

ITEM FOR FINANCE COMMITTEE

HEAD 170 - SOCIAL WELFARE DEPARTMENT

Subhead 149 General departmental expenses

Subhead 178 Programme and training expenses of institutions

Subhead 179 Comprehensive social security assistance scheme

Subhead 411 Social welfare services (grants)

Subhead 700 General other non-recurrent

New Item "Intensive Employment Assistance Fund"

Members are invited to –

- (a) approve supplementary provision in 2000-01 to the following subheads under Head 170 Social Welfare Department –
 - (i) \$7.9 million under Subhead 149 General departmental expenses;
 - (ii) \$8.7 million under Subhead 178 Programme and training expenses of institutions; and
 - (iii) \$41.6 million under Subhead 411 Social welfare services (grants);
- (b) approve creation of a new commitment of \$43 million under Head 170 Social Welfare Department Subhead 700 General other non-recurrent for setting up an Intensive Employment Assistance Fund;
- (c) accept the financial implications estimated at \$64 million for the provision of additional home/community care services for the elderly; and

/(d)

- (d) note the financial implications estimated at \$37.2 million arising from relaxation to disregarded earnings in the Comprehensive Social Security Assistance (CSSA) scheme;

for the purpose of implementing a Promoting Self-reliance Strategy to offer additional employment assistance to able-bodied CSSA recipients and strengthen support services for these recipients and people in other vulnerable social groups to prevent them from falling into the CSSA net.

PROBLEM

Most able-bodied CSSA recipients and people in other socially disadvantaged groups would like to work and become self-reliant. But many of them would require active employment assistance and other support services to overcome barriers to work and lead an independent life.

PROPOSAL

2. We propose to seek total supplementary provision of \$58.2 million in 2000-01 and to create a new non-recurrent commitment of \$43 million for implementing the following measures to promote self-reliance –

- (a) to extend the Active Employment Assistance (AEA) programme to all unemployed able-bodied and low-income CSSA recipients who are not working full time; and
- (b) to offer special employment assistance to low income, unemployed and single-parent CSSA recipients by –
 - (i) commissioning non-governmental organisations (NGOs) to provide tailor-made intensive employment assistance;
 - (ii) launching a special job attachment programme;
 - (iii) launching a pilot job matching programme; and
 - (iv) strengthening support services for working parents, single-parent families and new arrivals.

3. Members are also requested to accept the financial implications estimated at \$64 million for the provision of additional home/community care services and to note the financial implications under the CSSA Scheme of \$37.2 million for the relaxation of the restrictions on disregarded earnings for employable able-bodied CSSA recipients as part of the Promoting Self-reliance Strategy (the Strategy).

JUSTIFICATION

Extension of the AEA programme to all unemployed able-bodied CSSA recipients

4. The AEA programme was launched as part of the Support for Self-reliance Scheme on 1 June 1999, replacing the requirement for the unemployed CSSA recipients to register with the local employment service of the Labour Department (LD), to provide additional employment related assistance to help and encourage unemployed CSSA recipients to seek work. Following the implementation of the AEA programme, together with other measures of preventing fraud and abuse such as resuming home visit, strengthening special investigation work and tightening up CSSA payment, there has been a significant decrease of 21% in the number of CSSA unemployment cases.

5. The AEA programme is proving effective in moving unemployed CSSA recipients towards self-reliance. At present, it is only available to new unemployed cases applying for CSSA and some existing unemployed CSSA recipients. We plan to extend the programme progressively to cover all unemployment cases (25 000 as at May 2000) and low-income cases where the able-bodied adult recipients are not working full time (estimated at 1 200 as at May 2000). We will employ 103 temporary "Employment Assistance Co-ordinators" (EA Co-ordinators) on non-civil service contract terms who will be stationed at Social Security Field Units (SSFUs). These EA Co-ordinators will be responsible for the operation of the AEA programme, concentrating on providing employment-related services to the participants of the AEA programme, while staff of SSFUs will continue to look after the financial needs of their customers. This will be a cost-effective way to provide additional employment assistance to the CSSA recipients¹. The close working arrangement between EA Co-ordinators and staff of SSFU in the same setting can achieve the benefit of one-stop service, protect the privacy of CSSA clients, promote better interface between the AEA programme and the rest of the social security system in the control and monitoring of applications, and promote better co-ordination between the AEA programme

/and

¹ SWD maintains 38 SSFUs in 18 Districts. Addition of EA Co-ordinators to these SSFUs will ensure good accessibility of the additional assistance to the clients. It will also avoid unnecessary spendings and delays in acquiring additional premises for provision of the additional services.

and other government services². Moreover, with specialisation in work, the EA Co-ordinators can assist in implementing the new measures under the Strategy more effectively.

