

For information

Legislative Council Subcommittee on Poverty

Implementation of the Low-income Working Family Allowance Scheme

Purpose

This paper briefs Members on the implementation of the Low-income Working Family Allowance (LIFA) Scheme.

Background

2. On 16 January 2015, the Finance Committee noted the parameters and implementation framework of the LIFA Scheme and approved funding proposals for taking it forward. The key parameters of the LIFA Scheme are summarised in **Annex I**. Following the funding approval, the former Student Financial Assistance Agency was renamed the Working Family and Student Financial Assistance Agency (WFSFAA) with effect from 1 March 2015, with the Working Family Allowance Office (WFAO) established under WFSFAA to take forward the necessary planning and preparatory work of the LIFA Scheme, including the formulation of the operational details of the LIFA Scheme, the leasing and fitting-out works of office premises, the development and installation of an information technology (IT) system and office automation (OA) facilities, as well as hiring and training of staff for the administration of the LIFA Scheme.

Launch of the LIFA Scheme

3. WFAO has been working at full steam to prepare for the implementation of the LIFA scheme. The fitting-out works of the office premises and the development of the IT system are on schedule, and WFAO aims to start receiving applications for the LIFA Scheme from 3 May 2016 after completing in the coming months the remaining preparatory work in conducting user tests, privacy impact and security risk assessment and system trial run for the IT system, recruitment, staff training, as well as publicity and promotion for the roll-out.

Application by Phases

4. The claim period of LIFA covers the past six months on the basis of proof of eligibility for each calendar month in the claim period. To avoid bunching of applications that may be received upon the roll-out of the LIFA Scheme and even out peak periods in subsequent cycles of applications, the intake of the first round of applications and disbursement of allowances will be staggered in three phases. Notwithstanding this, the first claim period for all applicants will start from the same month, with Phase II and Phase III applications covering a longer period than six months in the first round of applications. The Scheme will be open for applications according to the following timetables –

Phase 1 (May 2016)	Families with 4 persons or more (claim period from November 2015 to April 2016 – six months)
-------------------------------------	---

Phase 2 (June 2016)	Families with 3 persons (claim period from November 2015 to May 2016 – seven months)
--------------------------------------	---

Phase 3 (July 2016)	Families with 2 persons (claim period from November 2015 to June 2016 – eight months)
--------------------------------------	--

Application Arrangements

5. Copies of the application form will be made available from April 2016 onwards at various Government offices, including WFAO and the Student Finance Office (SFO) of WFSFAA, Public Enquiry Service Centres of the Home Affairs Department (HAD), District Social Welfare Offices of the Social Welfare Department (SWD) and the Work Incentive Transport Subsidy (WITS) Division of the Labour Department (LD). The form will also be available for downloading at WFAO's homepage. Applicants may return the completed application forms together with documentary proof by mail to WFAO or by placing them into the LIFA Drop-In Boxes in WFAO

and SFO of WFSFAA, the District Social Welfare Offices of SWD and the WITS Division of LD. A specially designed envelope will be provided for the submission of application by post or through the LIFA Drop-in Boxes. Applicants will receive acknowledgement receipt by SMS or mail.

6. LIFA applications should be made on a family (two persons or above) basis with a working member meeting the working hour requirements as applicant. Where necessary, WFAO will contact the applicant, family members and/or concerned parties for supplementary information. Appropriate safeguards against abuse will be built in through random checks including office interviews, home visits and/or authentication of application details with third parties as necessary. Applicants will be notified of the application results after vetting of the applications and any allowance approved will be paid directly to the applicants' bank accounts.

Applicable Income and Asset Limits

7. The first income limits for the LIFA Scheme are set at 50% and 60% respectively of the Median Monthly Domestic Household Income (MMDHI) as at the second quarter of 2015 for the full rate and half rate of allowances respectively. The first asset limits are the 2015/16 asset limits of public rental housing (PRH)¹. Details are set out at **Annex II**. The asset limits will be adjusted annually on 1 April following the adjustment of PRH's asset limits on the same day and the income limits will also be adjusted annually on 1 April each year based on the then available quarterly MMDHI level to synchronise with the adjustment cycle of the asset limits. Accordingly, the income and asset limits for the claim months from April 2016 to March 2017 will be adjusted and publicised on 1 April 2016.

