

**Submission to the Legislative Council
Panel on Manpower on the
“Work Incentive Transport Subsidy Scheme”**



8 December 2010

I) Introduction:

This is a submission from Oxfam Hong Kong (OHK) concerning the "Work Incentive Transport Subsidy Scheme" which aims at assisting employed members of low-income families in meeting their travelling expenses commuting to and from work.

OHK welcomes the government's decision to expand the Transport Support Scheme (TSS), which enables low-income workers to travel to their jobs, into a long-term policy and extending it city-wide. This shows the government's sincerity in addressing the problems of employed poor people, and the policy is surely a step in the right direction.

However, OHK notes that there are still unnecessary restrictions affixed to the scheme. Part-time employees engaged in low-paying jobs are now excluded from the scheme. According to the Statistics Department, of 100,100 employees working less than 18 hours a week (72 hours a month), more than half earned less than \$3,000 per month in 2010 Q2. With this limited income, transport expenses are a heavy burden and may discourage some people from entering the workforce at all.

According to the income assessment in the existing TSS, an applicant's monthly income should not exceed \$6,500, which may not be in line with the government's suggested hourly minimum wage of \$28. As a matter of fact, most low-income earners are engaged in elementary jobs such as cleaning, catering and security services, which require long working hours. The current upper income limit may not be suitable for such workers; therefore an upward adjustment is called for.

This paper will examine the facts concerning poverty and part-time employment in Hong Kong in 2010 Q2. OHK proposes that the government should extend the scheme to benefit part-time employees, to improve the situation of the working poor. Also, OHK calls on the government to raise the income assessment bar to a more reasonable level in line with the hourly minimum wage, taking into consideration the actual hours demanded by low-paying jobs.

II) Poverty of Part-time Employees in Hong Kong

According to the existing criteria for the Transport Support Scheme (TSS), applicants should work at least 72 hours a month (on average 18 hours a week), with a monthly income equal to or less than \$6,500. In other words, employed persons who do not meet these criteria are excluded from the scheme. Based on figures from the Census and Statistics Department, OHK has analysed the profile and income of employees who work less than 18 hours a week.

80,800 part-time employees earning equal to or less than \$6,500 per month

In 2010 Q2, 100,100 employed persons worked less than 18 hours a week. Of these, 80.7%, or 80,800 people, had monthly incomes equal to or less than \$6,500 (See Appendix: Table 1). Among those earning \$6,500 or less per month, 43% earned less than \$2,000 and 23% earned between \$2,000 and \$2,999. (See Appendix: Graph 1).

More than 60% of part-time employees are women living in poverty

Among part-time employees, there were proportionally more female (62%) than male employees (38%) in 2010 Q2. Moreover, a disproportionate number of women were working in extremely low-paying jobs. Among those with monthly wages between \$2,000 and \$2,999, about 70% were women. (See Appendix: Table 2).

Fulfilling family duty is the top reason for employees to engage in part-time work

A sizeable proportion of part-time employees with monthly income equal to or less than \$6,500 could not work longer hours in their present jobs because they were "too busy with housework or other personal business, etc." (53%) (See Appendix: Table 3).

Analyzed by sex, it is worth noting that the most commonly cited reason that female part-time employees could not work longer hours was that they were "too busy with housework or other personal business, etc." (64.2%) whereas only 33% of male part-time employees chose this response. (See Appendix: Table 3).

More than half of poor part-time employees are aged 40 or above

Of the 80,800 part-time employees working less than 18 hours a week and with monthly wages equal to or less than \$6,500, 26.4 % were aged 20-29; 55.2% were aged 40 and over. The median age taken together was 42 (See Appendix: Table 4).

Most poor part-time employees have little education and are engaged in low-skilled work

The 80,800 part-time employees with monthly wages of \$6,500 or less, had a relatively low level of education. The largest share (46%) had only secondary/sixth form education, followed by employees with only primary school or below (21.4%) in 2010 Q2 (See Appendix: Table 5).

A sizeable proportion of poor part-time employees were engaged in low-skilled occupations, such as workers in elementary occupations (36.4%), service workers and shop salespeople (29.3%) in 2010 Q2 (See Appendix: Table 6).

70% of poor part-time employees worked 8-17 hours a week

Of the 80,800 poor part-time employees with monthly wages of \$6,500 or less, nearly 70% (69.8%) usually worked from 8 hours to less than 18 hours per week in their main jobs, and 30.2% worked less than 8 hours per week (See Appendix: Table 7).

