

## **ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE**

### **HEAD 141 – GOVERNMENT SECRETARIAT : LABOUR AND WELFARE BUREAU**

### **HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY**

#### **Subhead 000 Operational expenses**

Members are invited to recommend to Finance Committee (FC) the following proposals for taking forward the implementation of the Low-income Working Family Allowance Scheme –

#### **Head 141 Government Secretariat: Labour and Welfare Bureau**

- (a) the creation of a supernumerary Senior Principal Executive Officer (D2) (\$136,550 - \$149,350) post upon approval by the FC up to 31 March 2016;
- (b) the creation of a permanent Principal Executive Officer (D1) (\$115,050 - \$125,800) post with effect from 1 October 2014, to be transferred on a cost-neutral basis to Head 173 with effect from 1 March 2015;
- (c) an increase in the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the permanent establishment of Head 141 from \$53,300,000 by \$42,012,060 to \$95,312,060 in 2014-15 upon

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approval by FC, and then a decrease to \$56,035,640 by \$39,276,420 from 1 March 2015 upon transfer of the relevant non-directorate posts to Head 173;

**Head 173 Student Financial Assistance Agency (to be renamed as Working Family and Student Financial Assistance Agency on 1 March 2015)**

- (d) the creation of the following permanent posts with effect from 1 March 2015 –

1 Administrative Officer Staff Grade B  
(D3) (\$158,850 - \$173,350)

1 Principal Executive Officer  
(D1) (\$115,050 - \$125,800)

- (e) an increase in the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the permanent establishment of Head 173 from \$214,561,060<sup>1</sup> by \$116,495,040 to \$331,056,100 in 2014-15.

**PROBLEM**

We need time-limited staffing support in the Labour and Welfare Bureau (LWB) to plan and spearhead the implementation of the Low-income Working Family Allowance (LIFA) Scheme and permanent manpower for the establishment of a dedicated Working Family Allowance Office (WFAO) for implementing the LIFA Scheme. We plan to establish the dedicated WFAO alongside the administration of various student financial assistance schemes under the Student Finance Office (SFO) which will take up the functions of the existing Student Financial Assistance Agency (SFAA). Both the WFAO and the SFO will hence be put under the new Working Family and Student Financial Assistance Agency (WFSFAA), with its expenditure to be charged to Head 173 which will accordingly be changed from SFAA to WFSFAA.

**/PROPOSAL .....**

<sup>1</sup> \$214,561,060 is equal to the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the establishment of Head 173 – Student Financial Assistance Agency of \$213,982,000 in the 2014-15 draft Estimates, plus a proposed increase in the NAMS value by \$579,060 vide FCR(2014-15)15 for “Mainland University Study Subsidy Scheme” issued for the FC meeting on 30 May 2014.

**PROPOSAL**

2. We propose to –
- (a) create a supernumerary Senior Principal Executive Officer (SPEO) (D2) post in LWB<sup>2</sup> upon FC's approval up to 31 March 2016 to head a Planning Team in taking forward the implementation of the LIFA Scheme;
  - (b) create a permanent Principal Executive Officer (PEO) (D1) post in LWB from 1 October 2014 to 28 February 2015 to head a Start-up Team for undertaking preparatory work for setting up the WFAO, and transfer the post on a cost-neutral basis to the WFAO under Head 173 on 1 March 2015 to head the WFAO upon its establishment;
  - (c) create a permanent Administrative Officer Staff Grade B (AOSGB) (D3) post in the WFSFAA with effect from 1 March 2015 to head the WFSFAA and to oversee the LIFA Scheme under the WFAO and various student financial assistance schemes under the SFO; and
  - (d) adjust the establishment ceiling placed on the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the permanent establishment under Head 141 and Head 173 in 2014-15 to facilitate the creation/upgrading/transfer of the necessary non-directorate posts for planning and implementation of the LIFA Scheme.

**JUSTIFICATION****The Proposed LIFA Scheme**

3. The Government's poverty alleviation policy is to encourage self-reliance through employment, while putting in place a reasonable and sustainable social security and welfare system to help those who cannot provide for themselves. The 2012 poverty statistics indicate a need to relieve the financial burden of working poor families not receiving Comprehensive Social Security Assistance (CSSA), with particular focus on children, in order to address inter-generational poverty. These families typically need to support children by a relatively smaller number of working members.<sup>3</sup> On 15 January 2014, the Chief Executive announced in the 2014 Policy Address the introduction of LIFA. There are two considerations –

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<sup>2</sup> An SPEO post has been created in LWB under delegated authority for six months from 28 February 2014 as detailed in paragraph 12 below.

