

LCQ1: Coping with problems of unemployment and people's livelihood

Following is a question by Dr the Hon Cheng Chung-tai and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (November 11):

Question:

With Hong Kong's economy and people's livelihood being hard hit by the epidemic, the non-seasonally adjusted numbers of unemployed and underemployed persons in June to August this year have risen to around 250 000 and around 150 000 respectively. In this connection, will the Government inform this Council:

(1) of the respective numbers of persons whose employment status changed from employed to unemployed and underemployed during the period from January to October this year, together with a breakdown by the trade, the income group and the age group to which they belonged, and by their education level;

(2) whether it has studied if Hong Kong will face the serious social problem of persistently high unemployment rate, and whether it has formulated preventive and response measures in this regard; and

(3) as it has been reported that some advanced countries in Europe and the United States have been actively studying the implementation of a "universal basic income" policy, under which the government distributes monthly a fixed amount of money to all citizens without putting in place an asset or income test, whether the Government will study the implementation of such policy?

Reply:

President,

Having consulted the relevant bureaux and departments, my reply to the Member's question is set out below:

(1) Based on data obtained from the General Household Survey conducted by the Census and Statistics Department, the number of unemployed persons and underemployed persons by industry, age and educational attainment from the first quarter to the third quarter of 2020 are set out in Annex. The survey does not collect information on the previous employment earnings of unemployed and underemployed persons.

(2) In the wake of the tremendous challenge brought about by the coronavirus disease 2019 (COVID-19) pandemic to Hong Kong's employment condition and overall economy, the Government has implemented a host of measures to create and stabilise employment, and strive to provide appropriate assistance to affected persons.

The Government has earmarked \$6 billion under the Anti-epidemic Fund to take forward the Job Creation Scheme, which is expected to create 30 000 time-limited jobs in the public and private sectors in the coming two years for people of different skill sets and academic qualifications to relieve the unemployment situation. As at end-October 2020, around 29 000 jobs have already been created under the Scheme, and the remaining 1 000 jobs will be put forward soon.

Separately, the Labour Department (LD) has, starting from September 2020, raised the ceiling of on-the-job training (OJT) allowance payable to employers under the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme with a view to further encouraging employers to hire the elderly and middle-aged, young people and persons with disabilities and provide them with OJT. The LD also launched a pilot scheme concurrently to encourage eligible elderly persons, young people and persons with disabilities to participate in and complete OJT under the above employment programmes through the provision of a retention allowance, thereby stabilising employment. The Employees Retraining Board (ERB) attracted more than 100 000 trainees annually to enroll in its training courses in the past three years. To support the unemployed or underemployed affected by the economic downturn for skills enhancement, the Government has commissioned the ERB to launch the Love Upgrading Special Scheme in October 2019, offering free training courses of around two to three months for trainees. The Government has assisted the ERB in raising the maximum amount of the monthly allowance per trainee from \$4,000 to \$5,800 starting from May 2020, and tasked it to launch Phase 2 of the Love Upgrading Special Scheme and introduce a series of enhancements in July 2020, including increasing the number of training courses to about 300, as well as supporting enterprises and trade associations in arranging their employees or staff of member companies who are underemployed or taking no-pay leave to attend courses under this Special Scheme, etc. Where necessary, the Government may consider further extending this Special Scheme.

Furthermore, the Comprehensive Social Security Assistance (CSSA) Scheme has been serving as the safety net for those who cannot support themselves financially to meet their basic needs. This important function is particularly visible during economic downturns. The CSSA Scheme also provides employment support services for able-bodied persons. The Chief Executive has announced a series of improvement measures on the CSSA Scheme in the 2019 Policy Address, with particular focus on enhancing the employment support services. Apart from increasing the relevant special allowance, the collaboration among the service-providing organisations, the LD and the ERB is also enhanced to provide more vocational training and employment choices to suitable recipients.

Meanwhile, having regard to the present severe employment situation, the Government has, after securing funding approval from the Finance Committee (FC) of the Legislative Council on the anti-epidemic measures in April 2020, launched a six-month Special Scheme of Assistance to the Unemployed under the CSSA framework. According to the arrangements under this

time-limited Special Scheme, the asset limits for able-bodied persons have been temporarily relaxed by 100 per cent for six months starting from June 1, 2020. The value of their family's owner-occupied residential property will also be disregarded for a grace period of 12 months according to the established mechanism. The Government subsequently obtained approval from the FC to extend this Special Scheme for another six months to May 31, 2021. In fact, there has been a significant increase in CSSA unemployment cases starting from the beginning of this year, with an average of 16 864 cases per month from January to September 2020, which was 43 per cent higher than the average of the same period in 2019. The number of CSSA unemployment cases in September 2020 was 19 024, which was the highest in the past six years. The above shows that the CSSA is useful in assisting the unemployed who are facing temporary financial hardship.

The Government will monitor the situation closely, and will consider providing further assistance to persons in need in a timely manner.

(3) While some overseas jurisdictions (such as Switzerland and Finland) have had looked into the initiative of "Universal Basic Income", given the vast differences in the socio-economic, public finance and tax systems between these places and the Hong Kong Special Administrative Region (HKSAR), the experience gained by these regions may not be applicable to Hong Kong. The overall policy direction of the HKSAR Government is to encourage and support people capable of working to achieve self-reliance through employment, while striving to maintain a reasonable and sustainable social welfare system to provide appropriate assistance to persons in need. Premising on this, the Government has not considered implementing the "Universal Basic Income" in Hong Kong, nor conducted any relevant studies on it.