To conclude, the above figures show that 80,800 employed persons engaged in part-time work for less than 18 hours per week, and had monthly incomes of less than \$6,500. A high proportion of this group of people were female (over 60%), middle-aged (median age 42), had a low level of education, extremely low incomes (less than \$3,000) and worked 8-17 hours per week. Moreover, the figures also suggest that for this group of people, fulfilling family duty was the main reason for choosing part-time instead of full-time work. The situation was more common among women than men. This situation exposes the inadequacy of childcare support measures to low-income families.

III) Oxfam Hong Kong Recommendations

The above figures suggest that part-time workers are subject to precarious working conditions, including low wages and a lack of labor protections¹. They are on the fringe of social security protections and are generally excluded from social benefits granted to workers recognized as standard employees. They are still excluded from the protection of the Transport Support Scheme. Oxfam Hong Kong believes that all working people have the right to a decent minimum standard of living for themselves and their families. The suggested minimum wage of \$28 is not enough for a breadwinner to support his/her whole family, which may push the worker or other family members to take up part-time work to supplement the family income. In order to support the working poor in improving their living conditions, and encourage them to enter the workforce to make a decent living, Oxfam Hong Kong recommends that the Hong Kong Government consider the following policy suggestions:

1) Include part-time workers in the future “Work Incentive Transport Subsidy Scheme”

- ◆ It is suggested that the eligibility criteria be relaxed to include workers who work at least 8 hours a week² (32 hours a month).
- ◆ For the income declaration, the government is advised to adopt the “self-reporting mechanism” that has long been applied in the Self-reliance Scheme and the New Dawn Project under the current Comprehensive Social Security Assistance scheme (CSSA). If an applicant conceals or falsely reports income without a reasonable explanation, he or she will be subject to criminal sanctions. In fact, from 2001-2009, figures from the Social Welfare Department indicate that only about 0.2% of CSSA cases involved concealing or falsely reporting income (See Appendix: Table 8).
- ◆ It is recommended that the allowance be a fixed amount up to \$300 per month i.e. half the proposed rate of \$600 per month for a full-time worker, without a time limit.

¹ Under the Employment Ordinance (Cap57), only people who are employed continuously for four weeks or more and work at least 18 hours each week (72 hours per month) are entitled to basic protection under the Ordinance. (<http://www.labour.gov.hk/eng/public/ConciseGuide.htm>).

² According to our analysis, nearly 70% of part-time employees who worked less than 72 hours and earned less than \$6,500 per month, usually worked at least 8 hours a week. Moreover, eligibility for the government’s New Dawn Project has for years been set at 8 working hours per week.

2) Upwardly adjust the income limit on eligibility for the future “Work Incentive Transport Subsidy Scheme”

- ◆ The above figures indicate that most poor part-time employees are engaged in elementary occupations, such as cleaners or security guards. Their monthly wages may be increased as the minimum wage takes effect from May 2011, causing them to exceed the allowable income under the current Transport Support Scheme.
- ◆ It is suggested that the government upwardly adjust the income bar to align it with the level of the minimum wage.

Appendix:

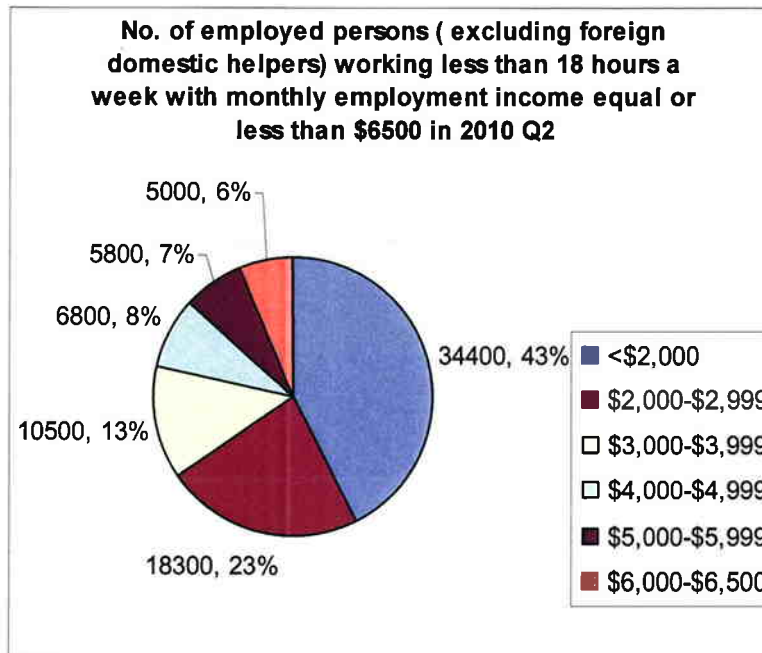
Table 1: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week by monthly employment earnings in 2010 Q2