<sup>3</sup> In 2012, an average non-CSSA working poor household had 1.1 working members and 0.9 of a child, while an average non-CSSA working household had 1.7 working members and 0.5 of a child.

- (a) Despite the protection offered by statutory minimum wage, many grassroots workers, as the sole breadwinners of families, still bear a heavy financial burden. Providing them with suitable assistance and encouraging them to remain employed will help keep them from falling into the CSSA safety net; and
- (b) Special attention must be paid to the children and youths of these families. Offering them appropriate support promotes upward mobility and breaks the vicious cycle of inter-generational poverty.

LIFA's design is premised on the following three basic principles –

- (a) A basic allowance will be granted on a family basis and tied to employment and working hours to encourage self-reliance. More allowance will be granted to those who work more. Families with eligible children and young members will receive additional allowance;
- (b) To ensure that limited public resources will be used to help those families most in need, there will be an income test and an asset test for LIFA; and
- (c) The structure of LIFA will be as simple and easy to understand as possible, with appropriate safeguards against abuse to ensure prudent use of public resources.

Encl. 1

4. The proposed basic features of the LIFA Scheme including inter alia its interface with the other assistance schemes are set out at Enclosure 1. Briefly, LIFA would provide a Basic Allowance (\$600 per month) to each of the eligible families<sup>4</sup> and a Child Allowance (\$800 per month) for each eligible child<sup>5</sup> in these families. This would be based on the family's passage of the asset test (which would generally apply the asset limit of public rental housing<sup>6</sup> (PRH)) and the income test (the limit of which would be set at 50% of the Median Monthly Domestic Household Income<sup>7</sup> (MMDHI)), with also the applicant meeting the

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<sup>4</sup> For LIFA Scheme, a "family" generally refers to a household covering people with close economic ties (but excluding economic ties arising from employment relationship) and living in the same premises. This will normally include family members (such as husband and wife and their dependant(s)) and those who share or are obliged to share the provisions for a living.

<sup>5</sup> An eligible child has to be aged below 15 or aged between 15 and 21 receiving full-time education (but not post-secondary education).

<sup>6</sup> The Hong Kong Housing Authority doubles the asset limit for PRH family applicants whose members are all elderly persons (aged 60 or above). No such doubling arrangement will apply to LIFA.

<sup>7</sup> This excludes income of the foreign domestic helpers.

requirement of working at least 144 hours per month. An eligible family would be paid a higher Basic Allowance (\$1,000 per month) if the applicant works 192 hours or more a month. On the other hand, families meeting all the above qualifying criteria but with a family income exceeding 50% of MMDHI but not higher than 60% of MMDHI would be given a half Basic 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). The two-tiered working hour threshold for a single-parent applicant<sup>8</sup> would be 36 and 72 hours per month.

5. It is estimated that over 204 000 low-income families (involving over 710 000 persons, including over 180 000 eligible children) could benefit from the LIFA Scheme. The allowance will be disbursed to eligible families in arrears on the basis of proof of eligibility for each calendar month over the previous six months (i.e. a claim period). With an estimated 204 000 eligible families applying for the Scheme, it is estimated that over 400 000 applications will be received annually. The annual expenditure on the Basic Allowance and Child Allowance is estimated to be around \$3.1 billion.<sup>9</sup> The community generally welcomes the proposed LIFA. The initiative is one of the top priorities of the Government and we aim to implement the LIFA Scheme in 2015.

### **Implementation Framework and Timeframe**

6. As LIFA aims to provide financial assistance to working families, particularly those with children and eligible children in these families may continue to be able to apply for textbook, transport and Internet grants administered by the SFAA, there would be some overlap in the clientele of the existing SFAA schemes and LIFA Scheme. We propose to put the administration of LIFA under the WFAO, alongside that of the SFAA undertaken by the SFO, under the same Agency known as WFSFAA.<sup>10</sup>

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<sup>8</sup> For the purpose of deciding the eligibility for the lower working hour thresholds, single-parent refers to one having his/her youngest child living with him/her aged below 15.

