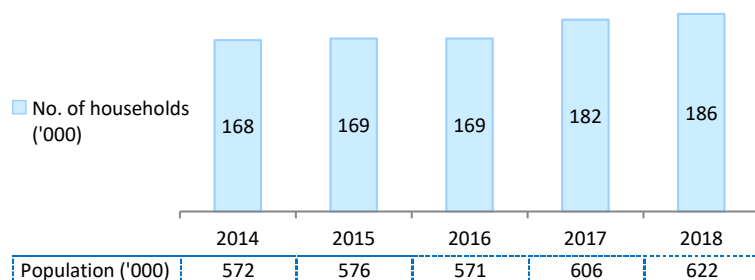




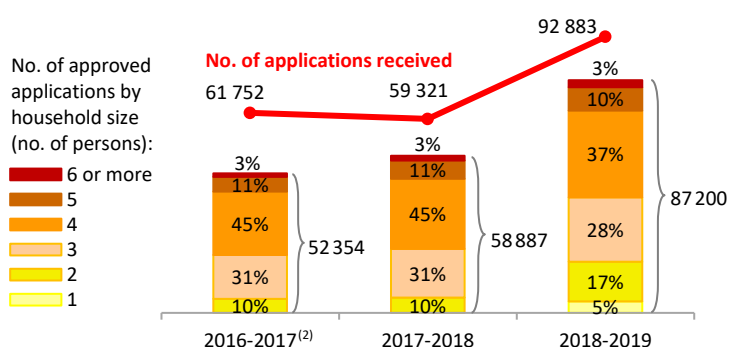
Working Family Allowance Scheme

Figure 1 — No. of non-CSSA working poor households⁽¹⁾



Note: (1) The poverty situation is determined based on the pre-tax monthly household income excluding all social cash benefits. The poverty line thresholds are 50% of the median monthly household income before policy intervention of corresponding household size.

Figure 2 — No. of applications received⁽¹⁾ and approved



Notes: (1) The claim period of an application covers the immediate past six calendar months before the submission of the application.
(2) The LIFA Scheme commenced in May 2016.

Figure 3 — Amount of allowance granted⁽¹⁾

	2016-2017 ⁽²⁾		2017-2018		2018-2019	
	HK\$ Mn	% of cases ⁽³⁾	HK\$ Mn	% of cases	HK\$ Mn	% of cases
Higher Allowance (current full-rate: HK\$1,200 per month)						
Full-rate	212.0	69.5%	238.4	70.3%	397.8	63.9%
3/4-rate ⁽⁴⁾	--	--	--	--	79.0	18.1%
Half-rate	29.0	20.9%	30.5	19.8%	22.2	8.9%
Medium Allowance (current full-rate: HK\$1,000 per month)						
Full-rate	--	--	--	--	23.4	4.8%
3/4-rate	--	--	--	--	3.6	1.1%
Half-rate	--	--	--	--	0.8	0.4%
Basic Allowance (current full-rate: HK\$800 per month)						
Full-rate	13.8	8.0%	15.4	8.4%	8.9	2.5%
3/4-rate	--	--	--	--	0.6	0.2%
Half-rate	1.3	1.7%	1.2	1.5%	0.1	0.1%
Total	256.1	100%	285.4	100%	536.4	100%

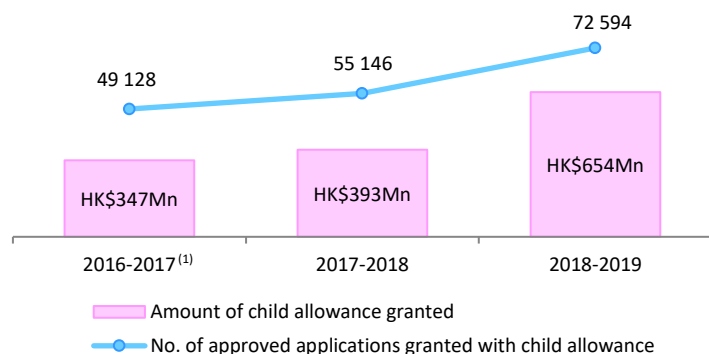
Notes: (1) The applicant is granted the allowance for each month in which the eligibility criteria are met in the six-month claim period.
(2) The LIFA Scheme commenced in May 2016.
(3) Figures refer to the percentages of approved applications granted with the specific type of allowance.
(4) An additional layer of 3/4-rate between the full-rate and half-rate allowances was introduced in 2018-2019.

