

For information on
23 November 2010

Legislative Council Panel on Manpower

Provision of Employment-related Transport Subsidy

PURPOSE

This paper briefs Members on the background and development of employment-related transport subsidy, including the latest position of the Transport Support Scheme (TSS).

BACKGROUND

2. The then Commission on Poverty (CoP) conducted in late 2006 a review of a number of trial transport support schemes introduced for the purpose of providing short-term, time-limited transport support to encourage work, including the Travel Support Scheme funded by CoP and operated by the Employees Retraining Board in April 2006. Following the review, CoP proposed to set up a new pilot TSS with a wider scope and coverage to provide an incentive for needy unemployed and low-income employees from remote districts to find jobs and work across districts.

DEVELOPMENT

Pilot TSS

3. The TSS was launched on 25 June 2007 on a one-year pilot basis. Two types of allowances were made available to eligible job seekers and low-income employees living in four designated remote districts, namely Yuen Long, Tuen Mun, North and Islands¹. These allowances were not meant to cover all the transport costs incurred in seeking jobs and working across districts, but to provide an incentive to eligible applicants to find jobs and work across districts.

¹ The then CoP chose these four districts because the number of residents within the economically active age brackets far outstripped the job opportunities available locally, thus making cross-district employment an imperative.

4. A Job Search Allowance of up to \$600 was provided to each eligible job seeker to help meet the transport cost involved in attending job interviews within or outside his/her residential district. Eligible applicants could claim the allowance on a reimbursement basis within one year from the approval date of their applications.

5. Eligible job seekers referred to those who were –

- (a) lawfully employable and actively seeking employment. They should declare their intention of seeking employment and working for 72 hours or more a month; and
- (b) meeting a personal asset limit requirement of no more than \$44,000, which is twice of that for an able-bodied adult under the Comprehensive Social Security Assistance (CSSA) Scheme.

In addition to unemployed persons, the allowance was also payable to individuals meeting the above criteria, and who had a monthly income of \$5,600 or less and wished to change jobs. However, those in full-time education or training were not eligible.

6. A Cross-district Transport Allowance of \$600 per month for up to six months (i.e. a total of \$3,600) was provided to eligible low-income employees who worked across districts. As in the case of the Job Search Allowance, eligible applicants could claim the Cross-district Transport Allowance within one year from the approval date of their applications. To keep the administration of the TSS as simple as practicable, we did not differentiate the rates of allowance according to the actual costs eligible applicants incurred for work-home commuting.

7. Eligible applicants needed to fulfil the following criteria –

- (a) working across districts for 72 hours or more a month;
- (b) earning a monthly income of \$5,600 or less; and
- (c) meeting a personal asset limit requirement of no more than \$44,000.

The self-employed and those in full-time education or training were not eligible for the allowance.

Relaxed TSS

8. In response to requests from the Legislative Council Subcommittee to Study the Subject of Combating Poverty and calls from some sectors of the community for relaxing the eligibility criteria of the pilot TSS, the Administration introduced a number of relaxation measures to the TSS on 2 July 2008, including –

- (a) raising the monthly income ceiling for eligible persons from \$5,600 to \$6,500;
- (b) allowing eligible persons living and working in the same designated remote district to apply for allowances, provided that fee-paying home-to-work commuting has been used; and
- (c) extending the duration of the subsidy period from six to 12 months.

The allowances payable under the relaxed TSS are outlined at **Annex 1**.

Latest Financial Position of the TSS

9. From June 2007 to September 2010, a total of 40 153 applicants were admitted to TSS. Of these, 8 817 were admitted under the pilot TSS and 31 336 were admitted under the relaxed TSS. The financial commitment in respect of each admitted applicant is \$7,800, comprising a Job Search Allowance up to a maximum of \$600 payable on a reimbursement basis and an On-the-job Transport Allowance of \$600 per month for up to 12 months. As at end of September 2010, the total amount of allowances approved was \$199.9 million and the total amount of financial commitment in respect of the admitted applicants was \$313.2 million, which accounted for 85.8% of the approved commitment of \$365 million for implementing TSS.

10. After the initial peak period in 2008, on average, 800 to 1 000 eligible applicants were admitted to TSS every month. However, the number of applicants admitted to TSS levelled off in 2010 and stayed relatively stable at around 400 per month. Up to September 2010, 19 592 admitted applicants (48.8% of the total number of admitted applicants) had exhausted their 12-month entitlement. The performance statistics are summarised at **Annex 2**.