<sup>9</sup> The estimated number of beneficiaries and allowance amount are made assuming that 80% of eligible families would pass the asset test and come forward to apply for LIFA. Such estimates have not taken into account the following factors: (a) different family composition and characteristics, such as the number of children in a family etc., which could affect a family's choice between LIFA and other government financial assistance schemes; and (b) LIFA may induce behavioural changes, such as changes in an applicant's monthly working hours, etc.

<sup>10</sup> Schedule 1 to the Ombudsman Ordinance (Cap. 397) specifies that SFAA is subject to the Ombudsman's investigation. The new organisational structure would necessitate amendment to Schedule 1 to Cap. 397.

7. Given the substantial amount of work involved in finalising the operational details, including designing the operational workflow; formulating the approval, review and fraud prevention mechanisms; drawing up the operational manual; setting up payment arrangement, accounting and auditing procedures; designing and printing application forms etc.; and setting up the WFAO, putting in place an information technology (IT) system, staff recruitment and administrative arrangements, we would require, barring unforeseen circumstances, a lead time of 15 to 18 months after obtaining funding approval for the preparatory work before commencing the LIFA Scheme.<sup>11</sup> This is a compressed timetable, while every effort will be made to expedite the preparatory work. To fast-track the fitting-out of office premises, we will set up the WFAO by phases between 2014-15 and 2015-16. Subject to FC's approval of the relevant funding proposal on 4 July 2014, we aim to start receiving applications in the fourth quarter of 2015.

### **Need for Enhancing the Manpower in LWB**

8. LWB will continue to be the policy Bureau of the LIFA Scheme. The Poverty Team in LWB is the subject policy team for LIFA. The Poverty Team is headed by Principal Assistant Secretary (Poverty) (PAS(Poverty)) who is an Administrative Officer Staff Grade C. At the FC meeting on 21 February 2014, members approved the extension of this supernumerary post until 30 June 2017. PAS(Poverty) is supported by four non-directorate staff, i.e. one Administrative Officer, one Senior Executive Officer, one Personal Secretary I and one Assistant Clerical Officer. The Poverty Team has been working on the major features and parameters of the LIFA Scheme and considering its key interface issues with other government financial assistance schemes. Given the substantial policy work in relation to LIFA, non-directorate support in the Poverty Team would be strengthened by upgrading the post of the Administrative Officer therein to Senior Administrative Officer for three years, starting from the fourth quarter of 2014. In addition, LWB needs to set up a separate **Planning Team** to undertake a substantial amount of work in devising the implementation details in line with the underlying policies and principles. We aim at coming up with the procedures for handling the huge number of applications with minimum manpower while ensuring timely delivery of service and proper use of public money. The work includes –

- (a) formulating and setting up the modus operandi of the LIFA Scheme including the arrangements and channels for submission of application forms and for coping with the possible influx of applications upon the roll-out of the Scheme;

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<sup>11</sup> The aim is to complete the leasing and fitting-out works of office premises within ten months so that IT system installation, user acceptance test, system trial runs, security risk assessment and audit could start as early as possible for completion in another four months. At least one month will have to be allowed after that for preparing the roll-out of the Scheme.

- (b) devising the detailed definitions of the various eligibility criteria and drawing up detailed operational manuals and guidelines, schedule of authorisation, accounting, payment control and auditing mechanism, etc. to ensure consistency in processing applications by processing staff;
- (c) devising fraud prevention, detection and investigation mechanism through carefully defined risk management approach;
- (d) working out the operational arrangements in the interface of the LIFA Scheme with other financial assistance schemes administered by the Government;
- (e) developing an IT system to facilitate case processing, effecting of payment, statistical reporting and analysis, internal checking, case review and application status enquiry, which is aimed for fast-track production roll-out for implementation of the Scheme in 2015;
- (f) acquiring suitable premises and preparing phased fitting-out plan for the WFAO; and
- (g) setting up office automation facilities in the WFAO to establish the electronically enabled environment to facilitate internal business and electronic communication within the Government network.

