAPs)

To provide intensive employment assistance to help employable CSSA recipients and other socially disadvantaged groups remove their barriers to work, enhance their employability and reduce or avoid dependence on CSSA, SWD has commissioned NGOs to run IEAPs. The first batch of 40 projects has been implemented since October 2003. A summary of the performance indicators set for operating NGOs and the aggregate performance to date is at Annex V. Two further batches of 30 projects each will be implemented in October this year and 2005 respectively.

5. We will commission a research team to carry out an evaluation study of the employment assistance programmes for CSSA and near-CSSA recipients with a

view to advising on measures to help AEA participants leave the CSSA net permanently or not fall into our net. We expect the team to start work shortly and to report before the end of this financial year.

#### **RELATIONSHIP BETWEEN THE EFFECTIVENESS OF INTENSIFIED SFS MEASURES AND THE GENERAL UNEMPLOYMENT SITUATION**

6. Based on progress to date, we can say that intensified SFS measures have been effective in containing the growth of CSSA unemployment cases and this improvement cannot simply be explained as an effect of the improvement in the economy and the unemployment situation. This is illustrated in the graph at Annex VI which shows clearly that before the introduction of SFS, the number of CSSA unemployment cases had kept growing regardless of the economic or employment situation. This trend re-asserted itself recently with the caseload failing to mirror the decrease in unemployment rate to 7.2% at the end of 2002. However, early indications, as shown on the graph, are that intensified SFS is having a new and energising effect on reduction of welfare dependency.

#### **ADVICE SOUGHT**

7. Members are invited to note the contents of this report, and comment as necessary.

Social Welfare Department  
June 2004

**Summary of intensified measures under the  
Support for Self-reliance Scheme introduced on 1 June 2003**

A package of measures under the intensified SFS Scheme was introduced to help unemployed CSSA recipients take up employment.

I. An Enhanced Active Employment Assistance (AEA) programme

As a condition for CSSA payment, all CSSA able-bodied unemployed recipients and low-income recipients without a full-time job are required to enroll in the AEA programme under the SFS Scheme. Under the programme, Employment Assistance Coordinators of SWD who are responsible to deliver the AEA programme would act as a source of information and facilitators to enable participants to get access to up-to-date labour market information. They will also help participants develop personalised action plans to find work, monitor progress and render assistance, where necessary. SWD has strengthened the existing arrangements to provide employable CSSA recipients with more targeted assistance as follows:

- (a) To provide employable CSSA recipients with more targeted assistance upon their entry into the CSSA System, including direct job matching, where possible. For this purpose, district staff of SWD will muster job openings within the district through their local network for matching and referral by Employment Assistance Co-ordinators.
- (b) To render post-placement support services to AEA participants being employed to help improve their sustainability in the jobs, including the provision of information on the community support resources.

- (c) To fulfill their obligations, AEA participants have to seek paid employment actively and achieve self-sufficiency. SWD will tighten up the enforcement of sanctions to terminate CSSA payments against those who fail to fulfill their obligations to actively seek employment without good cause.
- (d) To refer, where appropriate, unemployed applicants whose resources render them marginally ineligible for CSSA to Intensive Employment Assistance Projects run by non-governmental organisations (NGOs) to assist them back to work.

## II. An Enhanced Community Work (CW) programme

The CW programme aims to help participants develop work habit, improve socialisation, increase self-esteem, paving way for paid employment and work for the community while receiving CSSA. SWD will enhance the effectiveness of the CW programme through a more targeted approach as follows:

- (a) To re-schedule the CW arrangement to ensure that targeted participants enrolled in the AEA programme are arranged to perform CW upon their entry into the CSSA System.
- (b) To adjust the CW participation period to enable more targeted AEA participants to undertake CW, and look for more CW opportunities to match more participants performing CW.
- (c) To arrange long term AEA participants to perform CW three days a week under a full-time non-remunerated work mode to help build up their confidence, strengthen their ability to find jobs in the open market and encourage them to move back to work.
- (d) To tighten up the enforcement of sanctions to terminate CSSA payments against those who fail to fulfill their obligations to perform CW without good cause.



