

**SUPPLEMENTARY NOTE TO  
ITEM FOR FINANCE COMMITTEE  
[FCR(2010-11)60]**

**HEAD 90 – LABOUR DEPARTMENT  
Subhead 700 General non-recurrent  
New Item “Work Incentive Transport Subsidy Scheme”**

**PURPOSE**

This supplementary note presents enhancements to the proposal for the Work Incentive Transport Subsidy (WITS) Scheme in FCR(2010-11)60, which will lead to an increase in the new commitment from \$4,295 million to \$4,805 million. Members are invited to approve the proposal set out in FCR(2010-11)60 as revised by this note.

**ENHANCEMENTS TO PROPOSAL**

2. We propose to further enhance the WITS Scheme as follows –
  - (a) Income threshold for 2-member household

We proposed in FCR(2010-11)60 to set the income threshold for 2-member households at \$10,000. We now propose to raise it to \$12,000. The references to “\$10,000” in paragraph 11 and Enclosure 1 of FCR(2010-11)60 are therefore revised to “\$12,000”.

(b) Working hour requirement and level of subsidy

We proposed in FCR(2010-11)60 a minimum working hour requirement of 72 hours per month with a flat rate of \$600 per month. We now propose that applicants who work for less than 72 hours but at least 36 hours per month will receive WITS at half-rate (i.e. \$300 per month), subject to their meeting other eligibility criteria. Paragraphs 13 and 15 of FCR(2010-11)60 are therefore revised as “Applicants who work for a minimum of 72 hours per month will be eligible for the full rate of \$600 per month while those who work for less than 72 hours but at least 36 hours per month will be eligible for the half rate of \$300 per month.”

3. In addition to the comprehensive review of the WITS Scheme envisaged in FCR(2010-11)60, we now propose to also conduct a mid-term review having regard to the experience gained during the first year of operation. Paragraph 17 of FCR(2010-11)60 is therefore revised by adding at its end “A mid-term review will also be carried out having regard to the experience gained during the first year of operation.”

## **FINANCIAL IMPLICATIONS**

4. In view of the above proposed enhancement, we estimate that the number of persons who can meet the eligibility criteria for income levels and working hours will rise from 377 500 in paragraph 21 of FCR(2010-11)60 to 436 000. Adopting the same subscription rate assumed in FCR(2010-11)60, we estimate that 218 000 will come forward to apply for WITS (instead of 188 750 in paragraph 21 of FCR(2010-11)60).

5. The implementation of the WITS Scheme with the proposed enhancement above will require a non-recurrent commitment of \$4,805 million for the initial three years (instead of \$4,295 million in FCR(2010-11)60). The financial implications set out in paragraph 21 of FCR(2010-11)60 are revised as follows –

	<b>Financial implications (\$ million)</b>
Subsidy payment	4,587
Other charges (e.g. cost of engaging non-civil service contract staff, data preparation and other operating expenses)	130
Accommodation and related expenditure	61
Publicity and promotion	10
Contingency	17
<b>Total</b>	<b>4,805</b>

6. The estimated cash flow of the WITS Scheme in paragraph 22 of FCR(2010-11)60 is revised as follows –

<b>Financial Year</b>	<b>\$ million</b>
2011-12	1,221
2012-13	1,581
2013-14	1,580
2014-15	423
<b>Total</b>	<b>4,805</b>

## **IMPLEMENTATION**

7. Subject to Members' approval of the funding proposal at this meeting on 18 February 2011, our plan is to start receiving WITS applications from October 2011 onwards. For the first round of application, 1 April 2011 or the FC approval date, whichever is the later,

will be deemed the effective date for subsidy payment. This means that if funding approval is obtained on 18 February 2011 as planned, we can launch the WITS Scheme in October 2011 and applicants may immediately apply for WITS for the previous six months dating back to April 2011, or submit an application later covering a longer payment period (that for a full-year payment can be submitted on or after 1 April 2012).

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Labour and Welfare Bureau  
February 2011