9. The Planning Team needs to be set up under LWB urgently on a **time-limited** basis to meet the compressed timetable for implementing the LIFA Scheme in 2015 as referred to in paragraph 7 above. A **supernumerary SPEO post** will need to be created urgently to head the Planning Team. This SPEO will be underpinned by 24 non-directorate civil service staff from the Executive Officer, Analyst/Programmer, clerical and secretarial grades.

10. The proposed **SPEO** will be responsible for planning the implementation of the LIFA Scheme, steering and seeing through its roll-out, keeping watch over progress in all areas to identify bottlenecks and potential problems, resolving teething problems throughout the planning and implementation stages and proactively formulating solutions to avoid possible delays. In planning the implementation of the Scheme, he/she will also need to lead the Team in devising operational designs and formulating internal mechanisms that are easy and simple to administer while ensuring prudent use of public money. He/she will study the implementation details of other government financial assistance schemes and consider the arrangements to be made for effective interfacing with them. He/she will need to lead the team in liaising closely with bureaux/departments concerned to set out in detail the operational design for

Encl. 2 LIFA, and ensure that the arrangements devised are in compliance with data protection principles and corruption prevention as well as auditing requirements. The proposed job description of SPEO is at Enclosure 2.

11. As head of the Planning Team, the SPEO needs to have broad knowledge and wide experience in administration and operational matters, strong communication skills for liaising with other bureaux/departments to iron out interfacing issues and enlist support in fast-tracking the setting up of the WFAO, as well as rich executive experience to be able to identify areas and likely issues of concern in a cash disbursement scheme. It is considered necessary for the post to be pitched at the SPEO level.

12. In order not to cause delay in kick-starting the planning and implementation of the LIFA Scheme, a supernumerary SPEO post was created in LWB under delegated authority on 28 February 2014 pending the formal creation of the post<sup>12</sup>. The supernumerary SPEO post created under delegated authority will lapse on 28 August 2014 or upon FC's approval of the creation of the aforesaid supernumerary SPEO post, whichever is the earlier. The supernumerary SPEO post should last till 31 March 2016 to enable the post holder to oversee the roll-out of the LIFA Scheme and disbursement of LIFA to eligible families for the first payment cycle.

13. A total of 20 non-directorate civil service posts in the Planning Team will be transferred from Head 141 LWB to the WFAO under Head 173 WFSFAA upon the latter's establishment on 1 March 2015 as detailed in paragraphs 18 to 19 below. This will ensure the smooth transition for launching the LIFA Scheme. The other four non-directorate posts in the Planning Team, together with the supernumerary SPEO post, will remain in LWB up to 31 March 2016 to continue overseeing and steering the implementation of the Scheme at the bureau level, and closely monitoring the progress and implementation of the LIFA Scheme, including the publicity and roll-out plan. These five posts will lapse on 1 April 2016.

### **Need for a Start-up Team of the future WFAO**

14. For administration of the LIFA Scheme, a dedicated WFAO needs to be set up. A **Start-up Team** of the future WFAO will have to be in place gradually from the fourth quarter of 2014 to attend to the intensive preparatory work required for the future WFAO to come into operation. The required work includes close

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<sup>12</sup> The SPEO is now underpinned by a small team with a few staff on loan to LWB. 24 non-directorate posts in the Planning Team will be created upon FC's approval to provide the necessary support to the SPEO.



monitoring and fast-tracking of fitting-out works to ensure moving-in of the WFAO on schedule to allow installation of network infrastructure and IT system by phases, commencement of recruitment exercises of Non-Civil Service Contract (NCSC) staff, and setting up of the administration, personnel and accounting systems in order for the WFAO to come into operation. The Start-up Team comprising 71 non-directorate posts and headed by a **PEO** will be set up under LWB by phases<sup>13</sup> as a temporary arrangement from 1 October 2014 until the whole Start-up Team is transferred to the WFAO on 1 March 2015 as detailed in paragraphs 18 to 19 below.

15. The proposed PEO will head the Start-up Team of the future WFAO from 1 October 2014 under LWB and be transferred to the WFAO under the WFSFAA from 1 March 2015 to head the WFAO upon its establishment. He/she will closely monitor fitting-out works for office move-in by phases as scheduled and attend to the intensive preparatory work required for setting up the WFAO. Upon establishment of the WFAO, he/she will oversee the operation of the LIFA Scheme to ensure smooth operation and effective service delivery, oversee safeguards against possible abuse, keep the system under keen scrutiny and constantly fine-tune procedures in the light of operational experience. He/she is also required to plan the compilation of necessary statistics and provide analytics in support of reviews and evaluation of effectiveness of the LIFA Scheme, provide support in policy research, gauge feedback, steer operational reviews and provide the necessary support to the head of the WFSFAA on the examination on interfacing with other schemes and possible streamlining of procedures for synergy.