6. To provide supervision and coaching for these EA Co-ordinators, we will redeploy five Social Security Officer I (SSO I) to serve as team leaders on a regional basis. All the EA Co-ordinators, regional team leaders and staff of SSFU will be under the charge of the respective Senior Social Security Officer (Region). Furthermore, we will redeploy one SSO I at the headquarters to perform the administrative and co-ordinating work for the five regions.

7. The total full year recurrent cost for employing the 103 EA Co-ordinators on non-civil service contract terms is estimated at \$16 million.

Special employment assistance for unemployed, single-parent and low income CSSA recipients

Intensive employment assistance programmes

8. Single parent or unemployed CSSA recipients who have left the job market for a longer period may need more intensive assistance to rejoin the work force. We believe it would be more effective if NGOs with knowledge and experience in providing employment assistance and retraining services are appointed to run tailor-made programmes for these CSSA recipients. The contents of such programmes will include intensive counseling, help with motivation to work, job matching and placement, and post-placement service. We believe that these programmes would enhance the participants' success rate in securing employment. CSSA low earnings recipients may also join such programmes so that they can upgrade their job skills and take up better-paid jobs.

9. We plan to set up on an administrative basis an Intensive Employment Assistance Fund of \$43 million to provide funding for these programmes during the three-year period from 2000-01 to 2002-03. The Fund will be administered by Social Welfare Department (SWD) and the proposed criteria for allocation of funds are at the Enclosure. Projects financed by the Fund should be non-profit making and must demonstrate how they would help CSSA recipients rejoin the work force.

Encl.

/10.

² The existing AEA programme has already established a mechanism to network the services related to employment assistance, training and retraining e.g. an inter-departmental group overseeing the implementation of the AEA programme; a computer system in SSFUs to provide on-line access to information on employment and training opportunities; regular sharing sessions with the retraining bodies of the Employees Retraining Board, etc.

10. It is anticipated that the number of projects applying for the funding would be different every year. The number of projects would be affected by the demand for assistance by CSSA recipients and applications handed in by NGOs. Creation of a capital commitment with varying cashflows for individual years can allow flexibility to cope with fluctuating demands. Furthermore, NGOs can make use of these project-based programmes to arrange more timely and tailor-made training courses to meet with the needs of the market, so that CSSA recipients can be trained in areas that would enhance their employability. NGOs can also apply for funding whenever they come up with any innovative idea. The Projects Vetting Committee will consider individual applications so that projects can be carried out promptly to meet the needs of CSSA recipients.

11. We estimate that about 7 200 CSSA recipients will benefit from these projects each year. Apart from those single-parent and low-income recipients who show interest to join these projects, we aim at providing intensive employment assistance to those able-bodied unemployed recipients who are younger and on the AEA programme for six months or more.

Special job attachment programme

12. Overseas experience has shown that on-the-job training is effective in helping unemployed welfare recipients to rejoin the work force because it is important to keep disadvantaged job-seekers in touch with actual work environment and attached to the labour force.

13. We plan to implement a special job attachment programme for CSSA single-parent and unemployed recipients to enable them to gain real working experience and skills required by employers, develop work habits and widen their social network. NGOs participating in the programme will provide training, job attachment opportunities and placement service for the participants in each of the 13 SWD districts. The attachment period is proposed to be six months, during which SWD will provide each participant with a monthly allowance of \$1,805 to cover any additional expenses that they may incur.

14. This programme aims to provide attachment opportunities to 800 to 1 000 recipients each year. The target participants are unemployed CSSA recipients, who are younger and have joined the AEA programme for six months or more, or single-parent CSSA recipients, with priority given to those whose youngest child is approaching 15 years of age . The estimated annual cost is \$17.3 million (including \$6.5 million for commissioning of NGOs and \$10.8 million for payment of job attachment allowance).

