

立法會
Legislative Council

LC Paper No. CB(2)276/09-10(06)

Ref : CB2/PL/MP

Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 19 November 2009**

Transport Support Scheme

Purpose

This paper provides background information on the Transport Support Scheme (TSS) and gives a brief account of the recent discussions of the Panel on Manpower (the Panel) on 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.

Launch 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. Upon a review of the pilot scheme in February 2008, a number of relaxation measures were introduced on 2 July 2008, including -

- (a) raising the monthly income ceiling for eligible persons from \$5,600 to \$6,500;
- (b) allowing eligible people living and working in the same designated remote district to apply for allowances, provided that fee-paying home-to-work commuting had been used; and
- (c) extending the duration of the subsidy period from six to 12 months.

9. 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.

Deliberations of the Panel

10. The Panel was briefed on the progress of implementation of TSS at its meeting on 21 January 2009. According to the information provided by the Administration, 9 363 applications were received under the one-year pilot TSS and a total of 17 718 new applications were received between 2 July 2008 and 31 December 2008 under the relaxed TSS. Of these, 8 817 and 17 267 applications respectively were admitted as at 31 December 2008. Once admitted, applicants could draw down the allowances for a maximum of 12 months. The total financial commitment in respect of payment of allowances to these successful applicants was \$203 million, which accounted for 55.6% of the total approved commitment for TSS of \$365 million. With the continued growth in the pool of eligible applicants, it was envisaged that the rate of payout of allowances would accelerate.

11. Some members envisaged that in the face of the financial tsunami, transport fares were anticipated to rise and the salary of workers would be reduced. They expressed concern that some applicants admitted under the pilot TSS would have exhausted their 12 months' entitlement of allowances by December 2008. They considered that the Administration should further relax TSS to operate on a long-term basis and extend it to workers of other districts.

12. The Administration stressed that the objective of TSS was to provide time-limited transport subsidy so as to encourage needy job seekers and low-income employees in the four designated districts to seek jobs and remain in employment. In response to members' requests, the Administration had already advanced and completed the review of TSS in February 2008, following which a number of relaxation measures were introduced in July 2008. The Administration considered that the relaxation of TSS to cover all low-income workers in the territory and to operate on a long-term basis was a major policy change and would have significant policy and financial implications. The Administration did not consider it appropriate to provide the subsidy on a permanent basis, which was tantamount to providing an income supplement to low-income employees on a long-term basis.

13. Noting that the Administration would conduct a review of the relaxed TSS after its implementation for at least one year, a member asked whether the Administration would assure TSS recipients that they would continue to receive the subsidy until the completion of the review. The member considered that the Administration should advance the review with a view to recommending to FS, who was preparing the budget for the following year, to continue with the implementation of the scheme.

14. The Administration explained that as the effectiveness of TSS had yet to be reviewed, it was not in a position to give an undertaking that the scheme would continue. It was aware that members were in support of the continuation of the scheme. The Administration informed members that the majority of TSS applicants were admitted under the relaxed scheme and it would take quite some time for them to receive the subsidy in full. The Administration stressed that time was needed to

gauge public views and analyze the data collected in order to review TSS in July 2009.

15. The Panel passed a motion urging the Government to actively support the travelling expenses of low-income workers and implement immediately supportive measures, including cancelling immediately the one-year subsidy duration of TSS for the remote districts, extending TSS immediately to all districts and relaxing its coverage to include part-time workers and reinstating the allowance for local domestic helpers working across districts under the Integrated Scheme for Local Domestic Helpers.

16. The Administration's response to the motion is in **Appendix I**.

Latest development

17. At the briefing by the Secretary for Labour and Welfare on the Chief Executive's 2009-2010 Policy Address held on 22 October 2009, some members again urged the Administration to consider further relaxing TSS to operate on a long-term basis and to extend it to workers of other districts. The Administration advised that the review of TSS was in full swing. Apart from evaluating whether the policy objective of TSS had been achieved, the review would also cover an assessment of the overall effectiveness of TSS, the case processing procedures and practices adopted by non-government organizations participating in administering TSS, and the modus operandi, control and monitoring measures. The review would also take account of the views and suggestions of different quarters of the community on TSS. The Administration aimed at completing the review by the end of 2009.

