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Panel on Welfare Services

**Background brief prepared by Legislative Council Secretariat
for the meeting on 21 May 2013**

**Pilot scheme to further encourage Comprehensive Social Security
Assistance recipients to take up employment**

Purpose

This paper summarizes past discussions by the Panel on Welfare Services ("the Panel") and the Legislative Council relating to measures taken by the Administration to encourage able-bodied recipients of the Comprehensive Social Security Assistance ("CSSA") to take up employment.

Background

2. Under the CSSA Scheme, CSSA recipients aged 15-59 in normal health should actively seek full-time jobs and participate in the Support for Self-reliance Scheme ("SFS Scheme") of the Social Welfare Department ("SWD") and they must take active steps to look for a full-time job with not less than 120 working hours a month and a monthly income of not less than \$1,845. With an aim to encourage CSSA applicants to secure and sustain employment, there is a provision of Disregarded Earnings ("DE") under the CSSA Scheme. DE refers to the earnings from employment that are disregarded when assessing the amount of assistance payable to a CSSA recipient. Currently, the level of disregard for the first \$800 of earnings from employment is 100% and from then on 50% and the maximum amount to be disregarded is \$2,500 per month.

3. At its meeting held on 18 March 2013, the Social Security and Retirement Protection Task Force under the Commission on Poverty ("CoP") agreed to support a pilot scheme on savings accounts under the Community Care Fund ("CCF"). The pilot scheme aims to help CSSA recipients save their earnings above the maximum limit of disregarded income which would be

deducted under the CSSA Scheme. When the savings reach a certain level above the applicable asset limits of the CSSA cases, the amount would be disbursed to the recipients to help them leave the CSSA net. According to the Administration, the pilot scheme aims to provide stronger financial incentives for able-bodied CSSA recipients to seek employment or work for longer hours with a view to enabling them to be self-reliant and leave the CSSA net ultimately. SWD is working out the detailed arrangements in conjunction with the CCF Task Force.

Members' major deliberations and concerns

Effectiveness of employment assistance programmes under the CSSA Scheme

4. Members were concerned about whether the Administration had taken measures to prompt CSSA recipients to seek employment actively, which might include support programmes such as skills training and interview skills, provision of a variety of job vacancies, or incentives to encourage them to seek jobs. Quite a number of Members were concerned about whether the employment assistance programmes under the CSSA Scheme could effectively help recipients achieve "self-reliance".

5. The Administration advised that over the years, different programmes such as Integrated Employment Assistance Scheme, Special Training and Enhancement Programme, the New Dawn Project, and the Community Work ("CW") Programme had been launched, which were tailor-made to serve different target CSSA recipients including youth, single parents and child carers and able-bodied recipients in general. To integrate and improve the employment assistance services, SWD had been allocated \$230 million and commissioned 26 non-governmental organizations to launch 41 "Integrated Employment Assistance Programmes for Self-reliance" over a period of 27 months from January 2013 onwards. SWD had integrated and improved the three employment assistance services mentioned above as well as the CW Programme to make its whole range of employment assistance services more convenient and comprehensive. Members also noted that the average employment rates of the SFS Scheme participants in the last five years ranged from 19% to 27%, with the latest figure (as at the end of 2011) standing at 25.5%. In other words, nearly one quarter of the recipients succeeded in securing employment. The Administration would continue to monitor the situation and review from time to time whether the services still had room for improvement.

Disregarded earnings

6. Another key area of concern was that the DE arrangement could not provide incentives for employable CSSA recipients to work. According to the Administration, the DE arrangement aimed to encourage recipients who had working ability to find jobs and remain in employment. To strike the right balance between providing CSSA recipients with more financial incentives to find and remain in employment and proper use of public funds, the Administration had set the maximum level of monthly DE at \$2,500. The "no-deduction" limit for DE was raised from \$600 to \$800 and the criterion for allowing CSSA recipients to be eligible for DE was also relaxed from not less than three months having been on CSSA to not less than two months, with effect from 1 December 2007. Members had from time to time called on the Administration to further relax the requirement but the Administration advised that it would need more time to monitor the effectiveness of the measures concerned.

7. Given that the last review of the DE arrangement was conducted in 2007 and statutory minimum wage was introduced in May 2011, some members called on the Administration to take into account the impact of minimum wage and consider raising the "no deduction" limit of DE from \$800 to \$1,000. The Administration advised that so far the minimum wage had no adverse impact on the take-home payment of CSSA recipients who were in employment. Nevertheless, it would keep in view the situation.

Motion on "Optimizing the CSSA for the unemployed"

8. At its meeting on 23 January 2013, the Council passed a motion on "Optimizing the CSSA for the unemployed" to urge the Government to, inter alia, optimize the system of CSSA for the unemployed by relaxing the DE mechanism to encourage employment and motivate those with the ability to work to be self-reliant, and taking measures to eradicate abuse of CSSA for the unemployed, so as to focus resources on helping people with genuine needs. As the situation of CSSA recipients being adversely labeled had become increasingly serious in recent years, the Government was also urged to review the system of CSSA for the unemployed.

9. According to the Administration, although further relaxing the current DE arrangement might provide more financial incentives to encourage recipients to rejoin the workforce, it might be unfair to low-income families which were currently ineligible for CSSA and possibly delay the exit of recipients who were able to work from the system. Hence, careful consideration must be given to how to strike an appropriate balance between encouraging recipients to seek employment and making proper use of public funds.

Latest Development

10. The Administration will brief members on the pilot scheme mentioned in paragraph 3 above at the Panel meeting on 21 May 2013.

Relevant papers

11. A list of relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
14 May 2013

Appendix

Relevant papers on measures to encourage Comprehensive Social Security Assistance able-bodied recipients to take up employment

Committee	Date of meeting	Paper
Panel on Welfare Services	30 March 2007 (Item I)	Agenda Minutes
Panel on Welfare Services	12 April 2007 (Item IV)	Agenda Minutes
Panel on Welfare Services	3 July 2007 (Item I)	Agenda Minutes
Panel on Welfare Services	27 July 2007 (Item I)	Agenda Minutes
Panel on Welfare Services	14 December 2009 (Item V)	Agenda Minutes
Panel on Welfare Services	11 July 2011 (Item V)	Agenda Minutes
Panel on Welfare Services	21 October 2011 (Item I)	Agenda Minutes
Panel on Welfare Services	12 April 2012 (Item V)	Agenda Minutes
Legislative Council	23-24 January 2013	Official Record of Proceedings Pages 332-378 (23 January 2013), and pages 6-64 (24 January 2013) Progress Report