

For information on  
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## **Legislative Council Panel on Manpower**

### **Progress of the Review of the Transport Support Scheme**

#### **Purpose**

This paper briefs Members on the progress of the review of the Transport Support Scheme (TSS).

#### **Background**

2. TSS was a recommendation of the former Commission on Poverty (CoP). It was meant to be a time-limited incentive scheme offering transport allowance for needy job seekers and low-income employees living in the four designated remote districts to encourage them to “go out ” and seek jobs or work across districts. The four designated remote districts identified were Yuen Long, Tuen Mun, North and Islands. There are sound reasons for confining the scheme to the four designated districts. For one thing, there are relatively fewer job opportunities within those districts. For another, the public transport costs to and from those districts are relatively high.

3. In pursuance of the recommendation of the former CoP, the Labour Department (LD) implemented a one-year pilot scheme (the pilot TSS) in June 2007. The pilot TSS targeted residents of the four designated districts who had limited financial means, i.e. with a personal asset value of no more than \$44,000. An admitted applicant could apply for a Job Search Allowance (JSA) of up to \$600 payable on a reimbursement basis to cover transport expenses incurred in job search. If an admitted applicant was working for at least 72 hours a month and earning a monthly income of no more than \$5,600, and had to make inter-district travels to commute to and from work, he/she could apply for a Cross-district Transport Allowance (CTA) of \$600 per month for up to six months.

4. After a review of the pilot TSS, the Government considered that the objective of TSS should remain unchanged but the eligibility criteria could be suitably relaxed. A series of relaxation measures were subsequently announced in the 2008-09 Budget Speech of the Financial Secretary. These measures, implemented in July 2008, included expanding the scope of TSS to cover intra-district travels within the four designated districts and lowering the income threshold from \$5,600 to \$6,500 per month. The subsidy period was also extended from six to 12 months.

5. At the time that the relaxation measures were announced, the Government undertook to conduct a comprehensive review of TSS one year after the implementation of the relaxation measures (i.e. July 2009).

### **Allowances Payable under the Transport Support Scheme**

6. With the implementation of the relaxation measures, two types of allowances, i.e. Job Search Allowance<sup>1</sup> (JSA) of up to \$600 payable on a reimbursement basis to cover transport expenses incurred in job search and On-the-job Transport Allowance<sup>2</sup> (OTA) (which replaced CTA under the pilot TSS) of \$600 per month for up to 12 months are available under the relaxed TSS. Admitted applicants of the pilot TSS may continue to apply for OTA under the relaxed TSS provided that the total subsidy period for CTA and OTA remains to be 12 months. Applicants may submit claims for JSA and/or OTA within a period of 24 months from the date of approval of their applications for admission to TSS. The eligibility of an admitted applicant will lapse when he/she has exhausted his/her entitlement to JSA and OTA, or after a period of 24 months from the date of approval of his/her application for admission, whichever is the earlier.

7. Allowances payable under TSS are at present not regarded as earnings under the Comprehensive Social Security Assistance (CSSA) scheme on the ground that they are time-limited and of one-off nature.

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<sup>1</sup> Eligible applicants of JSA are unemployed persons who are (a) lawfully employable and actively seeking jobs (they have to declare their intention to seek jobs with 72 hours or more of work a month); and (b) in possession of personal assets of value not exceeding \$44,000. Employed persons with a monthly income of no more than \$6,500 who wish to change jobs and who satisfy (a) and (b) above are also eligible for JSA.

<sup>2</sup> Eligible applicants of OTA are employees who are (a) lawfully employable and working for 72 hours or more a month; (b) earning a monthly income of \$6,500 or less; and (c) possessing personal assets of value not exceeding \$44,000.

## **Scope of Review**

8. The review would focus on the implementation experience of TSS from June 2007 when the scheme was first launched to the end of June 2009. Among other things, the review would aim at evaluating whether the policy objective of TSS has been achieved. It would also assess the overall effectiveness of TSS, the case processing procedures and practices of the non-government organisations that have been enlisted as service providers (the TSS Operators), the modus operandi and control and monitoring measures of TSS. The review would also take into account the views and recommendations of different quarters of the community on TSS.

