

**Legislative Council Subcommittee
to Study the Subject of Combating Poverty**

Transport Support Scheme

INTRODUCTION

This paper briefs Members on the progress in implementing a pilot Transport Support Scheme.

BACKGROUND

2. At its meeting on 27 March 2006, the Commission on Poverty (CoP) discussed the issues relating to the provision of transport support for those living in remote areas. CoP members were supportive of the general direction to enhance work incentives to encourage low-income employees to stay in employment. For those living in remote areas, the CoP supported in principle the initiative to explore if additional transport support would be an effective way to encourage work. Members also noted that the subject involved complex policy issues like parity for residents living in other districts, other support measures for the working poor, the impact on wages and probable displacement of labour arising from the travel subsidy¹.

PROGRESS

3. The Commission Secretariat has been tasked to follow up on subject and explore with relevant bureaux/departments on possible pilots in 2006/07. In exploring how to provide additional transport support, we have conducted a review of the existing transport support schemes introduced in recent years, including the Travel Support Scheme operated by the Employees' Retraining Board (ERB) in April 2006. There are also other allowances and subsidies which are not specifically set up to cover transport costs, but which serve more or less the same purpose, e.g. Temporary Financial Assistance (TFA) for participants of Intensive Employment Assistance Projects (IEAPs) under the Comprehensive Social Security Assistance (CSSA) Scheme.

¹ CoP Paper 5/2006 (paragraphs 11 – 14 refer).

4. At the CoP meeting on 20 November 2006, CoP members were updated on progress and noted that -

- (a) the policy objective of the Transport Support Scheme was to assist those living in remote districts to work due to the lack of local employment opportunities, instead of a territory-wide scheme;
- (b) the subsidies would assist the unemployed who are needy to find work across districts, and to assist their transition to work; and
- (c) the Scheme should be simple and easy to administer.

They also noted that subsidies were intended as a temporary measure to encourage those living in remote area to work, and should be time-limited.

Proposed Pilot Transport Support Scheme

5. At the CoP meeting on 8 January 2007, the Administration briefed members of the initial plan to consolidate the existing efforts and to focus on encouraging the unemployed to find work and to stay on the job including assistance during the three stages, namely (1) enhancement of employability (pre-employment training); (2) job search; and (3) transition to work. CoP members discussed the Administration's proposal to provide a Job Search Allowance and a Transition-to-Work Allowance to the needy unemployed living in Yuen Long, Tuen Mun, North and Islands districts.

6. Concerning this proposed initiative, CoP members have expressed a number of comments, including the need to extend the length of the Transition-to-Work Allowance to during the first three to six months of a new job in order to help the needy unemployed stay on the job. Some members also requested the Scheme to have more flexibility, including covering people already in employment but wish to change jobs.

7. While we hope to expand the coverage of the new pilot scheme to assist as many of those who are needy, we need to consider the implications of suggestions to further expand the pilot scheme. For example, extending the length of the Transition-to-Work Allowance would increase the administrative complexity of the scheme and may provide more incentives for abuses. For the purpose of the pilot scheme, we need to proceed on a more cautious basis, i.e., not to expand to too many districts, and to put in place a monitoring mechanism to avoid abuses by those who may not be genuine job seekers. The Administration will submit a revised proposal to the CoP at its next meeting.

Transport Subsidies for Low-income Earners

8. The Administration understands that low-income earners face economic hardship in daily lives. Our long established public housing policy, highly subsidised education, medical services and other social services all strive to provide in-kind assistance to those in need, including low-income earners and their dependants who are not on CSSA. Low-income employees who are not earning enough to support themselves and their families can receive financial assistance under the low earnings category of the CSSA Scheme.

9. Many of the low-income earners face economic hardship due to their low-education and low-skill level. Some of them have unstable jobs. For them, our emphasis is to encourage them to upgrade themselves through training, and to promote economic development and job opportunities so that they can achieve self-reliance. The Administration would consider suitable measures and incentives to encourage work.

10. Against this policy background, the CoP has discussed a number of more proactive measures to assist the low-income earners, including strengthening training and employment assistance to the unemployed, providing life-long skill upgrading opportunities for the low-skill workers, reinforcing district-based community support, promoting social enterprise development, and further improvements to the CSSA Scheme to promote “From Welfare to Self-reliance”.

11. For those living in remote areas, the CoP supported in principle the initiative to explore if additional transport support would be an effective way to encourage work. After internal deliberations, the Administration considers that providing transport allowance to encourage the unemployed to work, and assisting them during the period when they are adjusting to a new job would be an effective way to encourage those living in the remote districts to work cross-districts.

12. Some CoP members were of the view that the subsidies should also be provided to people living in the remote areas who were already in employment. However, some other members considered that the transport subsidies should be provided only as an incentive to people living in remote areas where there were few local employment opportunities to encourage them to find and keep jobs in other districts. Members were also prepared to provide transport subsidies to those who were already in employment but were seeking to change to jobs in other districts.

13. As the proposed transport subsidies are meant to be time-limited, it is unclear how effective a form of assistance it would be for people who are already in low-earning employment but are unable or have no intention to change to other jobs due to various reasons. Some members also raised a concern about the possible adverse impact of the transport subsidies, if they were to be provided on a long-term basis on wages.

14. The issues involved are complex and cut across different policy areas. There is a need to further deliberate carefully on their policy implications. The CoP will further discuss issues relating to the provision of transport subsidies at its next meeting.

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