

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

Pilot Transport Support Scheme

INTRODUCTION

This paper briefs Members on the further recommendations proposed by the Commission on Poverty (CoP) to the pilot transport support scheme to provide additional incentive for low-income residents of remote districts to work across districts.

BACKGROUND

2. In considering providing short-term transport support to the needy living in remote districts to encourage them to search for jobs and work across districts, we have considered how to address the needs of three main target groups -

- (a) the needy unemployed;
- (b) the needy employees who wish to change jobs and work across districts; and
- (c) the needy employees who are already working across districts, but remaining in low-income jobs.

3. The Administration proposed to implement a pilot to provide time-limited assistance during the critical stages when needy people search for jobs and during the transition to new jobs across districts i.e. target group (a). This addresses the issue of the relative lack of job opportunities in the remote districts, and is in line with the broad policy objective to encourage the needy (who are usually low-skilled workers and low-income earners) to search for jobs and work across districts. While we hope to proceed on a more cautious basis during the pilot, the Administration was prepared to allow

more flexibility and cover target group (b) as well.

4. As regards target group (c), i.e. needy employees living in remote districts who are already working across districts but are in low-income jobs, CoP members noted that if the subsidy were to be provided on a longer-term basis, more complicated policy issues would be involved, e.g. whether the scheme would effectively become a new form of income supplement for low-income employees, the parity issue for low-income earners living in other districts, and the adverse impact of the transport subsidies on wages.

5. At the CoP meeting on 8 January 2007, CoP members supported providing transport support to groups (a) and (b) in paragraph 2 above. They have also requested the Administration to continue to deliberate on the appropriate form of time-limited support for group (c).

FURTHER RECOMMENDATIONS

6. At the CoP meeting on 23 January 2007, CoP members further examined the issues relating to providing transport support to target group (c). There was strong consensus among Commission members to cover target group (c) in the pilot scheme. While members appreciated the relevant policy issues involved were complicated, they considered that the Administration should explore providing transport support to group (c) with a clearly defined objective, i.e. to subsidize part of the transport costs incurred by low income earners living in remote districts on a time-limited basis. They considered that the scheme with a clearly defined scope and on a time-limited basis should not have negative impact in respect of the policy issues raised.

7. The CoP reached a consensus on a trial scheme with the following features and recommended it to the Administration for further consideration

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(a) a Job Search Allowance of \$600 for each eligible job seeker¹ to

¹ Eligible job seekers need to meet a personal asset requirement of \$44,000, which is twice the asset limit of an individual CSSA able-bodied recipient.

cover their traveling expenses incurred in job searches;

- (b) a Cross-District Work Allowance of \$600 a month for six months (i.e. a total of \$3,600 in one year) for low-income employees². The allowances are only meant to cover part of the expenses they incurred for commuting to work across districts;
- (c) the subsidy should be time-limited and purpose-specific (to cover part of the costs for job searches and commuting across districts) so it would not be confused as a general income-supplement;
- (d) only four districts would be covered, i.e. Yuen Long, Tuen Mun, Islands and North districts, given the objective of the scheme is to provide special incentives to the needy living in remote districts, where there are relatively fewer job opportunities to search for jobs and work across districts; and
- (e) the pilot would last for one year and a review would be conducted after the end of the pilot.

Way Forward

8. The Administration notes the strong consensus among CoP members in covering all target groups (a), (b) and (c) in paragraph 2 and their recommendations with regard to the pilot transport support scheme summarized in paragraph 7 above. We have set up a working group consisting of representatives from the Labour Department, Social Welfare Department and the CoP Secretariat to study the recommendations in detail

² Eligible low-income employees are those who (i) need to work across districts; (ii) meet the asset requirement of \$44,000 and (iii) have a monthly income level below \$5,600, which is roughly the sum of half of the monthly median earnings (\$5,000) and half of the travelling expenses from the remote areas to urban districts (\$600).

and examine the implementation issues.

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