## **Methodology of Review**

9. Data and information necessary for the review are collected through:
- (a) Analysing performance statistics of TSS for the period from June 2007 to June 2009. The analysis would cover the trends of the number of applications and claims, types and amounts of allowances approved, profiles of the admitted applicants, and performance of the TSS Operators;
  - (b) Conducting telephone surveys on admitted applicants. The target groups of the surveys include admitted applicants who have yet to exhaust their 12-month entitlement to OTA/CTA as well as those who have exhausted their 12-month entitlement;
  - (c) Gauging the views of the management and front-line staff of the TSS Operators through discussion sessions;
  - (d) Studying the views and recommendations expressed by different stakeholders including LegCo Members, District Councillors and the media; and
  - (e) Conducting a data trawling exercise of records of CSSA recipients and admitted applicants with approved allowances under TSS. The review would make reference to the outcomes of the data trawling exercise to identify any irregularities and the extent of interface between the two schemes.

## **Profile of Admitted Applicants**

10. Between the launch of TSS in June 2007 and end-June 2009, a total of 33 425 applicants were recorded. Of these, 32 403<sup>3</sup> (97%) were admitted to TSS. As at 30 June 2009, 28 660 admitted applicants had approved claims for allowance under TSS, and 3 494 of them had already exhausted their 12-month entitlement to OTA. All of these 3 494 applicants were admitted under the pilot TSS<sup>4</sup>.

11. Of the admitted applicants, 61.9% were of the age group “41 or above”, while 8.6% were young people aged “20 or below”.

12. The majority of admitted applicants were residing in Yuen Long (41.4%) and Tuen Mun (39.2%), followed by North (13.1%) and Islands (6.4%).

13. An overwhelming majority (90.8%) of the admitted applicants were in employment at the time their applications for admission to TSS were approved. Of these, 54.7% were earning monthly incomes of \$5,001 to \$6,500.

## **Characteristics of Approved Claims**

14. The total amount of allowances approved as at the end of June 2009 was \$120.5 million. Of this, \$120.03 million was paid for OTA/CTA and \$0.44 million was paid for JSA. The total financial commitment in respect of the admitted applicants<sup>5</sup> was \$252.7 million, which constituted 69.2% of the approved commitment of TSS of \$365 million.

15. Of the 28 660 admitted applicants with approved claims for allowance, 26 904 (93.9%) involved claims for OTA/CTA only, 672 (2.3%) involved claims for JSA only, while 1 084 (3.8%) involved claims for both.

16. The average payment of JSA per admitted applicant with approved claims for JSA was \$250.6. This was 41.8% of the ceiling of JSA of \$600.

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<sup>3</sup> Of the 32 403 admitted applicants, 8 817 were admitted under the pilot TSS and 23 586 were admitted under the relaxed TSS.

<sup>4</sup> The first batch of applicants admitted under the relaxed TSS would exhaust their 12-month entitlement to monthly allowance the earliest in August 2009, i.e. 13 months after the relaxation measures were implemented in July 2008 (Note: Claims for OTA are made in arrears).

<sup>5</sup> The financial commitment was estimated on the basis of the full entitlement of an applicant to allowances under TSS, i.e. OTA/CTA of \$7,200 and JSA of \$600.

17. Of the 27 988 admitted applicants with approved claims for OTA/CTA, 14 013 (50.1%) involved work solely across districts, while 10 634 (38%) involved work solely within districts. The remaining 3 341 (11.9%) involved both inter- and intra-district travels.

### **Way Forward**

18. We have conducted two telephone surveys to collect feedback from admitted applicants drawn by means of random sampling from the pool of applicants admitted between June 2007 and June 2009. We have also organised discussion sessions with the management and front-line staff of the 12 TSS Operators and their network of 33 service centres and two mobile service centres. We are now validating the findings of the telephone surveys and analysing the views and recommendations of the stakeholders. We aim to complete the review and map out the way forward of TSS before the end of the year and will then consult Members as soon as possible.

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