Pilot job matching programme

15. SWD will develop in conjunction with the LD and the Employees Retraining Board (ERB) a pilot programme to provide retraining and job matching services for about 200 unemployed CSSA recipients who are younger and have joined the AEA programme for six months or more in 2000-01. Under the pilot programme, SWD will select CSSA recipients who are ready for employment. The LD will provide them with job matching services for suitable vacancies and the ERB will provide them with the necessary retraining, where appropriate, to improve their employability.

16. The costs involved in selecting, matching and training the modest number of participants in this pilot project will be absorbed by SWD, LD and ERB.

Strengthening of support services for working parents, single-parent families and new arrivals***Provision of extended hours service in child care centres***

17. Extended hours service in child care centres for children up to the age of six will help single and working parents to join retraining programmes and enable them to take up jobs requiring more flexible working hours. At present, the service is provided in 15 aided child care centres. It helps reduce reliance on CSSA and tackle the problem of children left unattended at home.

18. The existing operation hours of the child care centres are from 8 a.m. to 6 p.m. from Monday to Friday and from 8 a.m. to 1 p.m. on Saturday. We plan to subsidise an extended hours service in 100 aided child care centres located in districts with higher numbers of single parents, new arrivals, and working parent families within 2000-01. There will be 14 places in each centre, making a total of 1 400 places, providing child care service from 8 a.m. to 8 p.m. from Monday to Saturday. The annual recurrent cost for implementing this proposal is \$16.7 million.

19. Families which cannot afford the fees (\$13 per hour) because of temporary financial hardship can apply for assistance from charitable trust funds, and CSSA recipients can apply for a special grant under the present system to meet the fees if they require the extended hours service because of their work.

/Subsidized

Subsidized after-school-care programme (ASCP)

20. ASCP provides half day supportive care services for children aged six to 12 whose parents are unable to provide proper care for them in after-school hours due to work or other reasons. The activities provided by ASCP include homework guidance, meal service, parents guidance and education, skill learning and other social activities.

21. The proposed subsidy scheme aims to meet the needs of parents, in particular CSSA recipients, low-income families, single-parent families and new arrival families etc., so that they can join the work force or attend re-training courses.

22. We will subsidize 6 000 ASCP places operated by NGOs, which must be non-profit making charitable organisations under the Inland Revenue Ordinance. The operating cost of these places will be covered by fees charged and a modest subsidy from the Government.

23. We expect to use 10% of these places to cater for CSSA or low income families. The fee chargeable will be waived in full for CSSA cases and families with an income at or below 55% of Median Monthly Domestic Household Income (MMDHI), where the parent is going to take up paid employment or attend training/re-training programmes and the child would otherwise be left unattended at home after school. Half fee reduction will be granted to families with an income above 55% but not exceeding 75% of the MMDHI. The fees waived will be borne by the Government.

24. A lump-sum subsidy at the maximum of \$17,340 per month will be provided to operating NGOs for a unit of 60 ASCP places on the condition that 10% of the capacity, i.e. six places, will be for full fee waiving places. The NGOs can flexibly use the subsidy on full fee waiving for half fee waiving places to increase the number of beneficiary should the cases so justify. The amount of subsidy will be reviewed on a half-yearly basis to ensure that the subsidy is only provided for filled places and the full or half fee waiving is only given to those in need.

25. The annual recurrent cost for implementing this proposal is \$21 million.

/Strengthened

Strengthened service for single parent families

26. The number of CSSA single-parent cases grew rapidly in recent years from about 9 000 in March 1996 to more than 25 000 in March 2000. There is a need to provide proactively a package of services to meet the special needs of single parent families, restore their resilience and self-reliance, overcome their problems and reduce their reliance on CSSA in the longer run. The package of services includes supportive counseling, information on resource, mutual help groups and mutual aid in child care and shared jobs, training programmes on child-minding, and matching between parents and child-minders. A single parent centre operated by NGOs will be set up in each of the five SWD regions. The estimated number of beneficiaries is 6 000. The annual recurrent cost of implementing this proposal is \$8.4 million.