WAY FORWARD

11. In his Policy Address on 13 October 2010, the Chief Executive announced that the Work Incentive Transport Subsidy Scheme (WITS) would be launched to replace TSS. WITS aims to relieve the burden of travelling expenses on eligible low-income workers and encourage them to stay in employment. The monthly allowance will be \$600 a person. The Administration is now drawing up the operational details of the Scheme and will brief the Panel on Manpower fully at its meeting on 16 December 2010. We will review WITS three years after its implementation.

Labour and Welfare Bureau
Labour Department
November 2010

**Allowances Payable under the relaxed Transport Support Scheme (TSS)
(applicable since 2 July 2008)**

Two types of allowances are payable to eligible applicants, viz. Job Search Allowance (up to \$600) (same feature as under the pilot TSS), and On-the-job Transport Allowance (\$600 per month for up to 12 months, i.e. a total of \$7,200) (which replaced Cross-district Transport Allowance under the pilot TSS). These allowances are not meant to cover the full transportation costs incurred in seeking jobs and reporting for work, but to provide an incentive to needy applicants to find jobs and stay in employment.

Job Search Allowance

2. Eligible job seekers can claim Job Search Allowance on a reimbursement basis within 24 months from the approval date of their applications by submitting duly completed records of attending job interviews and the transportation costs involved.

3. Eligible job seekers refer to persons who are –

- (a) lawfully employable and actively seeking jobs. They should declare their intention to seek jobs which offer 72 hours or more of work a month; and
- (b) meeting a personal asset requirement of no more than \$44,000.

4. In addition to job seekers who are unemployed, Job Search Allowance is also payable to persons who meet the criteria at paragraph 3 above and who are having a monthly income¹ of no more than \$6,500 and wish to change jobs. However, persons receiving full-time education or training are not eligible for Job Search Allowance.

¹ Monthly income refers to total incomes from all jobs (including those within or across districts) in a month. Employee's contribution to the Mandatory Provident Fund is not included.

On-the-job Transport Allowance

5. Eligible employees can claim On-the-job Transport Allowance within a 24-month period from the approval date of their applications by submitting documentary proof or self-declarations on details of their employment.
6. Eligible employees refer to 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) meeting a personal asset requirement of no more than \$44,000.

The self-employed and persons receiving full-time education or training are not eligible for On-the-job Transport Allowance.

Period for claiming of allowances

7. New applicants admitted under the relaxed TSS can claim both Job Search Allowance and On-the-job Transport Allowance within 24 months from the approval date of their applications. For applicants admitted under the pilot TSS, they are allowed to claim the balance of allowances within a period of 24 months commencing 2 July 2008, provided that they can fulfil all the eligibility criteria under the relaxed TSS.

**Performance Statistics of the Transport Support Scheme (TSS)
(June 2007 to September 2010)**

Item	Number	Percentage of total
• Number of admitted applicants	40 153	100%
• Number of admitted applicants who have exhausted their entitlement to Cross-district or On-the-job Transport Allowance ¹	19 592	48.8%
• Total amount of approved allowances	\$199.9 million	100%
– Amount approved for Cross-district or On-the-job Transport Allowance ²	\$199.3 ³ million	99.7%
– Amount approved for Job Search Allowance	\$0.6 million	0.3%
• Financial commitment ⁴ in respect of the admitted applicants	\$313.2 million	85.8% ⁵
• Estimated full commitment date	Jan 2012 ⁶	

¹ According to a telephone survey conducted in 2009, 99.0% of admitted applicants were already in employment before they were admitted to TSS and 94.3% continued employment after exhaustion of the 12-month entitlement.

² According to a telephone survey conducted in 2009, the average transport cost incurred by the admitted applicants was \$18.0 a day.

³ The \$199.3 million approved Cross-district or On-the-job Transport Allowance was paid to 36 158 admitted applicants. Of these, 17 068 (47.2%) involved inter-district travels only; 13 697 (37.9%) involved intra-district travels only and 5 393 (14.9%) involved both inter- and intra-district travels.

⁴ The financial commitment is estimated on the basis of each applicant's entitlement to On-the-job Transport Allowance of \$7,200 and Job Search Allowance of \$600.

⁵ A sum of \$365 million was earmarked for the implementation of TSS.

⁶ The estimation is made on the assumption that the number of applicants newly admitted to TSS will remain stable and maintain at around 400 per month.