### III. Commissioning NGOs to run more Intensive Employment Assistance Projects (IEAPs)

SWD has secured funding from the Lotteries Fund and the Hong Kong Jockey Club Charities Trust to commission NGOs to launch more new IEAPs to provide intensive employment assistance to the employable CSSA recipients and other socially disadvantaged groups to assist them to remove their work barriers, enhance their employability and back to work with the following features:

- (a) To set outcome-based performance indicators to monitor the effectiveness of the projects, which include helping the participants secure employment and sustain in their jobs.
- (b) To provide temporary financial aid for immediate and direct disbursement to those needy near-CSSA recipients who come through the social welfare network to assist them back to work.
- (c) To allow NGOs to make modest incentive payments to their project participants from proceeds generated from IEAP business where applicable.
- (d) To make the participation in the IEAPs mandatory for AEA participants referred to these projects. SWD will enforce sanctions to terminate CSSA payments against those who fail to fulfill their obligations to enhance their employability.

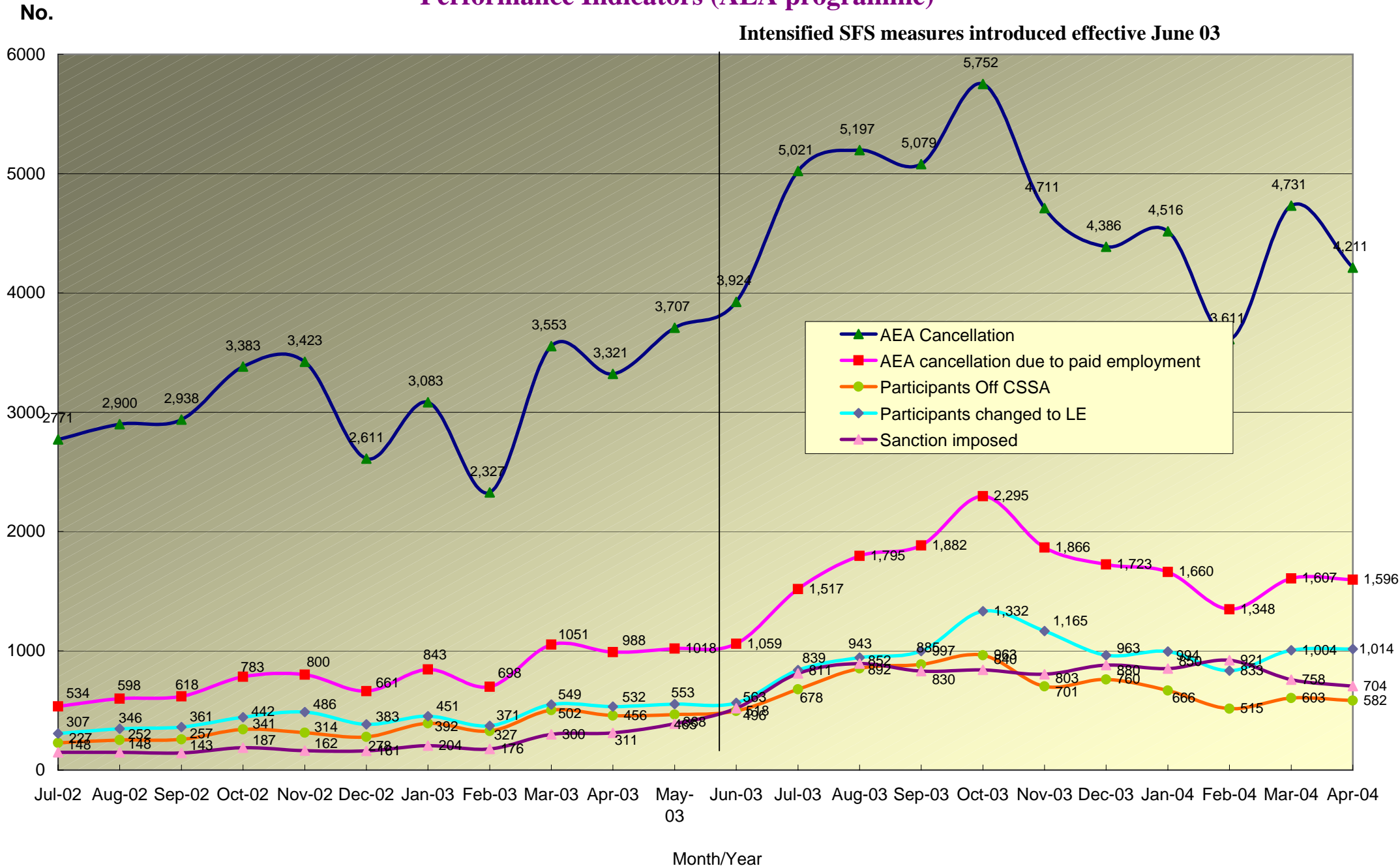
### IV. Enhanced Disregarded earnings (DE)

