

**Fourth Meeting of
the Economic and Employment Council**

Agenda Item 5 : Replacing CSSA with Employment

Introduction

This paper briefs Members on the various programmes undertaken by the Government to help able-bodied unemployed CSSA recipients, among others, become more employable and find employment.

Background

2. The suggestion on “Replacing CSSA with Employment” was first raised by Members at the EEC Retreat held in June 2004. At the last EEC meeting, it was agreed that this subject should be examined in detail in view of its complexity and implications on the community at large. The Government has implemented various programmes to help the unemployed, including able-bodied CSSA recipients to find employment in Hong Kong. These are set out in the ensuing paragraphs.

Programmes under the Health, Welfare and Food Bureau / Social Welfare Department

Policy Directions and Strategies

3. The following are the main policy directions and strategies of social security in Hong Kong –

- (a) To ensure resources are directed to help the truly needy and disadvantaged group;
- (b) To provide temporary financial assistance to people of working age who are genuinely unable to find work;
- (c) To rid the system of work disincentives; and

- (d) To strengthen control against fraud and abuse.

The Comprehensive Social Security Assistance (CSSA) Scheme

4. The main objective and features of the CSSA Scheme are –
 - (a) The major component of Hong Kong's social security system;
 - (b) The Scheme provides a safety net for those who cannot support themselves financially;
 - (c) It is designed to bring the income of such individuals and families up to a prescribed level to meet their basic needs;
 - (d) An applicant has to satisfy a means-test and the prescribed residence requirement; and
 - (e) An able-bodied unemployed applicant has to enroll in the Support for Self-reliance (SFS) Scheme as a condition of receiving CSSA.
5. The total expenditure on CSSA in 2003/04 was HK\$17.3 billion, accounting for 8.7% of total recurrent government expenditure. In 2004/05 the total expenditure on CSSA is estimated to be HK\$17.9 billion, accounting for 8.8% of total recurrent government expenditure.

The Support for Self-reliance Scheme

6. The SFS Scheme introduced in June 1999 aims at encouraging and assisting eligible able-bodied unemployed adults and low-earning persons who are not working full-time to move towards full-time paid employment and self-reliance through –

- (a) Active Employment Assistance (AEA) Programme

Participants need to attend fortnightly interviews with staff of Social Welfare Department (SWD) who would provide them with employment-related assistance.

(b) Community Work (CW) Programme

The Programme serves to widen participants' social network, enhance self-confidence and develop work habits, paving the way for eventual gainful employment and contributing to society in parallel to the job search process.

(c) Disregarded Earnings (DE)

DE refers to the earnings from employment that are disregarded when assessing the amount of assistance to a CSSA recipient. The provision of DE under the CSSA Scheme aims to encourage CSSA recipients to find and maintain employment.

Intensified measures under the SFS Scheme

7. The SFS Scheme was found to be effective in containing the increasing unemployment caseload when it was first introduced. However, starting April 2001, the unemployment caseload began to increase again. To prevent over-reliance on CSSA by the employable able-bodied, SWD introduced measures to strengthen the promotion of 'welfare-to-work' and 'self-reliance' from June 2003. These enhanced measures are for CSSA able-bodied unemployed recipients to –

- (a) build up their confidence;
- (b) strengthen their ability to find jobs in the open market; and
- (c) encourage them back to work.

8. For example, SWD has secured \$200 million from the Lotteries Fund and the Hong Kong Jockey Club Charities Trust to commission NGOs to launch the Intensive Employment Assistance Projects (IEAPs) for employable CSSA recipients and other disadvantaged groups to assist them to remove work barriers, enhance their employability and get back to work. Under these projects, 'Temporary Financial Aid' is provided to needy participants to tide them over short-term financial hardship or to meet employment-related expenses, e.g. travelling expenses to job interviews. From 2003, a total of 100 projects will be launched over three years in annual batches of 40, 30 and 30.

9. Forty projects were implemented in the first implementation year involving over 6 000 participants. Of the 4,667 CSSA participants, 1 553 (33%) left the CSSA net or received less CSSA payment as a result of paid employment. The Enhanced CW Programme is also one of the intensified SFS measures. Under the Programme –

- (a) participants newly enrolled in the SFS Scheme are required to perform CW for one full day or two half-days (*8 hours*) per week for a period of six months;
- (b) for those long-term participants who have stayed in the Scheme for one year or more, they will be arranged to perform the second stage of CW for three full days (*24 hours*) per week for a period of six months; and
- (c) participants have to attend CW once arranged.

Main types of community work

10. The main types of community work include –

- (a) Environment-related projects, for example –
 - (i) Re-painting public facilities;
 - (ii) Weed-cutting; and
 - (iii) Prevention of mosquitoes.
- (b) Diversified community services, for example –
 - (i) Counter service;
 - (ii) Simple clerical duties; and
 - (iii) Cleansing work.