Publicity

8. WFAO will start promoting the LIFA Scheme through various channels to publicise the eligibility criteria for LIFA, the application arrangements and the documentary proof a LIFA applicant would need to keep from November 2015 onwards if he/she plans to apply for LIFA in the three phases of the first round of applications. Apart from broadcasts on television

¹ LIFA's asset test will generally be set at the same level as that of PRH except that the value of the self-occupied property will not be counted towards the asset of the family.

and radio, posters will be displayed and leaflets distributed at a large number of Government offices and public organisations including WFSFAA, HAD, SWD, LD, the Housing Department, the Transport Department, the Food and Environmental Hygiene Department, the Leisure and Cultural Services Department, the Employees Retraining Board, the Construction Industry Council, the Vocational Training Council, etc. Briefings on the eligibility criteria and application arrangements will also be organised for interested groups, including District Council Members, non-government organisations, and ethnic minority groups. Information about the LIFA Scheme is available on the LIFA website and a LIFA calculator will be provided on the website to facilitate anyone interested in LIFA to try calculating approximately the amount of allowance that one would be eligible for. A 24-hour LIFA hotline (2558 3000), in addition to the 1823 enquiry, will also be operated to answer enquiries.

9. WFAO will start to publicise as to how the application form is to be filled in when copies of the application form are distributed in April 2016. Depending on the interest of the interested groups, WFAO will also organise briefings on how to fill in the forms from March 2016 onwards. Each phase of applications will be publicised through television and radio broadcasts, press releases, posters and leaflets.

Conclusion

10. We will continue making preparation for the launch of the LIFA Scheme and closely follow through its implementation.

11. Members are invited to note the content of this paper.

**Labour and Welfare Bureau
Working Family and Student
Financial Assistance Agency
24 November 2015**

Key Parameters of the LIFA Scheme

- (a) Each eligible LIFA family must consist of two or more members, with at least one being a working member meeting the working hour requirement¹ of 144 hours per month, and the family meeting the income and asset tests;
- (b) Each eligible LIFA family with a family income within the 50% of the Median Monthly Domestic Household Income (MMDHI) threshold can receive a Basic Allowance (\$600 per month) and a Child Allowance (\$800 per month) for each eligible child² in the family;
- (c) Each eligible family can receive a Higher Allowance (\$1,000 per month) if the applicant reaches a higher working hour threshold of 192 hours per month;
- (d) If a LIFA applicant is a single-parent³, the two-tiered working hour requirements for the applicant is 36 hours per month (for receiving a Basic Allowance of \$600 per month) and 72 hours per month (for receiving a Higher Allowance of \$1,000 per month);
- (e) Families (including those whose applicants are single-parents) meeting all the eligibility criteria but with a family income exceeding 50% of MMDHI but not higher than 60% of MMDHI can receive a half Basic or Higher Allowance (\$300 or \$500 per month depending on the number of working hours reached by the applicant) and a half Child Allowance (\$400 per child per month);

¹ The paid holidays/leave/absence from duty of a LIFA applicant will be allowed to count towards the working hour requirements.

² An eligible child has to be aged below 15, or aged between 15 and 21 receiving full-time education (but not post-secondary education).

³ For the purpose of deciding the eligibility for the lower working hour threshold, single-parent refers to one having his/her youngest child living with him/her aged below 15.

- (f) Each member of a LIFA-receiving family must be living in Hong Kong. He/She is allowed to be absent from Hong Kong for not more than 30 days⁴ within each claim period of six months. If any member is absent from Hong Kong for more than 30 days, instead of disqualifying the family for the entire claim period, the family will still be eligible for LIFA for the claim month(s) in which the family member is not away from Hong Kong for more than 5 days; and
- (g) The applicant must not benefit from the individual-based Work Incentive Transport Subsidy (WITS) and the family must not benefit from the Comprehensive Social Security Assistance and household-based WITS at the same time⁵.

⁴ A LIFA family member's absence from Hong Kong as required by gainful employment during the claim period may be disregarded.

⁵ Whilst family members may benefit from the Old Age Living Allowance and the pilot Carer Allowance Scheme and members other than the applicant can benefit from the individual-based WITS, these will be counted towards the family income in the income test.

**Asset and Income Limits of the LIFA Scheme
(November 2015 to March 2016)**

Number of family members	Family income per month (does not exceed 50% of MMDHI)	Family income per month (exceeds 50% but is not higher than 60% of MMDHI)	Family asset limits
2 persons	≤\$9,000	>\$9,000 - \$10,800	\$320,000
3 persons	≤\$14,100	>\$14,100 - \$16,900	\$417,000
4 persons	≤\$17,700	>\$17,700 - \$21,200	\$487,000
5 persons	≤\$18,300	>\$18,300 - \$22,000	\$541,000
6 persons	≤\$20,200	>\$20,200 - \$24,200	\$585,000

Notes:

1. The limits for families with more than 6 persons are available at lifa.gov.hk.
2. The limits will be adjusted on 1 April each year.
3. Self-occupied properties are not counted as family assets.