Monthly employment earnings	No. of employed persons	Accumulative No.	%	Accumulative %
<\$2,000	34,400	34,400	34.4	34.4
\$2,000-\$2,999	18,300	52,700	18.3	52.6
\$3,000-\$3,999	10,500	63,200	10.5	63.1
\$4,000-\$4,999	6,800	70,000	6.8	69.9
\$5,000-\$5,999	5,800	75,800	5.8	75.7
\$6,000-\$6,500	5,000	80,800	5.0	80.7
\$6,501-\$6,999	300	81,100	0.3	81.0
\$7,000-\$7,999	3,100	84,200	3.1	84.1
\$8,000+	15,900	100,100	15.9	100.0
Total	100,100		100.0	

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Figure 1: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly incomes of \$6,500 or less in 2010 Q2



Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 2: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week by monthly employment earnings and sex in 2010 Q2

Monthly employment earnings	Male (a)	a/c %	Female(b)	b/c%	Both Sexes (c)
<\$2,000	10,600	30.8	23,800	69.2	34,400
\$2,000-\$2,999	5,900	32.2	12,400	67.8	18,300
\$3,000-\$3,999	4,400	41.9	6,200	59.0	10,500
\$4,000-\$4,999	2,600	38.2	4,200	61.8	6,800
\$5,000-\$5,999	3,100	53.4	2,800	48.3	5,800
\$6,000-\$6,500	2,500	52.1	2,300	47.9	4,800
\$6,501-\$6,999	400	80.0	100	20.0	500
\$7,000-\$7,999	1,400	45.2	1,700	54.8	3,100
\$8,000+	7,200	45.3	8,600	54.1	15,900
Total	38,100	38.1	62,000	61.9	100,100
<=\$6,500	29,100	36.0	51,700	64.0	80,800

Source: Census and Statistic Department

Note: Figures are rounded and may not add up to the totals

Table 3: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly employment income <=\$6500 by reasons in 2010 Q2

Reasons	Male	%	Female	%	Both Sexes	%
Too busy with housework and personal business, etc.	9,600	33.0	33,200	64.2	42,800	53.0
Could find only part-time work	3,700	12.7	7,300	14.1	11,000	13.6
Others	15,800	54.3	11,200	21.7	27,000	33.4
Total	29,100	100.0	51,700	100.0	80,800	100.0

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 4: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly income <=\$6,500 by age in 2010 Q2

Age	No.	%
15-19	5,800	7.2
20-29	21,300	26.4
30-39	9,100	11.3
40-49	20,000	24.8
50-59	17,800	22.0
60+	6,800	8.4
Total	80,800	100.0

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 5: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly income <=\$6,500 by education in 2010 Q2

Education	Number	%
Primary or below	17,300	21.4
Secondary/ Sixth form	37,200	46.0
Post-secondary: non-degree	11,200	13.9
Post-secondary: degree	15,100	18.7
Total	80,800	100.0

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 6: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly income <=\$6,500 by occupation in 2010 Q2

Occupation	Number	%
Managers and administrators, professionals and associate professionals	12,900	16.0
Clerks	8,200	10.1
Service workers and shop sales workers	23,700	29.3
Crafts and related workers	4,900	6.1
Plant and machine operators and assemblers	1,600	2.0
Elementary occupations	29,400	36.4
Others	*	*
Total	80,800	100.0

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 7: Number of employed persons (excluding foreign domestic helpers) working less than 18 hours a week with monthly income <=\$6,500 by hours of work in 2010 Q2

Monthly employment earnings	Hours of work		Total
	<8	8 to 17	
<=\$6,500	24,400	56,400	80,800
%	30.2	69.8	100.0

Source: Census and Statistics Department

Note: Figures are rounded and may not add up to the totals

Table 8: Number of cases of fraud or abuse of social security benefits from 2001-2009

Fraud and abuse of social security benefits/ financial year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Concealed/false reports of income (Case) (A)	124	213	248	398	447	509	627	393
Total CSSA cases in the same period (B)	247,192	271,893	290,705	296,688	297,434	294,204	285,773	289,469
(A/B)%	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1

Source: Social Welfare Department