Achievements

11. Some achievements noted as at end September 2004 include –
- (a) Currently about 8,000 participants have been arranged to perform CW each month (*around 16% of all CSSA unemployed recipients*);
 - (b) over 80% of CW placements arranged for participants are large-scale environment-related projects. Participants are grouped into 30 teams each day from Monday to Friday and carried by coach to CW work sites (*i.e. 150 Teams per week*); and
 - (c) about 20% of the placements, which are termed ‘community service’, are on the basis of individual CW participants being sent to the CW providers concerned.
12. Past experience shows that through participating in CW, unemployed CSSA recipients would regain self-esteem, pay more regard to their social responsibilities and strengthen their motivation to find employment. The findings in the Longitudinal Study conducted in 1999-2000 found that in general AEA and CW together produced significant effects on the participants, while AEA alone could not produce significant effect. AEA and CW were significant in producing an effect on unemployed CSSA recipients namely, ‘*They become more optimistic*’. Among the accumulated 75 480 unemployed persons registered in the CW programme since June 1999, 58 612 (78%) had been de-registered from the programme as at September 2004; i.e. removed from the unemployment caseload. Among all participants de-registered from the Programme from October 2003 to September 2004, 43% of them attributed the reason to paid employment.

Effectiveness of the CW Programme

13. The Programme is proven to be one of the most effective measures to motivate unemployed recipients back to the work force. A simple cost benefit analysis showed that the Support for Self-reliance scheme (*including AEA and CW Programmes*) as a whole is effective in money terms.

Taking into account the savings in CSSA expenditure arising from the effect of the scheme had on the unemployed (*including participants having secured employment and unemployment cases turning to low earnings cases*) and the additional administrative costs, it is estimated that about \$350 million had been saved in a 12-month evaluation period ending October 2004.

14. The effectiveness can also be reflected by its high de-registration rate, suggesting a strong deterrent effect on -

- (a) those who do not have a genuine need for assistance; or
- (b) who could easily find work on their own.

15. The intensified SFS measures have been effective in containing the growth of CSSA unemployment cases. The improvement cannot simply be explained as an effect of the improvement in the economy and the unemployment situation.

Limitations/difficulties

16. The limitations/difficulties encountered in the running of the CW Programme can be summarised as follows –

On the CW Programme itself

- (a) the Programme itself becomes routine after running for over five years;
- (b) the work nature is simple and it has no training element. CW jobs have been criticised for being unable to help participants move into paid jobs; and
- (c) CW placements should resemble a paid work environment as much as possible for the benefit of participants. But there have however been great difficulties in identifying sufficient CW placements for all unemployed CSSA recipients. CW placements should also not breach the principle of displacing existing job holders.

On resources for implementing the CW Programme

The Programme costs about \$25M per annum, covering the employment of 148 Community Work Organisers (CWOs) who are Non-Civil Service Contract staff; and programme fee (*e.g. hiring of coaches, procurement of essential items*). Expansion of the Programme will result in additional expenditure, but this is not the major consideration. See below for the more major consideration.

On operation

Participation in the Programme is mandatory. Some participants have to work under the close supervision of CWOs. Some long-term unemployed CSSA recipients who are not motivated to work may exhibit aggressive behaviour when arranged to perform CW, causing the occurrence of violence at CW worksites. Turnover of CWOs, who are not paid a high monthly wage, is high (*22.3% in the past year*).

Evaluation of SFS Scheme

17. A research team has been commissioned to conduct an evaluation on the welfare-to-work programmes, and to advise on improvements to help CSSA recipients to leave the CSSA net.

Programmes under the Labour Department (LD)

Strengthening LD's employment services

18. The Labour Department (LD) provides free one-stop placement services to job-seekers through a network of Job Centres, the telephone employment service and a vacancy databank on the Internet. It has continued to strengthen its employment service to canvass more vacancies. From January to October 2004, LD placed a record-high of 70 364 job-seekers into employment. During the same period, LD received 243 337 vacancies from the private sector, a substantial increase of 35.3% over the same period last year. Furthermore, to facilitate CSSA recipients to find jobs, LD has installed its popular and user-friendly vacancy search terminals at all 38 social security units of SWD.

19. To promote employment and assist the unemployed to re-enter the labour market, LD has also introduced a series of measures ranging from job creation, providing training and employment opportunities for the vulnerable groups to strengthening the employment service. These, however, did not distinguish unemployed CSSA recipients from other job seekers. Details of LD's programmes had been reported to the EEC at its first meeting.

Creation of temporary jobs in the public sector

20. In 2004, LD co-coordinated the exercise to extend some 11 700 temporary jobs in the public sector at a cost of \$873 million. Many of them were suitable for middle-aged, low-skilled workers.

