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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 21 January 2009**

Transport Support Scheme

Purpose

This paper provides background information on the Transport Support Scheme (TSS).

Background

2. In its Report on Working Poverty presented to the Council on 15 February 2006, the Subcommittee to Study the Subject of Combating Poverty (the Subcommittee) formed under the House Committee recommended, among others, the provision of transport subsidy to the working-poor households.
3. On 22 February 2006, the Financial Secretary (FS) announced in the 2006-2007 Budget the provision of short term travel support for attending job interviews and first-month employment for trainees of the Employees' Retraining Board who had completed full-time placement-tied courses and who were financially needy residents in the North, Yuen Long and Islands districts.
4. FS subsequently announced during the resumption of Second Reading debate on the Appropriation Bill 2006 on 29 March 2006 that he agreed in principle with the proposal of the Commission on Poverty to launch a transport subsidy trial scheme for low-income residents of remote districts to encourage them to work. The Administration would consider the implementation details of the scheme and its target was to roll out the scheme in 2006-2007.
5. At its meetings on 17 March 2006, 18 July 2006, 5 October 2006, 9 November 2006, 19 January 2007, 8 March 2007 and 26 March 2007, the Subcommittee discussed issues relating to the provision of transport subsidy to low-income

employees living in remote areas. The Administration advised that a pilot TSS would be launched to assist those who were needy to work across districts.

Launching of TSS on a pilot basis

6. TSS was launched on 25 June 2007 on a one-year pilot basis as one of the poverty alleviation measures to provide time-limited transport subsidy to needy job-seekers and low-income employees living in four designated remote districts, namely, Yuen Long, Tuen Mun, North and Islands districts, to find jobs and work across districts. Under TSS, two types of allowances were made available to eligible applicants, namely, a Job Search Allowance of up to \$600 and a Cross-district Transport Allowance of \$600 per month for a period of up to six months. TSS was originally scheduled to be reviewed in June 2008.

7. In response to requests from the community for relaxation of the eligibility criteria under TSS and to allow more needy people to benefit from TSS, the Administration advanced and completed the review of TSS in February 2008. After the review, the Administration considered that the objective of TSS should remain unchanged. Nevertheless, to better achieve this purpose, the eligibility criteria of applicants and the duration of allowance could be suitably relaxed.

Relaxations under TSS

8. At its meeting on 20 March 2008, the Panel on Manpower was briefed on the Administration's proposed relaxations under TSS. Members were informed that -

- (a) the Administration proposed to raise the ceiling on monthly income from \$5,600 to \$6,500, which was 65% of the median income and covered 26% of employees in the four designated districts. As at the end of March 2008, 142 applicants were rejected under the pilot TSS. The applications were rejected mainly because the applicants' monthly income exceeded the income ceiling. There were strong demands for raising the income ceiling so that those earning slightly more than this amount would also benefit from TSS to help them develop and consolidate a work habit;
- (b) to encourage residents in the four designated districts to work, the Administration proposed to relax the cross-district working requirement under TSS, given that the four districts were large and intra-district travels could also entail a relatively high transport cost. As long as fee-paying home-to-work commuting was needed, an applicant would be eligible for transport allowance regardless of whether he/she worked within or across districts; and

- (c) the Administration also proposed to extend the duration of the subsidy period from six months to 12 months to help develop and consolidate a work habit among the target beneficiaries.

9. While welcoming the Administration's proposed relaxations, members suggested that the personal asset limit requirement should be removed and TSS should be extended to assist all low-income workers living in the non-designated districts. Members also urged the Administration to further relax TSS to operate on a long-term basis in order to provide assistance to all low-income workers.

10. The Administration explained that since the original policy intent of TSS was to provide a time-limited incentive to needy job-seekers and low-income workers living in designated remote districts, it was necessary to maintain a personal asset limit and a territorial coverage. However, having taken into consideration members' views, the Administration proposed to relax TSS to cover intra-district travels and extend the duration of transport allowance to 12 months. The Administration would consider reviewing the requirements one year after the implementation of the proposed relaxations.

11. On 2 July 2008, the Labour Department (LD) implemented a number of relaxation measures under TSS, including -

- (a) raising the monthly income ceiling from \$5,600 to \$6,500;
- (b) allowing eligible people working and living in the same district to apply for allowances, so long as fee-paying home-to-work commuting was needed; and
- (c) extending the duration of the subsidy period from six to 12 months.

12. The Administration advised that under the relaxed TSS, eligible applicants would be allowed to claim an On-the-job Transport Allowance of \$600 per month for up to 12 months and a Job Search Allowance of up to \$600 on a reimbursement basis. These allowances were not intended to cover all transport costs incurred in job-seeking and work, but to provide an incentive to eligible applicants to find jobs and remain in employment.

13. According to information provided by the Administration, 12 605 applications for transport subsidy were received between 2 July 2008 and the end of September 2008. Of these, 12 376 applications were approved, 105 applications were refused, 32 applications were withdrawn, and the remaining 92 applications were under processing as at the end of September 2008. Of the approved applicants, 8 470 had submitted claims. The total amount of allowances paid under the pilot TSS and relaxed TSS stood at about \$29.7 million in late October 2008.

14. The Administration advised that LD would continue to promote TSS through various means, including -

- (a) distributing leaflets and posters to stakeholders;
- (b) arranging outdoor advertisements, such as posters on trains and buses, roadside banners and wall banners; and
- (c) staging roving exhibitions in designated remote districts.

15. The Administration also advised that LD would continue to monitor the implementation of the relaxed TSS and, if necessary, undertake a review one year after its implementation.

Relevant papers

16. A list of relevant papers which are available on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
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Appendix

List of relevant papers on Transport Support Scheme

Minutes

- (a) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 17 March 2006 [LC Paper No. CB(2)2822/05-06];
- (b) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 18 July 2006 [LC Paper No. CB(2)394/06-07];
- (c) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 5 October 2006 [LC Paper No. CB(2)506/06-07];
- (d) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 9 November 2006 [LC Paper No. CB(2)806/06-07];
- (e) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 19 January 2007 [LC Paper No. CB(2)1109/06-07];
- (f) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 8 March 2007 [LC Paper No. CB(2)1645/06-07];
- (g) minutes of meeting of the Subcommittee to Study the Subject of Combating Poverty on 26 March 2007 [LC Paper No. CB(2)1769/06-07];
- (h) minutes of meeting of the Panel on Manpower on 20 March 2008 [LC Paper No. CB(2)1663/07-08];

Papers

- (i) Report on Working Poverty by the Subcommittee to Study the Subject of Combating Poverty [LC Paper No. CB(2)1002/05-06];
- (j) Administration's paper entitled "Proposed Relaxations under the Transport Support Scheme" for the meeting of the Panel on Manpower on 20 March 2008 [LC Paper No. CB(2)1353/07-08(03)]; and

- (k) Administration's paper entitled "Policy Initiatives of the Labour and Welfare Bureau for 2008-09" for the special meeting of the Panel on Manpower on 23 October 2008 [LC Paper No. CB(2)65/08-09(02)].

The above minutes and papers are also available on the website of the Legislative Council (<http://www.legco.gov.hk>).