The provision of DE under the CSSA Scheme aims to encourage CSSA recipients to find and maintain employment. DE refers to the earnings from employment that are disregarded when assessing the amount of assistance to a CSSA recipient.

- (a) To raise the maximum level of DE from \$1,805 to \$2,500 a month for all categories of recipients in cases which have been on CSSA for at least three months, and correspondingly the 'no deduction limit' with the DE from \$451 to \$600 to provide recipients with more financial incentives to work; and
- (b) This improvement measure is provided on a time-limited basis for three years, subject to continuous review.

## Performance Indicators (AEA programme)

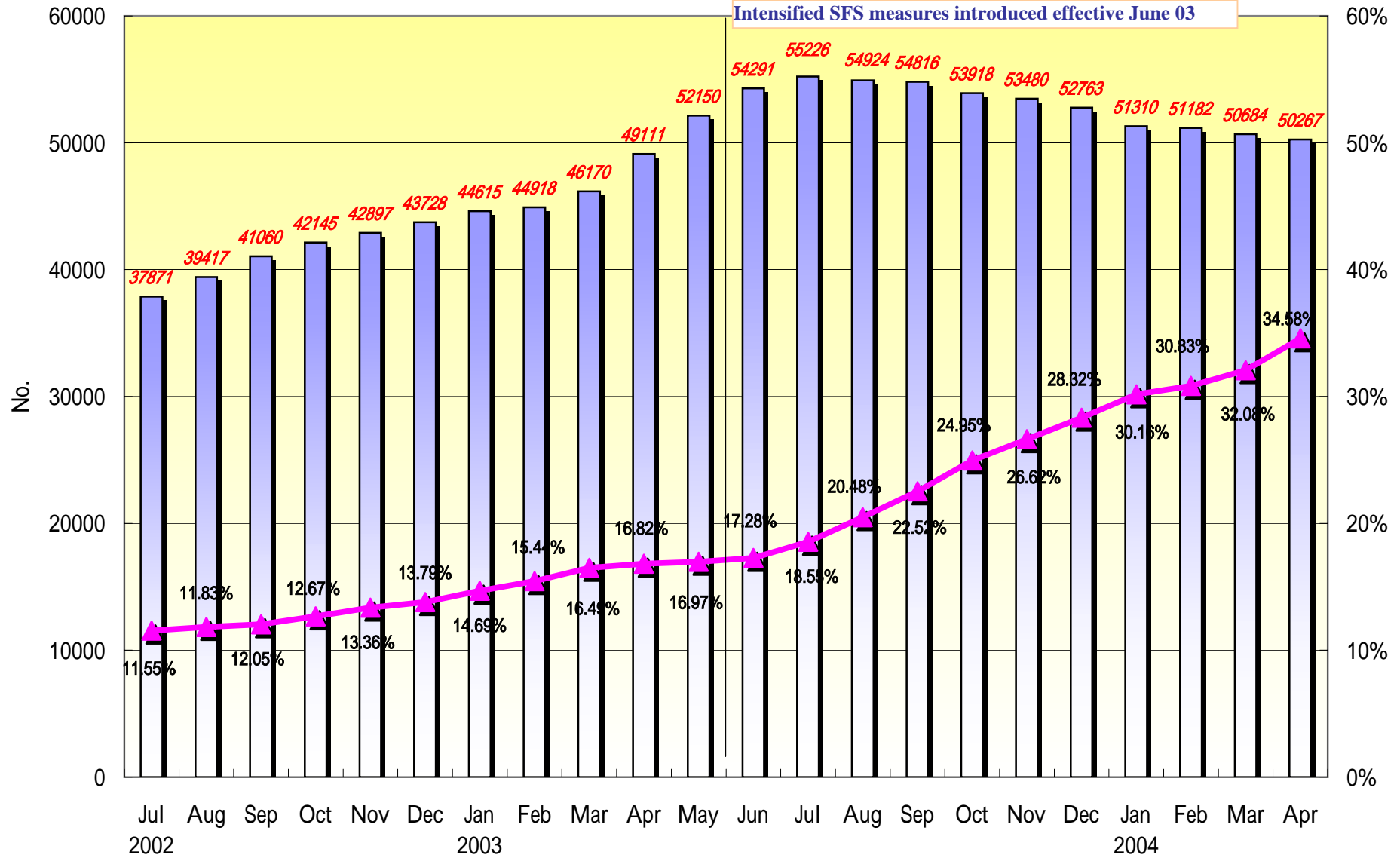
**Intensified SFS measures introduced effective June 03**