16. The administration of the LIFA Scheme is by no means easy given the means-tested nature, the multiple eligibility criteria and parameters and the interfacing arrangements with other financial assistance schemes. Given the magnitude of the work involved in processing the vast number of applications for disbursement of substantial amount of allowance, steer and guidance from an experienced officer with wide executive and managerial experience at a senior level is required. The head of the WFAO is responsible for overseeing the WFAO with a total of 531 staff, comprising a mix of 372 non-directorate civil servants and 159 NCSC staff. It is necessary for the post to be pitched at PEO level. The proposed job description of the PEO is at Enclosure 3.

Encl. 3

17. The existing and proposed organisation set-up of LWB are at Encls. 4 & 5 Enclosures 4 and 5.

**/Need .....**

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<sup>13</sup> Among the 72 staff for the Start-up Team, one PEO post supported by nine non-directorate posts will be created from 1 October 2014 while the other 62 non-directorate posts will be created from 1 January 2015.

### **Need for setting up the WFAO under the WFSFAA**

18. The **WFAO** will be set up<sup>14</sup> for administration of the LIFA Scheme. It will be responsible for the full range of duties from receiving applications to disbursing payments. These include collecting and processing applications, handling enquiries, approving and arranging disbursement of payments, handling complaints, conducting necessary checks and investigations where necessary to ensure prompt disbursement of allowance to eligible families while preventing possible abuse. The WFAO will also monitor feedback on the LIFA Scheme, streamline procedures for enhancement of service delivery, and provide analysis of data to assist in the review of the Scheme after its roll-out. The mix of civil servants and NCSC staff allows scope for more flexible manpower deployment according to actual workload. The long-term manpower of the WFAO will be subject to future review.

19. Taking into account the lead time required for setting up the WFAO including fitting-out of office accommodation, installation of network infrastructure and IT system and other preparatory work, the WFAO will be established and staffed from 1 March 2015. The WFAO will also start finalising the IT system development, setting up the disbursement arrangement with banks, arranging for printing and distribution of forms, etc.

### **Setting up the WFSFAA to oversee the WFAO and SFO**

20. The WFAO and the existing SFAA (to be renamed as SFO) will be placed under one dedicated agency responsible for providing financial assistance to low-income families through the LIFA Scheme administered by the WFAO and the various student financial assistance and scholarship schemes administered by the SFO. Subject to FC's approval, Head 173 SFAA will be renamed as **WFSFAA** with effect from 1 March 2015.

21. The WFSFAA will comprise the SFO which will be responsible to the Education Bureau (EDB) on financial assistance provided to students<sup>15</sup> and the WFAO which will be responsible to LWB on financial assistance provided to working families. In relation to student finance, the WFSFAA will oversee the administration of 14 financial assistance schemes covering students from pre-primary to post-secondary level as well as people pursuing continuing studies and 22 privately-donated and publicly-funded scholarship schemes, involving  
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<sup>14</sup> These include the 20 staff of the Planning Team and 72 staff of the entire Start-up Team to be transferred from LWB as referred to in paragraphs 13 and 14 above.

<sup>15</sup> Except for the Continuing Education Fund which will continue to be overseen by LWB.

altogether \$6.5 billion disbursed under various grant and loan schemes a year to some 400 000 students. The WFSFAA will also oversee the administration of the LIFA Scheme which will disburse about \$3.1 billion annually to over 204 000 low-income families, including children and young persons eligible for the child allowance. The distribution of the expenditure to be incurred by the SFO and the WFAO will be about 70% and 30% respectively. EDB will be the housekeeping bureau of the WFSFAA and the policy bureau of the SFO, whereas LWB will continue to be responsible for policy matters on LIFA.

22. After the LIFA Scheme is fully implemented and goes into smooth operation, the WFSFAA will look into possible room for achieving synergy among the SFO and the WFAO, and explore various feasible options in respect of the operations of the different schemes with a view to streamlining procedures. This would help ease the burden for needy families to make applications and submit similar documentary proof to different offices. It could also reduce the workload on the Government in the administration of the schemes.