Pre- and post-migration services for new arrivals

27. A focused pre-migration service which starts in the Mainland and a post-migration programme provided in Hong Kong will help reduce adjustment problems faced by new arrivals and enable early intervention if problems associated with child rearing, marital relationship and social functioning, for example, arise. This will enhance the social functioning and self-sufficiency of new arrivals, and reduce long-term dependency on CSSA and welfare services.

28. The pre-migration service includes preparation and support programme and language classes. The post-migration service includes orientation programmes, language and tutorial classes, social/mutual help groups, counseling, activities to strengthen family education, and referral for assistance.

29. We will provide funding to NGOs to set up four pre-migration centres in the Mainland and four post-migration centres in Hong Kong. Four existing post-migration centres in Hong Kong will also be strengthened. The number of beneficiaries of the pre-migration service is estimated at over 3 000 and of the additional post-migration services will be about 5 000 per year. The annual recurrent cost for implementing this proposal is \$16.4 million.

Provision of additional home/community care services for the elderly

30. Most frail elderly people are living at home and are cared for by their family members. SWD estimates that about 2 600 able-bodied adults are receiving CSSA because they need to stay at home to take care of their frail or disabled family members, and 1 400 of these family carers are below the age of 50. Provision of additional home and community care services for the elderly will

/enable

enable these able-bodied adults to go out to work, at least on a part-time basis. This will enable them to resume full-time employment quickly when they no longer have to care for their dependent family members at home.

31. We have commissioned a consultancy study to review the current provision of community care and support services for the elderly and their families. The objective is to enhance the provision of care services for the frail elderly so that they could continue to live at home. Upon completion of the study in mid July 2000, we will invite NGOs to submit proposals to provide enhanced home and community care services. The target clients are those who are assessed to require more intensive personal care services but, with the support of the additional services, are prepared to continue to live at home.

32. Detailed planning of the new services will take into account the results of the consultancy study. We will present results of the study to the Panel on Welfare Services when they are available. Since we have yet to formulate proposals, we are only inviting Members to accept the estimated financial implications for this initiative at this stage. Should implementation of the service expansion result in additional financial provision required in the current year, we will revert to Members for approval of supplementary provision.

Relaxation of restrictions on disregarded earnings for employable able-bodied CSSA recipients

33. For able-bodied people, CSSA provides a safety net. The ultimate objective is to help them return to work. Our policy on disregarded earnings has always been to encourage CSSA recipients to take up full-time job and become self-reliant, rather than being a casual worker relying continuously on CSSA. Under the current arrangement, an able-bodied CSSA recipient is currently required to work no less than 120 hours and earn no less than \$3,200 a month in order to be eligible for a monthly earnings to be disregarded for the purpose of calculating CSSA benefits of up to \$1,805.

34. We recognise that some CSSA recipients may have difficulties in finding employment that could meet the above conditions at times of economic downturn. We believe that any work is better than no work because some form of regular employment will enable recipients to upgrade their skills and prepare them for better paid jobs in future. To encourage able-bodied CSSA recipients to take up any paid job available, we will remove the minimum income and working hour requirements for able-bodied CSSA recipients with effect from 1 July 2000.

35. We are conscious that this change would broaden the eligibility criteria and hence the CSSA net. We are also aware that the relaxation might run the risk of CSSA (with CSSA benefits and earnings retained) being a more attractive alternative to finding full-time job and becoming totally self-reliant. We therefore propose to closely monitor the impact of this change, for example, whether this has led to an increase in low-income CSSA cases. We will conduct a review in two years' time, taking account of other factors such as the overall economic and labour market conditions in Hong Kong.

Duration of these initiatives

36. Given that many of the proposed programmes are new initiatives, we propose to evaluate their effectiveness in three years' time. We will then decide whether to continue these programmes after 2002-03 and, if so, the resources required. As regards those direct support services for the disadvantaged (paragraphs 17 to 32 above), these will be provided on an ongoing basis to meet the community need.

FINANCIAL IMPLICATIONS

Non-recurrent Cost

37. The package of measures will require a non-recurrent cost of \$43 million for setting up the Intensive Employment Assistance Fund. While we intend that the commitment will be spent in three years, the actual provision for each year will depend on the number of applications received and the actual expenditure incurred by the approved projects.

