

## Press Releases

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SLW on Work Incentive Transport Subsidy Scheme

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Following is the transcript (English portion) of the remarks by the Secretary for Labour and Welfare, Mr Matthew Cheung Kin-chung, on the Work Incentive Transport Subsidy Scheme at a media stand-up today (February 11):

We announced the details of the proposed Work Incentive Transport Subsidy Scheme last December. Since then, there have been a lot of views from legislators, political parties and various stakeholders. Having considered very carefully the views made, we have revised and enhanced the proposed scheme. In doing so, let me stress that we seek to strike a reasonable balance between devising a sustainable and viable scheme to assist more low-income earners on the one hand, and ensuring the prudent and equitable use of public resources on the other.

Specifically, we propose to raise the income limits for small-size households. Under the new proposal, the income limit for two-member households will be increased from \$8,500 to \$10,000, while that for the three-member households from \$12,000 to \$13,000.

Let me stress that this represents a significant relaxation. We estimate that some 378,000 employed persons would fall within the revised income thresholds and meet the working-hour requirement under the Scheme. This amounts to an increase of some 48,000 persons over the original proposal.

Assuming that half of them will apply for the scheme and can meet the criteria, we estimate that implementation of the revised and enhanced Scheme will require a non-recurrent financial commitment of \$4,295 million or \$4.3 billion for the initial three years, an increase of about \$500 million over the original proposal, a very solid commitment on the part of the Administration.

We will seek the funding approval of the Finance Committee of the Legislative Council next Friday (February 18). Subject to the Finance Committee's approval at that meeting, we plan to start receiving applications from October this year and will make April 1, 2011, as the effective date for subsidy payment. This means that applicants may immediately apply for subsidy amounting to \$3,600 for the previous six months dating back to April this year.

We have carefully considered the suggestion of adopting a so-called "dual-track" approach for the means test. That is allowing applicants to choose to be means-tested either on an individual or household basis. Our considered view is that a household-based means test is more equitable than one that assesses only the individuals' income and assets. This is because a household-based approach will enable a full assessment of the overall economic situation of the household. This will meet our policy objective of easing the financial burden of low-income families in greater need, especially those with a sole bread-winner. A household-based means test is also in line with other government financial assistance schemes.

We have also carefully considered the suggestion of relaxing the requirement for a minimum of 72 working hours to be eligible for the subsidy. Given that a full-time job will usually involve 180 to 208 hours a month and our policy objective is to encourage more substantive employment which entails longer working hours, we have decided to maintain the 72-

hour per month requirement. It is noteworthy that this requirement is already a key feature of the current Transport Support Scheme and many part-time workers already benefited from this arrangement.

We think that the most pragmatic and effective way to support part-timers who wish to increase their employment earnings is to help them seek more part-time jobs. To this end, the Labour Department and Employees Retraining Board will step up their supporting service from April onwards.

I hope that the revised proposal will receive the funding support of the Finance Committee so that we can roll out the scheme as soon as possible for the benefit of the many low-income earners.

Reporter: You have turned down two major issues raised by political parties and unions. How confident are you that you will get the funding approval? Would there be more room for improvement, like relaxation?

Secretary for Labour and Welfare: Well, I am afraid this is our final package. We have spent a lot of time looking at it, at a very high level, and we have made a very important relaxation this time which will benefit quite a lot of people. In fact, when compared with the previous scheme, an extra of 48,000 persons will be included because of the enhanced income thresholds. So this is a very important step forward and very practical improvement in many ways. I have been talking and liaising with political parties and LegCo members. Reaction so far is mixed but I am sure in the next few days as they understand more about the merit of the proposal, more LegCo members will be convinced. After all, we are talking about 380,000 people will benefit. So the earlier we kick off the scheme, the better for the general community.

(Please also refer to the Chinese portion of the transcript.)

Ends/Friday, February 11, 2011  
Issued at HKT 19:59

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