

Adjustments to the Means Test Limits of the Work Incentive Transport Subsidy (WITS) Scheme

- The income and asset limits for the means test of the WITS Scheme were set having regard to relevant data in the second quarter of 2010. Since then, there have been significant changes to Hong Kong's economic situation and the income levels of our target beneficiaries.
- We see a need to update the means test limits to keep pace with the changes and better serve our policy objectives. This will be a technical exercise guided by the benchmarks for setting the original limits.
- The **income limits** will be updated with reference to the latest median household income figures so that they remain at more or less the same level of the median as at the second quarter of 2010 when the limits were first set¹. In the following table, we use the income figures of the third quarter of 2011 to illustrate the adjustment methodology. For the actual updating, we will make reference to the latest figures (i.e. those of the fourth quarter of 2011) to be published on 21 February 2012.

Household size	Current income limit	% of median household income	Updated income limit ²	Increase	Effective income level ³
1	\$6,500	98.5%	\$7,300 (98.6%)	\$800 (12.3%)	\$7,684
2	\$12,000	84%	\$13,300 (84.2%)	\$1,300 (10.8%)	\$14,000
3	\$13,000	65%	\$14,300 (65.0%)	\$1,300 (10.0%)	\$15,052
4	\$14,000	60%	\$16,200 (60.0%)	\$2,200 (15.7%)	\$17,052
5	\$14,500	60%	\$16,700 (59.9%)	\$2,200 (15.2%)	\$17,578
6 or above	\$16,000	60%	\$18,000 (60.0%)	\$2,000 (12.5%)	\$18,947

¹ The original income limits for 1-member household was close to the median, and that for 2- and 3-member households were set at about 84% and 65% of the relevant median household incomes in the second quarter of 2010. For bigger households, the limits were close to 60% of the median.

² Rounded to the nearest 100. The figures in () denote the percentages of median household income of the third quarter of 2011 (excluding foreign domestic helpers).

³ Under the WITS Scheme, "income" does not include employee's mandatory contribution to a Mandatory Provident Fund (MPF) Scheme (i.e. 5% of employees' salary). "Effective income level" refers to the household income before deducting mandatory employees' MPF contribution.

- The **asset limits** will be raised to 3 times the corresponding limits under the Comprehensive Social Security Assistance (CSSA) Scheme for households of all sizes⁴. The additional amount of \$35,000 for each elderly household member aged 60 or above will remain unchanged. The adjusted asset limits are as follows:

Household size	Current asset limit⁵	Adjusted asset limit	Increase
1	\$44,000	\$72,000	\$28,000 (63.6%)
2	\$60,000	\$99,000	\$39,000 (65.0%)
3	\$90,000	\$148,500	\$58,500 (65.0%)
4	\$120,000	\$198,000	\$78,000 (65.0%)
5	\$150,000 ⁶	\$198,000 ⁷	\$48,000 (32.0%)
6 or above	\$180,000 ⁶	\$198,000 ⁷	\$18,000 (10.0%)

- The Labour Department will make necessary administrative arrangements for the new limits to take effect from March 2012.
- Sufficient funding has been earmarked for implementation of the WITS Scheme. Additional funding is not required for implementing the updated new limits. We shall notify the Finance Committee of the Legislative Council by way of an Information Note.

Labour and Welfare Bureau
Labour Department
February 2012

⁴ The original asset limits were about 2 to 3 times of the corresponding limits under the CSSA Scheme, i.e. 2 times for households with up to 4 members, and 2.5 to 3 times for bigger households. (Also see footnote 6 below)

⁵ \$35,000 will be added to the asset limit for each elderly member aged 60 or above.

⁶ Under the CSSA Scheme, the highest asset limit applies to households with 4 or more members. The asset limit under the WITS Scheme is 2.5 times of that for 5-member households and 3 times of that for households with 6 or more members.

⁷ The adjusted asset limits for households with 5 members and 6 or more members are 3 times of the highest asset limit under the CSSA Scheme.