

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

Pilot Transport Support Scheme

PURPOSE

This paper seeks Members' views on the proposed features of the pilot Transport Support Scheme (TSS), which aims to provide an additional incentive for needy low-income residents living in remote districts to find jobs and to work across districts.

BACKGROUND

2. As a core element of our strategy to alleviate poverty, our aim is to help those with the ability to work to move from welfare to self-reliance through promoting employment. Recognising the relative lack of local employment opportunities in remote districts, the Commission on Poverty (CoP) supported the proposal to provide an additional incentive to encourage the needy to find jobs and to work across districts. This is also in line with the district-based approach in alleviating poverty by taking into account the specific needs of different communities.

3. At its meeting on 23 January 2007, the CoP made further recommendations relating to the possible features of the pilot TSS. Members were briefed on the CoP's recommendations on 1 February 2007¹.

4. A working group consisting of representatives from the Labour Department (LD), the Social Welfare Department, the Employees Retraining Board (ERB) and the CoP Secretariat (the TSS Working Group) has been set up to study the recommendations and the implementation issues. After careful deliberation, the Government has

¹ CB(2)988/06-07(01).

taken on board CoP's recommendations and will introduce the pilot TSS to provide an additional incentive for needy low-income residents of remote districts to find jobs and to work across districts.

PROPOSED FEATURES OF THE SCHEME

General Considerations

5. In designing the scheme, the TSS Working Group has taken into account the following factors -

- (a) the need to keep the TSS simple and easy to understand – the Working Group has taken into account the experience of the trial Travel Support Scheme launched by the ERB in 2006 (the Trial Scheme) and suggested a number of improvements in this regard;
- (b) the need to keep the administrative costs low vis-à-vis the amount of allowance to be disbursed; and
- (c) the need to ensure prudent use of public funds to assist the needy target groups and to minimise chances for abuse, taking into account the much larger group of potentially eligible applicants when compared with the Trial Scheme.

The proposed main features of the pilot TSS are set out below-

Territorial Coverage

6. Besides the three districts of the Trial Scheme, viz. Yuen Long, Islands and North districts, the pilot TSS will also cover Tuen Mun. This has taken into account the relative remoteness of these districts and the lack of local employment opportunities, and is in line with the specific objective of the TSS to provide an additional incentive to the needy living in these remote districts to search for jobs and to work across districts.

Job Search Allowance

7. We propose that a Job Search Allowance of up to \$600 be provided to each eligible needy job seeker to reimburse them for the

transport costs involved in job searches. Taking into account the experience of the Trial Scheme, instead of limiting the application of the allowance within four months' time from the date of completion of training, the eligible applicant can claim the allowance within a one-year period from the approval date of the application. The amount is intended as an incentive to encourage job searches, and not to cover the transport costs of all job searches which may be conducted by the applicants in one year.

8. For the purpose of the pilot, eligible needy job seekers refer to those who are lawfully employable and actively seeking full-time employment², as well as meeting a personal asset limit requirement. The proposed eligibility criteria will cover not just the unemployed persons, but also needy job seekers who may be in employment but wish to change jobs³. Taking into account the experience of the Trial Scheme, we propose to set the requirement of personal asset limit at \$44,000, which is twice of that for an able-bodied adult under the Comprehensive Social Security Assistance (CSSA) Scheme.

Cross-District Transport Allowance

9. We propose that a Cross-District Transport Allowance of \$600 a month for up to 6 months be provided to eligible low-income employees who work across districts in the form of a cash allowance instead of a loan (the latter was tested in the Trial Scheme and proved to be unattractive as an incentive). Like the Job Search Allowance, the eligible applicant can claim the Cross-District Transport Allowance within a one-year period from the approval date of the application. Should the eligible applicants be unable to exhaust the 6-month Cross-District Transport Allowance in one job, they may claim the remaining allowance in subsequent new jobs, viz. an eligible applicant can claim up to a maximum of \$3,600 within one year.

² The job seeker status is by self-declaration. For the purpose of the pilot, full-time employment refers to one single job which requires working for 35 hours or more per week.

³ For the needy job seekers who are already in employment, their monthly income level should be less than or equal to \$5,600. For the purpose of the pilot, the self-employed and those in full-time education or training are not eligible for the allowance.

10. Again, the amount is intended as an incentive to encourage work across districts, but not to cover the full transport costs which may be incurred by the applicants in working across districts in one year. For the purpose of the pilot and to keep the administration of the Scheme simple, we do not propose giving different levels of allowance for eligible applicants who incur different transport costs for getting to work. Eligible applicants need to (i) meet the requirement of personal asset limit of \$44,000 or below; (ii) work at least across one district; and (iii) have a full-time employment with monthly income level of \$5,600⁴ or less.

Avoidance of Double Benefits

11. We propose that all applicants who fulfil the eligibility criteria can benefit from the allowances, including ERB graduates and CSSA recipients. For the purpose of the pilot, we do not propose to count the allowances as earnings under the CSSA Scheme. Eligible applicants will however be required to declare that they are not receiving similar benefits concurrently. Similar benefits include those provided under the Temporary Financial Aid of the Intensive Employment Assistance Projects under the CSSA Scheme, the travelling allowance for the elderly, the ill health and the disabled under the CSSA Scheme, and the Special Incentive Allowance Scheme for Local Domestic Helpers.

Monitoring

12. Besides relying on the self-declarations made by the applicants, a monitoring framework by the non-governmental organisations (NGOs) and the LD will be put in place to check against possible abuses through vetting, counter-checking, auditing, inspection and random checks. The applicants will also be required to sign a consent form allowing NGOs/LD to check with employers and other relevant departments and organisations concerned, where necessary and appropriate.

⁴ \$5,600 refers to the monthly income of the employees as shown on employment contracts or salary statements/receipts. It is roughly the sum of half of monthly median income (\$5,000) and part of the travelling expenses incurred by those living in remote areas and having to commute to work across districts (\$600).

Implementation

13. A new TSS Office will be established under the LD to oversee the implementation of the Scheme. NGOs with experience in delivering training and employment assistance to job seekers will be engaged to implement the Scheme, including assessing the applicants' eligibility, checking their documentary proof, approving applications, and disbursing allowances. These NGOs may also be able to offer advice to the eligible applicants on training opportunities and employment assistance service available.

14. Subject to Members' comments on the proposed pilot TSS, we aim to make a submission to seek the approval of the Finance Committee in April 2007, with a view to launching the Scheme in mid-2007. The pilot will be implemented for one year⁵. A review will be conducted after the end of the one-year pilot.

FINANCIAL IMPLICATIONS

15. It is difficult to have an accurate estimate of the response and the actual number of persons who will benefit from the scheme. For the purpose of estimating the financial implications, we propose a rough estimate that some 70,000 will be eligible to apply for the allowances. The financial implications for the one-year pilot are estimated to be around \$294 million (administrative costs not included).

16. The estimated number of eligible applicants has taken into account the number of unemployed persons in the four districts (51 800 as at 2005), and the number of low-income employees with earnings less than or equal to \$5,600 in the four designated districts (67 800 as at 2005). It is difficult to estimate the response by those who are already in employment but wish to change job, as well as those who have not sought work before but have the intention to find employment (i.e. the economically inactive persons in the four districts, 397 200 as at 2005).

⁵ New applications will be received during the one-year pilot period. Eligible applicants may continue to claim the allowances during a one-year period following the approval date of the application.

ADVICE SOUGHT

17. Members are invited to comment on the proposed features of the pilot TSS.

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