Recurrent Cost

38. As regards recurrent cost, the estimated expenditure in 2000-01 and 2001-02 onwards on a full-year basis are set out below.

	2000-01 \$ million (part year)	2001-02 onwards \$ million (full year)
(a) Expenditure under Subhead 149 for employing temporary EA Co-ordinators to provide employment related assistance to CSSA recipients	7.9	16.0

/(b)

	2000-01 \$ million (part year)	2001-02 onwards \$ million (full year)
(b) Expenditure under Subhead 178 for providing training programmes and allowances to CSSA recipients under a special job attachment programme	8.7	17.3
(c) Expenditure under Subhead 411 to provide subvention for		
(i) extension of service hours of child care centres	11.1	16.7
(ii) subsidizing the after-school care programme	13.9	21.0
(iii) strengthening services for single-parents	5.6	8.4
(iv) strengthening services for new arrivals	11.0	16.4
Sub-total of (c)	41.6	62.5
Total (a) + (b) + (c)	58.2	95.8

39. Subject to Members' approval, we will offset the supplementary provision of \$58.2 million required for 2000-01 by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 251 Additional commitments. Sufficient provision will be included in future Estimates for expenditure from 2001-02 onwards.

40. Additional financial implications of \$64 million will be incurred for the provision of additional home and community care services for the elderly starting from 2000-01. Any necessary supplementary provision in this regard will be sought in the normal way towards the latter part of the financial year.

41. As regards the relaxation of the eligibility criteria for disregarded earnings, on the basis that this will benefit about 2 200 CSSA recipients, it is estimated that there will be an additional financial implication of \$37.2 million under the CSSA Scheme as by allowing these CSSA recipients to retain their earnings, CSSA payments of that amount would not be offset. Whilst the relaxation may lead to more people falling into the CSSA net, we cannot quantify the impact at this stage but will monitor the situation closely.

BACKGROUND INFORMATION

42. The CSSA Scheme provides a safety net for individuals and families who are unable to support themselves financially.

43. The Administration completed a review of the CSSA Scheme in 1998, the objective being to encourage and help able-bodied recipients to move towards self-reliance. A final package of measures, including the AEA programme, was implemented on 1 June 1999. Under the AEA programme, staff of SWD will help unemployed able-bodied CSSA recipients develop personalized action plans to find work. The caseworkers will provide information on employment and training opportunities, make necessary referrals, and help the participants identify and overcome barriers to work. The unemployed recipients will also be arranged to perform community work one day a week. The objective is to provide opportunities for them to contribute to the community, develop work habits, improve self-esteem and confidence, and widen their social circles.

44. Results of the initial period of implementation are encouraging. By May 2000, 10% of the AEA participants had found a job. This compares favourably with the placement rate of 1% among unemployed CSSA recipients registered with the LD before introduction of AEA programme. The initial success of the AEA programme shows that most employable CSSA recipients do not wish to rely on CSSA indefinitely. With additional assistance, many of them can become self-reliant.

45. The Financial Secretary announced in his Budget Speech on 8 March 2000 that the Government had set aside \$200 million in 2000-01 for the implementation of a package of measures to offer targeted assistance to help the unemployed, low-income and single-parent CSSA recipients become self-reliant and strengthen support services for various vulnerable groups to prevent them from falling into the CSSA net.

Proposed Funding Criteria for the Intensive Employment Assistance Fund

1. An applicant should be a bona fide non-profit making Non-governmental Organisation (NGO).
2. Projects must be beneficial to the Comprehensive Social Security Assistance (CSSA) recipients, aimed specifically at the goal of helping them to join/rejoin the work force.
3. The following points must be taken into consideration before approving an application :
 - (i) the assistance that a project will likely give the CSSA recipients;
 - (ii) the target groups' need for such a project;
 - (iii) whether there is any duplication of service with that already sufficiently offered by other organisations;
 - (iv) the project management capabilities and relevant experience of the applicant NGO;
 - (v) whether the implementation schedule of the proposed project is well planned and whether the time required for implementation is reasonable;
 - (vi) whether the proposed budget is reasonable and feasible; and
 - (vii) the period required for a project involving recurrent expenditure.