LCQ10: Ten new initiatives for people’s livelihoods

Following is a question by the Dr Hon Priscilla Leung and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (November 4):

Question:

On January 14 this year, the Chief Executive announced 10 new initiatives for people's livelihoods (the 10 initiatives). One of such initiatives is to expand the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (TFC scheme) to cover persons aged 60 to 64. It has been reported that recently, a Member of the Executive Council indicated her reservation on the initiative of expanding the TFC scheme as the recurrent expenditure to be incurred by the initiative would be as high as $10 billion each year. In this connection, will the Government inform this Council:

(1) in respect of the three initiatives among the 10 initiatives, namely (i) reforming the Old Age Living Allowance Scheme, (ii) making Mandatory Provident Fund contributions for low-income persons, and (iii) providing cash allowance for low-income households not living in public housing and not receiving CSSA, of the respective latest (a) progress, (b) anticipated implementation dates, and (c) anticipated additional recurrent expenditures to be incurred each year;

(2) as the Government indicated in July this year that the anticipated recurrent expenditure on the expanded TFC scheme in the 2025-2026 financial year was $7 billion, of the respective amounts of such expenditure as anticipated by the Government (i) in January this year and (ii) most recently; if these two figures are different from that of July, of the reasons for that; the latest (a) progress of and (b) anticipated implementation date for the initiative of expanding the TFC scheme; and

(3) given that the Government has spent a large amount of fiscal reserves on coping with the epidemic and implementing relief measures, whether it has plans to suspend or shelve any one of the 10 initiatives; if so, of the details, and whether it has assessed the political costs that such a move may entail and the risk of such a decision being subject to judicial review; if it has no such plan, whether it will make clarifications with the public as quickly as possible?

Reply:

President,

Having consulted the relevant policy bureaux and departments, my consolidated response to the Member's questions is set out below:

(1) to (3) In respect of the initiatives:

(i) Regarding the proposed combining of Normal and Higher Old Age Living Allowance, and adopting of higher payment rate and significant relaxation of asset limits, the Government will announce the arrangements at an appropriate juncture.

(ii) As for paying the 5 per cent Mandatory Provident Fund (MPF) contributions for persons whose income is less than the minimum relevant income level of MPF system and who are exempted from making mandatory contributions, its implementation requires necessary ancillary support, and thus the initiative is targeted to be rolled out upon the full implementation of the eMPF Platform in around 2025. The Government and the Mandatory Provident Fund Schemes Authority are examining the implementation details such as the specific eligibility criteria of the beneficiaries and the application procedures. Based on the current minimum relevant income level ($7,100 per month) and expected number of beneficiaries, the annual recurrent expenditure to be incurred is estimated to be around $600 million.

(iii) The Chief Executive announced on January 14 this year that the Government will provide cash allowance on a trial basis to eligible General Applicant households not living in public housing, not receiving the Comprehensive Social Security Assistance and who have waited for public rental housing (PRH) for more than three years, until they are offered the first PRH allocation. A review will be conducted three years after the implementation. The total additional expenditure for the three-year trial scheme would be some $8 billion. The Government is working out the implementation details of the trial scheme, and expects to launch it in 2021.

As the Chief Executive (CE) stated at the media session on October 27, the initiatives announced by her in early 2020, including the one to lower the eligible age of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the $2 Scheme) from 65 to 60, were proposed on the premise that they are fiscally affordable by the Government. The CE also made it clear that the implementation timetable for the initiative would be announced upon completion of the comprehensive review of the $2 Scheme. The comprehensive review aims to assess the effectiveness and fiscal sustainability of the $2 Scheme in detail, having regard to our ageing demographic trend, operation of public transport, effectiveness of anti-abuse measures, public aspirations, and the Government's overall fiscal affordability, etc. The review is still in progress. The CE has publicly stated that given the complexity of the issues involved, particularly the Government's overall fiscal position and the need to tackle the problem of abuse, it would be difficult to set a specific implementation timetable at present. Nonetheless, we have neither set aside nor discontinued our work. Proactive efforts are being made and there will be a formal announcement in due course. Since the relevant work is still ongoing, we consider it premature to assess the likelihood of judicial review at present.