

**For discussion
on 12 June 2017**

Legislative Council Panel on Welfare Services

**Implementation of the Low-income
Working Family Allowance Scheme and
Progress of Preparation for Policy Review on LIFA Scheme**

Purpose

This paper briefs Members on the implementation of the Low-income Working Family Allowance (LIFA) Scheme and progress of the preparation for the comprehensive policy review on the LIFA Scheme.

Implementation of the LIFA Scheme

2. The LIFA Scheme was launched in May 2016. Its objective is to encourage self-reliance of low-income families through employment, with a focus on supporting families with youths and children to ease intergenerational poverty. As at 2 June 2017, over 74 000 applications have been received, of which over 55 000 applications have been approved with a total amount of allowances disbursed at over \$640 million. Around 119 000 persons have benefited from the Scheme. Of these persons, around 52 000 are children or youths.

3. Since its implementation, we have been undertaking measures to refine the Scheme and to make the application process more user-friendly. Apart from abolishing the absence rule¹ since 6 December 2016, the Working Family Allowance Office (WFAO) under the Working Family and Student Financial Assistance Agency has, having regard to the feedback from LIFA applicants and in the light of operating experience, simplified the application form to make it easier to fill in.

¹ The abolished absence rule originally required all household members included in a LIFA application not to be absent from Hong Kong for more than 30 days in any six-month claim period.

4. To answer potential applicants' questions about the application procedures and filling in the application form, WFAO has been sending staff to set up enquiry desks at the ground lobbies of various Government Office buildings from time to time since October 2016, and at the Housing Authority Customer Service Centre at Lok Fu since November 2016. During the period from 1 January to 15 May 2017, non-governmental organisations (NGOs) were commissioned to provide form-filling support service for new LIFA applicants, and about 380 new applications were received from the NGOs.

Policy Review on the LIFA Scheme

5. The Government has undertaken to conduct a comprehensive policy review on the LIFA Scheme one year after its implementation. Areas to be examined include the impact of the LIFA Scheme on poverty alleviation and work incentive, key parameters of the LIFA Scheme, the LIFA Scheme's interfacing with other government assistance schemes, and operational issues such as application procedures and effectiveness of publicity and promotional efforts.

6. To prepare for the policy review, apart from the administrative data relating to the LIFA applications, a survey was commissioned to gather other relevant data such as the employment related information of the members of LIFA families (e.g. economic activities status, number of paid working hours before and after receiving LIFA), behavioral changes related to the implementation of the LIFA Scheme (e.g. work pattern, types of government allowance/subsidy given up for applying LIFA, etc.), as well as difficulties encountered in relation to the application process. The survey is expected to be completed by the end of June 2017 and the findings will be fully considered in the policy review.

7. A few additional questions have also been included in the Census and Statistics Department's General Household Survey to identify the reasons for not applying for LIFA if the respondents' households were, prima facie, eligible for LIFA in terms of income and working hours. The General Household Survey will be completed by July 2017 and the findings will be

fully considered in the policy review.

8. We have been receiving feedback and suggestions from concern groups and stakeholders on various aspects of the LIFA Scheme. Major suggestions from concern groups and stakeholders such as relaxing the income limits and the working hour requirements, allowing working hours of all family members to aggregate, extending the Scheme to cover one-person households, introducing an adjustment mechanism for the rates of allowance, etc. All these suggestions will be carefully considered in the policy review.

Next steps

9. We will examine the data available and continue to engage the concern groups and stakeholders to collect their views and feedback on the design and implementation of the Scheme, with a view to coming up with proposals for improving the Scheme before the end of 2017.

Advice Sought

10. Members are invited to note the content of this paper and to provide comments.

Labour and Welfare Bureau
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