Active participants

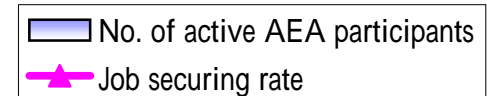
AEA active participants and job securing rate  
Jul 02 - Apr 04

Annex III

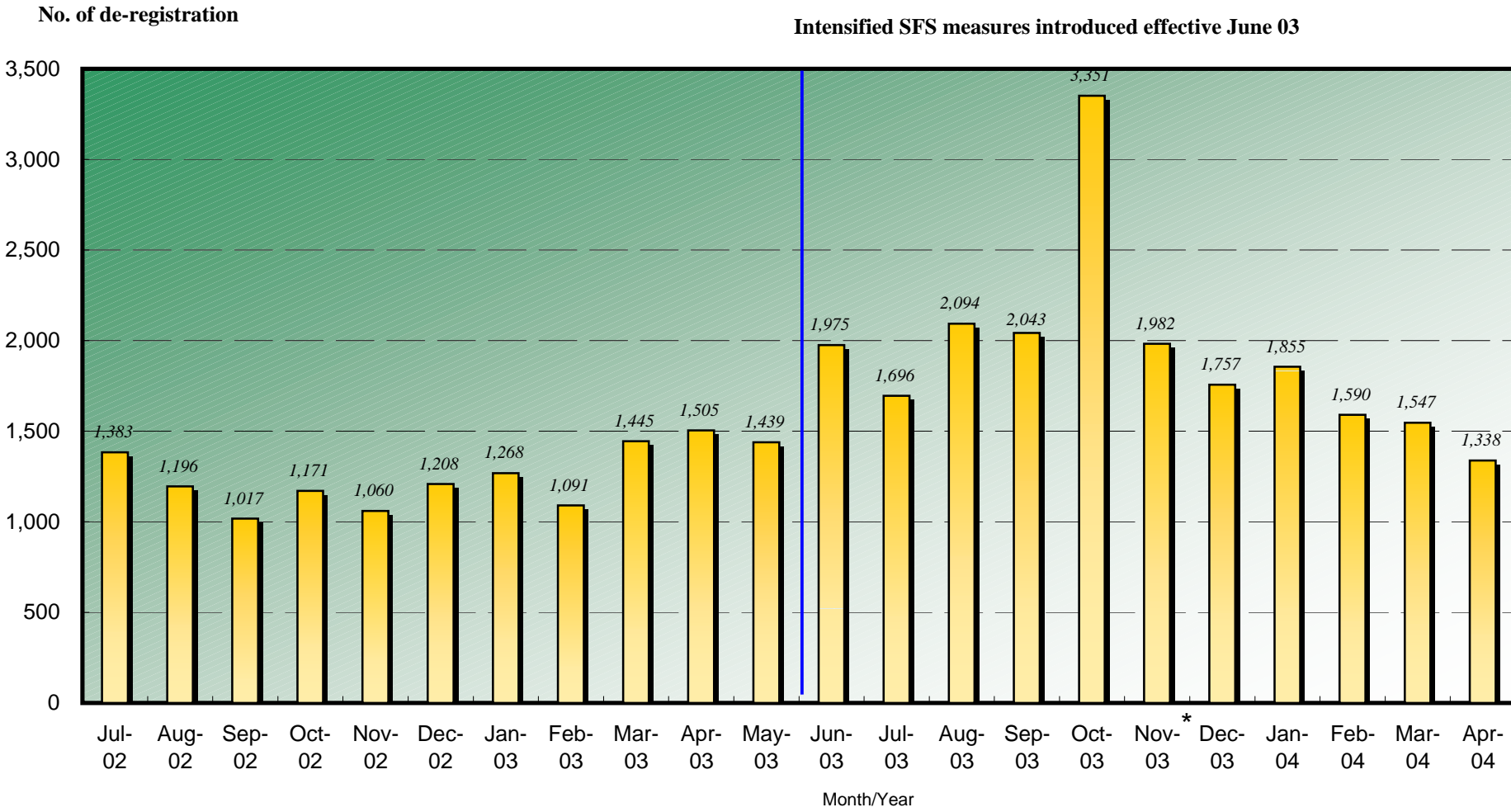


**Note**

*Job securing rate = the ratio of No. of participants found paid job (off CSSA or change to LE) during past 12 months and No. of participants enrolled/re-enrolled during the same period*



