

For discussion on  
3 December 2012

## **Legislative Council Panel on Manpower**

### **Proposed enhancement of the Work Incentive Transport Subsidy Scheme**

#### **Purpose**

The Administration has completed a mid-term review of the Work Incentive Transport Subsidy (WITS) Scheme. This paper briefs Members on our findings and enhancement proposals.

#### **Background**

2. To relieve the burden of work-related travelling expenses on low-income households with employed members and to promote sustained employment, the territory-wide WITS Scheme has started receiving applications from October 2011. The existing eligibility criteria for WITS are as follows:

- (a) be employed or self-employed, and be lawfully employable in Hong Kong;
- (b) incurring travelling expenses in commuting to and from work;
- (c) meeting the monthly income and asset limits of the household; and
- (d) working no less than 72 hours per month (if applying for full-rate subsidy of \$600 per month), or working less than 72 hours but at least 36 hours per month (if applying for half-rate subsidy of \$300 per month).

3. We have undertaken to carry out the mid-term review of the WITS Scheme to take account of the operational experience in the first year. We will also conduct a comprehensive review after three years of operation.

## **Operation of the WITS Scheme**

4. During the period from October 2011 to 25 November 2012, the WITS Scheme received 70 549 applications involving 49 406 applicants. As applicants may apply for WITS for the previous six to 12 months (with subsidy payment counting from April 2011 the earliest) in each application, some 40% of these applicants had submitted more than one round of applications. The gross counts of applicants received stood at 77 495.

5. As at 25 November 2012, a total subsidy payment of \$210.2 million was granted to 36 096 applicants. Over 40% of these recipients were approved with WITS in more than one round of applications, and the gross counts of successful applicants totalled 54 609. Of these, 92% received full-rate subsidy (\$600 per month for the eligible period), 2% half-rate subsidy (\$300 per month), and the remaining 6% a mix of full-rate and half-rate subsidies for different months.

## **Review findings and enhancement proposals**

6. We have taken the initiative of advancing the mid-term review of the WITS Scheme from October 2012 to August 2012. Our review findings and enhancement proposals are set out in the ensuing paragraphs.

### ***Additional option of individual-based applications***

7. The WITS Scheme has adopted household-based applications, with the income and asset limits set according to the household size, in order to assist low-income earners who are the sole or main breadwinner of the household. Among those successful applicants (gross total counts) mentioned above, the personal income of 64% of them exceeded the threshold set for a single-person household but they were able to receive WITS by meeting the household income and asset limits.

8. Notwithstanding this, we have carefully reviewed the need for allowing the additional option of individual-based applications. As the Administration announced on 31 August 2012, we propose to relax the WITS Scheme by providing for the option of individual applications as an alternative to household applications. Under the proposal, applicants meeting the personal income and asset limits (viz. those for the single-person household) as well as other eligibility criteria can apply for WITS on their own, instead of as a household. Members of the same household can together choose to be

assessed individually or as a household, and the choice of individual or household assessment can be made upon fresh application and re-application in every six to 12 months. As a transitional arrangement, since applicants who adopt individual applications may qualify for WITS of less than six months on a household basis before the effective claim month of the new measure, they can apply for WITS of less than six months under such circumstances.

9. The option of allowing individual-based applications will make the WITS Scheme more flexible, accessible and user-friendly. Applicants undergoing individual-based assessment need not report the details and financial position of their household members. We will simplify the application form correspondingly to reduce the information to be provided for application. This will make the application for WITS much simpler and easier.

### ***Annual updating of monthly income and asset limits***

10. With effect from the claim month of March 2012, the income limits of the WITS Scheme have been updated with reference to the median monthly household income in the fourth quarter of 2011, and the asset limits have been raised to three times the corresponding limits under the Comprehensive Social Security Assistance (CSSA) Scheme.

11. Based on the latest statistics in the third quarter of 2012, we will raise the income limits so that they remain at a similar level of the median monthly household income as in the last adjustment exercise. The asset limits will also be increased in tandem with the adjustment to be made to the asset limits under the CSSA Scheme. Pending the comprehensive review as mentioned in paragraph 3 above, the income and asset limits of the WITS Scheme will be updated annually at the beginning of the year based on up-to-date figures.

12. The new income limits of the WITS Scheme are set out at **Annex**. The magnitude of increase will range from \$400 to \$1,600 according to the household size. For example, in the case of individual-based applications as well as single-person households, the income limit will be \$7,700. Since “income” does not include employee’s mandatory contribution to a Mandatory Provident Fund Scheme (i.e. 5% of employees’ salary), the effective income level of the applicant will be \$8,105. The asset limits of the WITS Scheme will be pegged to three times of the asset limits under the CSSA Scheme. Since the asset limits under the CSSA Scheme will be revised in February 2013, we propose that the asset limits of the WITS Scheme will make reference to the new asset limits under the CSSA Scheme.

### ***Review of subsidy rate***

13. According to the General Household Survey (GHS) in the third quarter of 2011, the average monthly expense of our target beneficiaries on public transport for travelling to and from work was \$436, and that for those working across districts was \$472, rising only slightly over the respective figures of \$410 and \$460 in the second quarter of 2010 when the subsidy rate was set. The present full-rate WITS at \$600 per month should provide sufficient support to most people in need and will be maintained. We will monitor the relevant statistics in the GHS and, where necessary, review the level of the subsidy.

### **Financial implications**

14. The Finance Committee (FC) of the Legislative Council approved on 25 February 2011 a non-recurrent commitment of \$4,805 million (time-limited up to 2014-15) for implementing the WITS Scheme. As the GHS does not collect data on the level of individual or household assets, we cannot estimate the number of additional beneficiaries under the enhancement proposals and whether the commitment will be adequate for launching these new measures. We will closely monitor the take-up rate for WITS and seek additional funding according to the established mechanism as and when necessary.

### **Implementation**

15. Subject to Members' views, we plan to submit the enhancement proposals of the WITS Scheme to the next meeting of the FC in accordance with its procedures. Upon the approval of the FC, the option of individual applications will take effect from the claim month after the month of the FC meeting. The new income and asset limits will be adopted contemporaneously.

Labour and Welfare Bureau  
Labour Department  
November 2012

**Work Incentive Transport Subsidy (WITS) Scheme  
New Monthly Income Limits**

<b>Household size</b>	<b>Current income limit</b>	<b>New income limit</b>	<b>Increase</b>	<b>Current effective income level<sup>1</sup></b>	<b>New effective income level<sup>1</sup></b>
1	\$7,300	\$7,700 <sup>2</sup>	\$400 (+5.5%)	\$7,684	\$8,105
2	\$13,400	\$13,800	\$400 (+3.0%)	\$14,105	\$14,526
3	\$14,800	\$15,300	\$500 (+3.4%)	\$15,578	\$16,105
4	\$16,400	\$17,100	\$700 (+4.3%)	\$17,263	\$18,000
5	\$16,700	\$18,100	\$1,400 (+8.4%)	\$17,578	\$19,052
6 or above	\$18,600	\$20,200	\$1,600 (+8.6%)	\$19,578	\$21,284

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<sup>1</sup> 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 income before deducting mandatory employees’ MPF contribution.

<sup>2</sup> The limit will also be applicable to individual-based applications.