

Maximum amount of ex gratia payment on severance payment from Protection of Wages on Insolvency Fund to be raised

The level of ex gratia payment granted from the Protection of Wages on Insolvency Fund (the Fund) to employees who are owed severance payment by their insolvent employers will be increased.

Through a resolution of the Legislative Council under the Protection of Wages on Insolvency Ordinance today (March 20), the maximum amount of ex gratia payment on severance payment under the Fund will be increased from \$100,000 plus 50 per cent of any excess entitlement to \$200,000 plus 50 per cent of any excess entitlement.

The adjusted maximum amount will take effect on Friday (March 21) upon gazettal of the resolution and apply to severance payment where the liability for payment arises on or after that date.

The review on the coverage of ex gratia payment on severance payment under the Fund is one of the policy initiatives in "The Chief Executive's 2024 Policy Address" to strengthen labour support. This legislative amendment will further strengthen the protection for employees' entitlements to severance payment upon business closures.

The Fund was set up in 1985 to provide timely financial relief in the form of ex gratia payment to employees of insolvent employers.