Improvement Indicator in term of de-registration under the CW programme



\* A massive matching was done when additional CW Teams were formed effective from October 2003

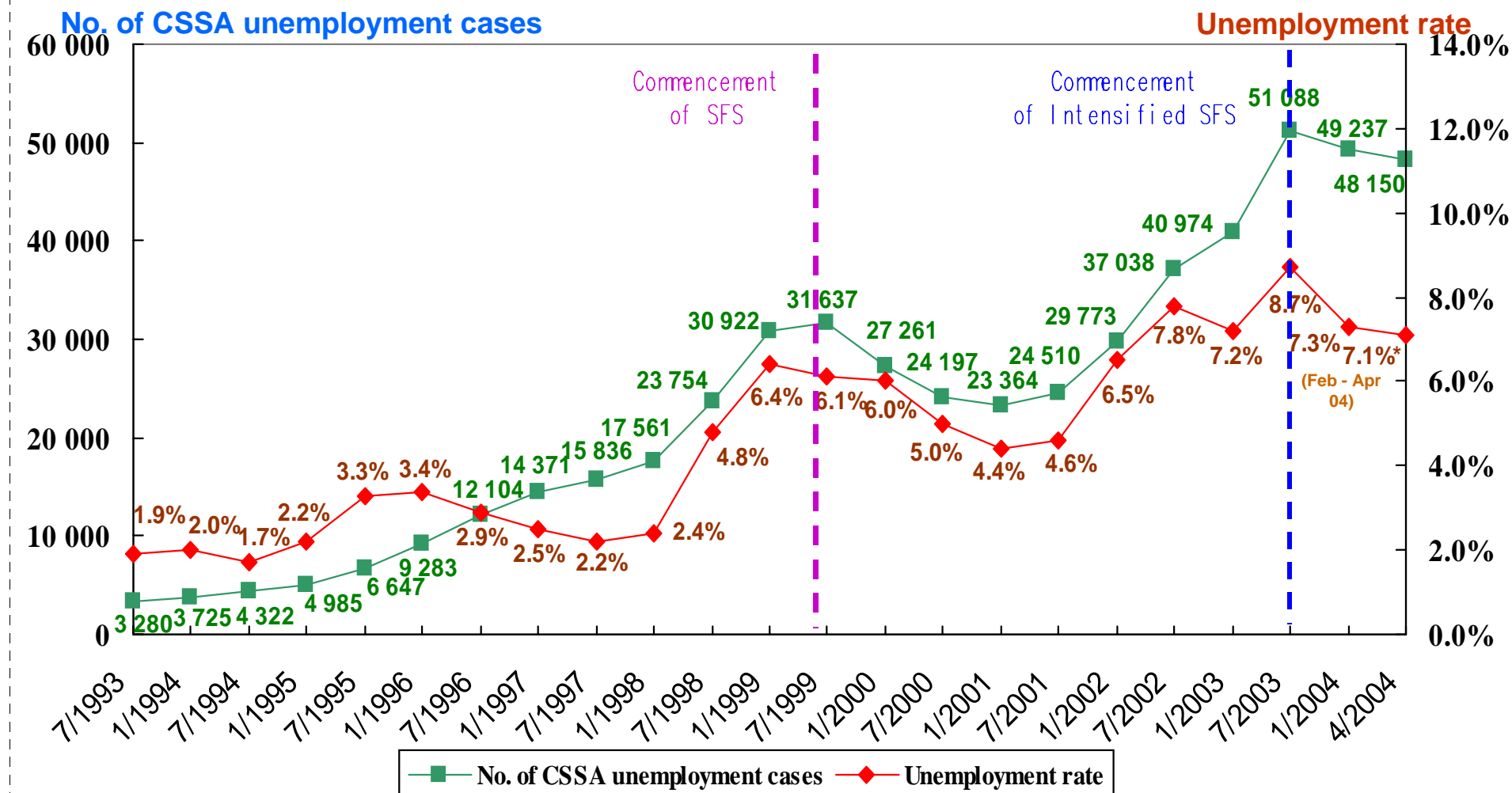
**Performance indicators set for**  
**Intensive Employment Assistance Projects (IEAPs) for each implementation year**