Relevant papers

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



Labour Department (Headquarters)

勞工處（總處）

Your reference 來函編號： CB2/PL/MP

Our reference 本處檔案編號： HQLD665/18 Pt.10

Tel. number 電話號碼： 2852 4102

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4 March 2009

Clerk to Panel
(Attn: Mr Raymond LAM)
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Mr LAM,

**Panel on Manpower
Follow-up to meeting on 21 January 2009**

On the motion moved by Hon LEE Cheuk-yan and passed by the Panel on Manpower under item IV of the agenda at the meeting on 21 January 2009, the Administration's response is set out below.

Item (a) of the Motion: cancelling immediately the one-year subsidy duration of the Transport Support Scheme (TSS) for the remote districts; and Item (b) of the Motion: extending TSS immediately to all districts and relaxing its coverage to include part-time workers

The Transport Support Scheme (TSS) was launched on a pilot basis in June 2007 to provide time-limited transport subsidy to needy job seekers and low-income employees in the four designated remote districts with a view to encouraging them to look for jobs and stay in employment. After reviewing the effectiveness of the pilot scheme, the Labour Department implemented in July 2008 a range of relaxation measures which included relaxing the income threshold and extending the subsidy period. Eligible persons living and working in the same designated remote district could also apply to join the TSS.

It is not the objective of the TSS to provide an income supplement for low-income employees. It aims at encouraging residents of remote districts to look for jobs and stay in employment through the provision of time-limited subsidy as an incentive. Removing the one-year duration cap, thus paying the subsidy on a recurrent basis, would change the nature of the TSS. It would become an additional long-term income supplement for low-income employees on top of the Comprehensive Social Security Assistance Scheme which has already provided for income supplement to eligible low-income households. This would deviate from the policy intention of the TSS.

At present, the TSS covers the four designated remote districts of Yuen Long, Tuen Mun, North and Islands. These districts are more remote and with fewer job opportunities. Should the TSS be extended to all other districts, this would turn the subsidy into another form of income supplement for all low-income employees. Again, this would depart from the policy intention of the TSS.

The TSS is not solely for the benefits of full-time employees. Part-time employees living in the designated remote districts are also eligible to join the TSS and claim the subsidy, provided that they work no less than 72 hours a month and meet other eligibility criteria of the TSS.

Notwithstanding the implementation of the relaxation measures in July 2008, we understand that the community remains concerned about the TSS. We will continue to monitor the implementation of the relaxed scheme and gauge the views of different sectors of the community. As indicated when the relaxations were announced, we shall, if necessary, conduct a review of the TSS after the relaxation measures have been implemented for at least one year.

Item(c) of the Motion: reinstating the allowance for local domestic helpers working across districts under the Integrated Scheme for Local Domestic Helpers

Through the provision of time-limited allowance as incentive, the Special Incentive Allowance Scheme for Local Domestic Helpers (SIAS) was designed to address the mismatch in the supply of and demand for local domestic helpers (LDHs) arising from geographical locations and working hours, thereby promoting the development of the LDH market. It was a temporary measure.

Since its implementation, the SIAS had achieved the objective of promoting the LDH market, as evidenced by the much enhanced demand for LDHs and their increased wages. The Administration has no plan to revive the SIAS.

Yours sincerely,

(Stanley NG)
for Commissioner for Labour

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];
- (i) minutes of meeting of the Panel on Manpower on 21 January 2009 [LC Paper No. CB(2)1079/08-09];

Papers

- (j) Report on Working Poverty by the Subcommittee to Study the Subject of Combating Poverty [LC Paper No. CB(2)1002/05-06];
- (k) 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)];
- (l) 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)];

- (m) Administration's paper entitled "Transport Support Scheme" for the meeting of the Panel on Manpower on 21 January 2009 [LC Paper No. CB(2)680/08-09(05)];
- (n) Background brief prepared by the Legislative Council Secretariat on "Transport Support Scheme" for the meeting of the Panel on Manpower on 21 January 2009 [LC Paper No. CB(2)680/08-09(06)]; and
- (o) Administration's paper entitled "Policy initiatives of the Labour and Welfare Bureau for 2009-10" for the meeting of the Panel on Manpower on 22 October 2009 [LC Paper No. CB(2)29/09-10(02)].

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