Highlights

- In 2018, there were around 186 000 working poor households not receiving assistance under the Comprehensive Social Security Assistance ("CSSA") Scheme (**Figure 1**). The stigma attached to CSSA recipients might discourage the working poor from applying for the social benefit even if they are eligible.
- In order to alleviate the financial burden of those households while encouraging them to be self-reliant through employment, the Government launched the means-tested Low-income Working Family Allowance ("LIFA") Scheme in May 2016 and renamed it as the Working Family Allowance ("WFA") Scheme in April 2018. A household meeting the income and asset limits and working hour requirements may apply for a Basic Allowance, Medium Allowance or Higher Allowance. Depending on the household income, the allowances may be granted at full-rate, 3/4-rate or half-rate.
- Between 2016-2017 and 2017-2018, the annual number of applications for LIFA, with each application covering a six-month claim period, totalled around 60 000. Subsequent to a review of the LIFA Scheme and the enhancements introduced since April 2018, including extending the Scheme to cover singleton households, relaxing the income limits and raising the rates of allowances, the number of applications for WFA surged to 92 883 in 2018-2019 with an approval rate of about 94% (**Figure 2**).
- Between 2016-2017 and 2018-2019, around 60% to 70% of the beneficiaries each year were granted with Higher Allowance at a full-rate (**Figure 3**). Another 20% to 30% who had met the higher monthly working hour requirement but earned relatively higher income had received Higher Allowance at 3/4- and/or half-rate.
- The total amount of WFA granted stood at HK\$536.4 million in 2018-2019, more than doubled the amount granted for LIFA in 2016-2017, in line with the 67% increase in approved applications during the period and the increase in the allowance rates since April 2018. In 2018-2019, the average amount of WFA granted for each approved application was about HK\$6,151 for a six-month claim period.

Working Family Allowance Scheme (cont'd)

Figure 4 — Applications granted with child allowance



Note: (1) The LIFA Scheme commenced in May 2016.

Figure 5 — No. of times beneficiary households granted with LIFA/WFA between May 2016 and February 2019

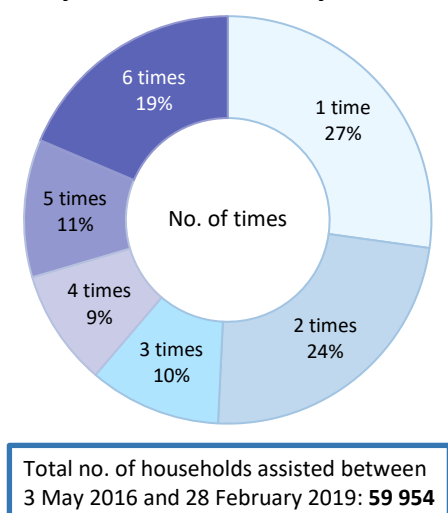


Figure 6 — Effectiveness of the LIFA/WFA Scheme

	2017	2018
No. of beneficiary households ⁽¹⁾	39 100	52 600
Poverty alleviation effectiveness in terms of reduction in: ⁽²⁾		
- No. of poor households	7 000	11 400
- Size of poor population	26 500	42 400
- No. of poor children	11 600	17 500

Notes: (1) Some beneficiary households might have monthly household income slightly above the poverty line in light of the two-tier (for LIFA)/three-tier (for WFA) income criteria of the Scheme.

(2) Poverty alleviation effectiveness is calculated by comparing the pre-intervention figures with the post-intervention (involving provision of recurrent cash benefits) figures.

Highlights

- In order to ease intergenerational poverty among the working poor households, each eligible child in the household granted with WFA is also provided with a child allowance of up to HK\$1,000 per month. In 2018-2019, 72 594 approved applications were granted with a child allowance, up from 49 128 in 2016-2017. The total amount of child allowance granted amounted to HK\$654 million in 2018-2019 (Figure 4). The average amount granted was around HK\$9,000 per approved application for a six-month claim period.
- Between May 2016 and February 2019, around 60 000 households were supported under the LIFA/WFA Scheme. Indeed, about three-quarters of the beneficiary households had applied for support repeatedly, reflecting their heavy financial burden and need for continuous support (Figure 5).
- According to the Government, the WFA Scheme had lifted 11 400 non-CSSA working poor households out of poverty in 2018 (Figure 6), compared with 7 000 in 2017. The marked improvement in poverty alleviation effectiveness of the Scheme was contributed by the implementation of the enhancement measures since April 2018. Nonetheless, some 16 000 households were still living below the poverty line in 2018 after receiving WFA, with an average monthly poverty gap of about HK\$2,600. Besides, about 96 600 non-CSSA working poor households had yet to apply for WFA though they had met the income and working hour requirements in 2018.
- The Government has indicated that it will continue to promote WFA and assist eligible households in applying for the allowance. Recently, the Government has proposed to increase the payment rates of the Basic Allowance, Medium Allowance and Higher Allowance of WFA by 25%, 20% and 16.7% respectively in the second quarter of 2020. Child allowance would also be increased by 40%.

Data sources: Latest figures from Census and Statistics Department, Labour and Welfare Bureau, and Working Family and Student Financial Assistance Agency.

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