To monitor the effectiveness of projects to assist unemployed participants to return to the workforce, outcome-based performance indicators are set for operating NGOs running IEAPs. We require the target number of participants to be not less than 100 for each implementation year of whom at least 70% must be CSSA recipients and 30% 'near-CSSA' participants (i.e. 2 800 CSSA participants (70 participants x 40 projects) and 1 200 'near-CSSA' participants (30 participants x 40 projects). Among the target number of participants, each NGO should assist 28 CSSA participants and 12 'near-CSSA' participants to secure full-time employment of whom 21 CSSA participants should be able to change their unemployment status to either off CSSA due to paid employment or CSSA low-earners for a period no less than three months.

2. The performance attainment up to the end of April 2004 is appended below:

		Performance Indicators		Attainment as at the end of April 2004		Total Attainment
		CSSA	Near-CSSA	CSSA	Near-CSSA	
(1)	Total number of participants joined the projects (100 participants x 40 = 4 000)	2 800	1 200	3 483 <i>(124.4% of 2 800)</i>	1 049 <i>(87.4% of 1 200)</i>	4 532 <i>(113.3% of 4 000)</i>
(2)	Total number of IEAP participants who have taken up full-time employment [40% of (1)].	1 120 <i>(2 800 x 40% = 1 120)</i>	480 <i>(1 200 x 40% = 480)</i>	888 <i>(79.3% of 1 120)</i>	423 <i>(88.1% of 480)</i>	1 311 <i>(81.9% of 1 600)</i>
(3)	Total number of CSSA recipients changed the unemployment status to either off CSSA due to paid employment or CSSA low-earner for a period no less than three months [30% of (1)].	840 <i>(2 800 x 30% = 840)</i>		376 <i>(44.8% of 840)</i>		376 <i>(44.8% of 840)</i>

# CSSA unemployment cases and unemployment rate in HK



Notes : @ The unemployment rate pertaining to the given month is the seasonally adjusted unemployment rate for the 3-month period ending in that month.

\* Provisional figure.