

SLW's "Letter to Hong Kong" on additional measures to assist financially needy individuals and families (English only)

Following is the "Letter to Hong Kong" by the Secretary for Labour and Welfare, Dr Law Chi-kwong, on additional measures to assist financially needy individuals and families carried on Radio Television Hong Kong Radio 3 this morning (February 7):

Dear Julian (Hutto-Patterson Charitable Foundation Professor of School of Social Welfare of University of California, Berkeley, Professor Julian Chow),

How are you? Long time no see. The infection rate in California has recently dropped by more than 60 per cent from its peak and I wish everything is fine for you and your family during this COVID-19 pandemic. I hope that, with the rolling out of vaccination programmes around the world, the pandemic can be kept under control, and social and economic activities may resume to a certain extent within this year.

With the sustained slackening of Hong Kong's labour market since the second half of 2019, wages and household income came under pressures in tandem, with the impact particularly prominent on low-income households. There are rising public concerns on the livelihood of low-income families under the deteriorating unemployment and underemployment situation.

In light of the tremendous challenges brought about by the epidemic to Hong Kong's employment situation and overall economy, the Hong Kong Special Administrative Region Government has implemented a host of measures to create and stabilise job opportunities over the past year. The Government expeditiously introduced the Anti-epidemic Fund not only to enhance Hong Kong's overall anti-epidemic capability, but also provide suitable relief to sectors and individuals hard-hit by the epidemic or affected by the anti-epidemic and social distancing measures. Coupled with the Government's injection into the Anti-epidemic Fund and relief measures under the 2020-21 Budget, a financial commitment totalling over HK\$300 billion, which represents about 11 per cent of the Gross Domestic Product, has been incurred.

In view of the continuous fluctuations of the fourth wave of the epidemic which have seriously affected Hong Kong's economy and labour market, the Government has kept on exploring ways to strengthen assistance for the unemployed and their families. In order to provide additional support to individuals and families with financial difficulties, we just announced a few days ago (February 4) the recommendations to implement two sets of new measures under our Working Family Allowance Scheme and the Short-term Food Assistance Service Projects.

Firstly, we proposed to substantially relax the working hour requirements of the Working Family Allowance Scheme on a one-year time-limited basis. Specifically, the Government recommends temporarily reducing the basic working hour requirement substantially for non-single-parent households to 72 hours per month in order to allow low-income households to continue to be eligible for applying the Working Family Allowance and receive income support amid a reduction of working hours.

Let me recap some background about the Working Family Allowance Scheme. First introduced as the Low-income Working Family Allowance Scheme in 2016, the Scheme was rebranded into the Working Family Allowance Scheme in 2018. The Scheme aims to support low-income working households who are not receiving Comprehensive Social Security Assistance and have longer working hours. With the design to encourage full-time employment and reward hard work, there are three tiers of allowance with working hour requirements of 144, 168 and 192 hours per month respectively. The basic working hour requirement is 144 hours per month for non-single-parent households. The Scheme also comes with a Child Allowance for each eligible child in the household.

The Government has implemented a host of improvement measures for the Scheme in the past three years. These included relaxing its eligibility criteria such as extending the Scheme to one-person households, substantially increasing the rates of allowances, and allowing households to aggregate the working hours of household members for a higher level of allowance, etc. As at end-December 2020, the Working Family Allowance Scheme has over 56 000 "active households" involving over 180 000 persons, more than the double of the number of beneficiary households of the former Low-income Working Family Allowance Scheme before the implementation of improvement measures in 2018.

The more enhanced Working Family Allowance Scheme has been providing continuous and adequate support for working households in need, with the annual payout surging by nearly two times from HK\$650 million in 2017-18 to about HK\$1,800 million in 2020-21.

Going back to the newly announced measure, the challenges brought by the protracted COVID-19 pandemic has resulted in worsening situation of unemployment and underemployment. For those who remain employed, they may now have fewer working hours and thus decreasing income. Some may risk dropping out from the Working Family Allowance Scheme due to the fewer working hours. With an aim of preventing such "double jeopardy", the Government recommends temporarily reducing the basic working hour requirement substantially for the non-single-parent households under the Scheme to 72 hours per month. The working hour requirement for the mid-tier allowance will also be reduced from 168 hours per month to 132 hours per month, while the lenient working hour requirements of 36, 54 and 72 hours per month for single-parent households will remain unchanged.

Under this time-limited arrangement, households with aggregated monthly working hours reaching 72 to 131 will be eligible for a maximum of HK\$1,000 Basic Allowance per month, plus a maximum of HK\$1,400 allowance per month for each eligible child. Taking a four-person household with two children as an

example, they may receive up to HK\$3,800 per month.

Another newly announced measure is to temporarily relax the asset limits of the Short-term Food Assistance Service Projects – let's call it the food bank service for simplicity sake. The service aims to provide one-off basic food assistance for a period of up to eight weeks to help individuals and families encountering sudden change and facing immediate financial hardship in coping with their daily food expenditure. Like any welfare schemes, there is asset limits requirement. Newly unemployed and underemployed individuals and families may not be eligible for the service if their assets exceed the asset limits.

In this regard, it is proposed that the asset limits of this food bank service should be relaxed by pitching to those of the Working Family Allowance Scheme. Again taking a four-person household as an example, the asset limits will be raised from HK\$264,000 to HK\$548,000. We expect additional commitment of about HK\$430 million, which can benefit around 120 000 additional service users.

We hope that the two additional measures will provide some temporary relief on the financial burden of needy individuals and families in Hong Kong.

Well until we meet again, take care and stay healthy.

Yours sincerely,
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