23. The WFSFAA will be a medium sized department with nearly 1 500 staff (comprising over 900 staff of the existing SFAA and over 500 staff for the WFAO), disbursing in total some \$10 billion of public money to needy families every year. The head of the WFSFAA will be the Controlling Officer of the financial provisions for the existing SFAA and the WFAO to be charged to Head 173. He/she will be responsible for evaluating, from the operational perspective, the effectiveness of the LIFA Scheme and making recommendations on any improvement measures after rolling out the Scheme, as well as providing policy input on matters relating to student financial assistance matters, reviewing the effectiveness of the improvement measures introduced for the non-means-tested student loan schemes in the 2012/13 academic year, and leading the SFO to undergo the fundamental organisational change from its existing scheme-based structure to a function-based one, with a view to better serving the needy students and their families. In addition, he/she will also have to consider room for streamlining procedures for achieving synergy as set out in paragraph 22 above. This involves high-level strategic policy work cutting across a wide range of policy issues.

24. Having regard to the job requirements, the level of responsibility and the challenge faced by the WFSFAA, we consider it is appropriate for it to be headed by a senior directorate officer for providing the necessary steer and leadership. It is proposed that the WFSFAA head post should be pitched at the rank of **AOSGB**, to steer the operation of the WFSFAA with effect from 1 March 2015. He/she will be supported by five non-directorate civil service posts<sup>16</sup> and will report to LWB and EDB on LIFA matters and student financial assistance matters respectively. The proposed job description of the head of the WFSFAA is at Enclosure 6.

Encl. 6

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<sup>16</sup> The posts are mainly for administrative, secretarial and public relations support.

- Encl. 7 25. The proposed organisation set-up of the WFSFAA is at Enclosure 7.  
Encl. 8 The existing organisation chart of the SFAA is at Enclosure 8.

### **Adjustment in the establishment ceiling of Head 141 and Head 173**

26. The ceiling placed on the total NAMS value of all non-directorate posts in the permanent establishment under Head 141 in 2014-15 will have to be increased from \$53,300,000 by \$42,012,060 to \$95,312,060 to facilitate –

- (a) the creation/upgrading of 25 non-directorate posts in LWB as mentioned in paragraphs 8 and 9; and
- (b) the creation of 71 non-directorate posts in the Start-up Team placed under LWB before 1 March 2015 as mentioned in paragraph 14.

27. The above ceiling under Head 141 will decrease by \$39,276,420 to \$56,035,640 from 1 March 2015 upon transfer of a total of 91 non-directorate posts to Head 173, as referred to paragraphs 13 and 14 above.

28. With the proposed setting up of the WFSFAA and the WFAO on 1 March 2015, the ceiling placed on the total NAMS value of all non-directorate posts in the permanent establishment under Head 173 in 2014-15 will have to be increased from \$214,561,060 by \$116,495,040 to \$331,056,100 to facilitate the creation of a total of 377 non-directorate civil service posts in the WFSFAA from the same date (including the transfer of 91 non-directorate posts from LWB).

### **ALTERNATIVES CONSIDERED**

29. We have critically examined but found it impossible to redeploy existing PAS posts in LWB to take up the substantial work of planning and steering the implementation of the LIFA Scheme to be undertaken by the SPEO as they are all fully stretched in their heavy duties. PAS(Poverty) who is the head of the Poverty Team is already fully engaged by the policy work on LIFA and other duties, including supporting LWB's poverty alleviation work (in particular that in relation to the Commission on Poverty and its Task Forces), handling policy matters of the Child Development Fund, short-term food assistance service projects, integrated employment assistance programmes under the CSSA and welfare-related Community Care Fund programmes. There is no room for PAS(Poverty) to take up the work in planning the implementation details of the LIFA Scheme and steering its progress. The major responsibilities and schedule of work of the existing PASs in LWB are given at Enclosure 9.

Encl. 9

30. There is no existing PEO post in LWB that can share out the preparatory work for the setting up of the future WFAO as the head of the Start-up Team of the future WFAO. Although there is one PEO post in the existing SFAA, he is dedicated to assisting the Controller in overseeing the expanded scope of the SFAA functions, taking charge of the effective implementation of the improvement measures to various student financial schemes and monitoring the recovery of defaulted student loans. There is no viable alternative other than the creation of a PEO post to head the WFAO and its Start-up Team.