Re-employment Training Programme for the Middle-aged

21. The Re-employment Training Programme for the Middle-aged, launched in early May 2003, aims at assisting the long-term unemployed aged 40 or above to secure employment through the provision of a training allowance to encourage employers to hire them. Employers who engage these job-seekers in full-time permanent posts and offer them on-the-job training receive a training allowance of \$1,500 per month, for up to three months per trainee. So far, the programme has placed over 7 500 people into employment.

Special Incentive Allowance Scheme for Local Domestic Helpers (LDHs)

22. To address the mismatch in supply and demand in the LDH market and to promote LDH service, the Administration launched the incentive allowance scheme in June 2003. Qualified LDHs¹ who work in a district different from the one in which they reside or during unsocial hours (*i.e.* 5 pm to 9 am) may apply for a daily allowance of \$50 per day, with an overall cap of \$7,200. So far, some 3 600 applications have been approved.

¹ Those who (1) have completed the LDH training offered by the Employees Retraining Board (ERB); (2) are in possession of a competency card; and (3) take up a job through the referral of ERB's Integrated Scheme for LDHs.

Employment-related Programmes for Youths

23. The Administration attaches great importance to youth employment and has put in substantial amount of resource to implement three employment-related programmes to enhance the employability of youngsters and equip them for the job market. The Youth Pre-employment Training Programme (YPTP) was launched in September 1999 with the objective of enhancing the employability of school leavers aged 15 to 19 through a wide range of employment-related training. During the past five years, over 57 000 young persons have been trained under the YPTP, with an average placement rate close to 70%. The Administration will continue to run the YPTP at a cost of \$100 million each year. The Youth Work Experience and Training Scheme (YWETS) was launched in 2002 to provide work experience and on-the-job training for young people aged 15 to 24. So far, some 28 000 trainees have been successfully placed into jobs. The Scheme, with funding of \$700 million, will continue to run until 2007. The YPTP and YWETS complement and supplement each other to provide one-stop training and employment for youngsters. The Programmes have been well received by the community.

24. To enable youngsters to explore self-employment as an alternative to traditional employment, the Administration launched in May 2004 the Youth Self-employment Support Scheme (YSSS), a one-year pilot project at a cost of \$30 million, to train and assist 1 500 young people to become self-employed. The initial response to the Scheme has been highly encouraging.

Programmes under the Employees Retraining Board

Retraining Services

25. The Employees Retraining Board (*ERB*) provides retraining services to eligible workers to assist them to take on new or enhanced skills so that they can adjust to changes in the economic environment. The primary target is those aged 30 or above with no more than lower secondary education. The ERB provides its services through over 50 training bodies at more than 130 centres throughout the territory.

26. Full-time placement-tied courses are provided to the unemployed free of charge. Besides job-specific skills, retrainees have to take generic modules in soft skill training, basic computer application, vocational language and occupational health and safety as appropriate. The average placement rate of placement-tied courses is about 80%. The courses with best employment opportunities recently include domestic helpers and property management and security services training and the placement rate for these two courses is well over 80%. About 50 000 training places for these full-time courses are provided annually.

27. ERB also provides part-time generic skills training courses such as basic computer training and vocational languages like English and Putonghua. Retrainees are required to pay a course fee amounting to 20% of the training costs. For unemployed or low-income persons (*including those on CSSA*) with monthly income at \$6,333 or less, they can apply to waive course fees subject to a commitment of achieving an 80% attendance rate. About 50 000 training places for these part-time courses are provided annually.

Conclusion

28. There is evidence that the Government is already implementing some form of 'replacing CSSA with employment' as suggested by some Members. For example, SWD has put in place a series of comprehensive programmes to assist able-bodied CSSA recipients to become self-reliant, these include the CW Programme to provide some form of unpaid work as a condition of receiving CSSA. Experience from these programmes suggests that assistance akin to sheltered/unpaid work needs to be coupled with efforts to reconnect CSSA recipients with the open labour market so as to more effectively get them out of the welfare net completely. The Labour Department is also implementing measures to help the unemployed find work. The solution appears to lie in the creation of more open jobs that match the skills and education level of the unemployed. If we develop further the concept of 'replacing CSSA with employment' as suggested by some Members, we need to clearly identify the objective and purposes, and also take into account the experience of existing programmes run by SWD and LD and how this may fit into the overall framework of existing programmes.

Advice Sought

29. Members are invited to comment on the broad future direction for taking forward the subject in the light of the existing government programmes to help able-bodied unemployed CSSA recipients find employment in Hong Kong.

Health, Welfare and Food Bureau
Social Welfare Department
Labour Department
Education and Manpower Bureau
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