31. We have also carefully considered the feasibility of redeploying existing manpower in the existing SFAA to head the WFSFAA. There is currently an SPEO post in the existing SFAA. The existing SPEO is fully committed to overseeing the 14 financial assistance schemes and 22 scholarship and award schemes administered by the SFAA, and it has to be retained to head the SFO. It is impracticable for the proposed AOSGB post to take up the duties of the existing SPEO post.

Encl. 10 32. The existing duties and schedule of the SPEO and PEO posts in the SFAA are at Enclosure 10.

## FINANCIAL IMPLICATIONS

33. The additional notional annual salary cost of the proposed supernumerary SPEO post in LWB at mid-point is \$1,739,400. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,328,000.

34. The proposed permanent PEO post to be created in LWB and subsequently to be transferred to the WFSFAA will bring about an additional notional annual salary cost at mid-point of \$1,465,200, with the full annual average staff cost, including salaries and staff on-cost at \$1,954,000. As regards the proposed creation of the permanent AOSGB post to head the WFSFAA, it will bring about an additional notional annual salary cost at mid-point of \$2,019,000. The full annual average staff cost, including salaries and staff on-cost, is \$2,925,000.

35. The total additional notional annual salary cost at mid-point of the relevant non-directorate posts in LWB is \$42,012,060 and the full annual average staff cost, including salaries and staff on-cost is \$58,199,000. For the relevant non-directorate posts in the WFSFAA, the total additional notional annual salary cost at mid-point is \$116,495,040 and the full annual average staff cost, including salaries and staff on-cost, is \$166,848,000.

36. We will seek FC's approval in due course for the necessary changes to the 2014-15 Estimates for the additional provisions required for relevant Heads of Expenditure.

## PUBLIC CONSULTATION

37. We consulted the Legislative Council (LegCo) Subcommittee on Poverty on the LIFA Scheme on 27 May 2014<sup>17</sup>. Members supported the Scheme and its early implementation. On the Scheme's key parameters, some Members suggested that the upper working hour requirement be further lowered and that more generous treatment of leave be made in counting working hours. There were also suggestions of giving special treatment to people with special needs. Members noted that the Government would conduct an overall policy review one year after the Scheme's implementation. Members agreed that relevant proposals be submitted to the LegCo Establishment Subcommittee and FC.

## ESTABLISHMENT CHANGES

38. The establishment changes in LWB and SFAA for the past two years are as follows –

Establishment (Note)	Number of posts			
	As at 1 June 2014	As at 1 April 2014	As at 1 April 2013	As at 1 April 2012
<b>Head 141 (LWB)</b>				
A*	10 + (1)#	10 + (1)	10 + (1)	10 + (1)
B	29	28	28	27
C	66	66	64	64
<b>Total</b>	105 + (1)	104 + (1)	102 + (1)	101 + (1)
<b>Head 173 (SFAA)</b>				
A	2#	2	2	1
B	23	23	23	20
C	617	614	557	418
<b>Total</b>	642	639	582	439

Note:

- A - ranks in the directorate pay scale or equivalent
- B - non-directorate ranks, the maximum pay point of which is above MPS Point 33 or equivalent
- C - non-directorate ranks, the maximum pay point of which is at or below MPS Point 33 or equivalent
- \* - excluding supernumerary post created under delegated authority
- () - number of supernumerary directorate posts created with the approval of the Establishment Subcommittee and FC
- # - as at 1 June 2014, there was no unfilled directorate post in LWB and SFAA

/CIVIL .....

<sup>17</sup> Members of the LegCo Panel on Welfare Services and all other LegCo Members were invited to join the discussion.

**CIVIL SERVICE BUREAU COMMENTS**

39. The Civil Service Bureau supports the proposed creation of the permanent AOSGB and PEO posts and the supernumerary SPEO post for implementing the LIFA Scheme. The grading and ranking of the proposed posts are considered appropriate having regard to the level and scope of the responsibilities required.

**ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE**

40. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the permanent AOSGB and PEO posts would be appropriate if the posts were to be created. As the SPEO post is proposed on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

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Labour and Welfare Bureau  
June 2014

**Major Parameters of  
the Low-income Working Family Allowance Scheme (LIFA)**

Eligibility Criteria

- Eligible LIFA families<sup>1</sup> must have two or more members, with at least one being a working member. LIFA would provide a Basic Allowance (\$600 per month) to each of the eligible families and a Child Allowance (\$800 per month) for each eligible child<sup>2</sup> in these families. This would be based on –
- (a) the family's passage of the asset test: LIFA's asset test will generally be set at the same level as that of public rental housing (PRH)<sup>3</sup> and that it will be adjusted annually on 1 April following the adjustment of PRH's asset limit on the same day. While PRH applicants are not allowed to own domestic properties in Hong Kong<sup>4</sup>, LIFA will allow its beneficiary families to have properties and the value of which will be counted towards the asset of the families, with the exception of self-occupied properties;
  - (b) the family's passage of the income test: LIFA will adopt a two-tiered income threshold. The first tier will be set at 50% of the Median Monthly Domestic Household Income<sup>5</sup> (MMDHI). The second tier will be explained below. MMDHI figures are published on a quarterly basis. The actual income limits will be adjusted annually on 1 April each year based on the then available quarterly MMDHI level.<sup>6</sup> This is to synchronise with the adjustment cycle of asset limit; and
  - (c) the LIFA applicant meeting the working hour requirement of 144 hours per month.

/Families .....

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1 For the LIFA Scheme, a "family" generally refers to a household covering people with close economic ties (but excluding economic ties arising from employment relationship) and living in the same premises. This will normally include family members (such as husband and wife and their dependant(s)) and those who share or are obliged to share the provisions for a living.

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 The Hong Kong Housing Authority doubles the asset limit for PRH family applicants whose members are all elderly persons (aged 60 or above). No such doubling arrangement will apply to LIFA.

4 If sitting PRH tenants purchase domestic properties, the value of the properties will be counted towards their asset under the "Well-off Tenants Policies".

5 This excludes the income of foreign domestic helpers.

6 The first income limits for LIFA Scheme would depend on the actual launch date of the Scheme and other preparatory work.



- Families with applicants reaching the higher working hour threshold of 192 hours per month may be paid the higher Basic Allowance of \$1,000 per month. The Child Allowance of \$800 per child will not be affected by the working hour threshold being reached by the applicant.
- If the LIFA applicant is a single-parent<sup>7</sup>, his/her two-tiered working hour threshold would be lowered to 36 (for receiving \$600 Basic Allowance) and 72 hours (for receiving \$1,000 Basic Allowance) per month. He/she would also receive the Child Allowance of \$800 per child, irrespective of which working hour threshold he/she meets.
- The paid holidays/leave/absence from duty of a LIFA applicant (including single-parent applicant) will be allowed to count towards the working hour requirements for the purpose of LIFA's eligibility assessment.
- Families (including families whose applicants are single-parents) meeting all the above qualifying criteria but with a family income exceeding 50% of MMDHI but not higher than 60% of MMDHI would be given a half Basic 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).
- New-arrivals might also be eligible to apply for LIFA and be counted in a LIFA family. LIFA would exclude Hong Kong non-permanent residents who have been admitted to Hong Kong to work, study or receive training<sup>8</sup> and their dependants, as well as visitors. Each member within a LIFA-receiving family must be living in Hong Kong. Noting that there are occasions where a family member may need to be temporarily away from Hong Kong, we would allow each of the members within a LIFA-receiving family to be absent from Hong Kong for not more than 30 days within a LIFA claim period of six months. In addition, a LIFA family member's absence from Hong Kong as required by gainful employment during the claim period may be disregarded from the absence rule of 30 days.

/Interface .....

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<sup>7</sup> For the purpose of deciding the eligibility for the lower working hour thresholds, single-parent refers to one having his/her youngest child living with him/her aged below 15.

<sup>8</sup> Such as those admitted for employment as foreign domestic helpers, admitted for employment under the Supplementary Labour Scheme, admitted through the General Employment Policy, and the Admission Scheme for Mainland Talents and Professionals.

### Interface with Other Government Assistance Schemes

- LIFA families will not benefit from Comprehensive Social Security Assistance and household-based Work Incentive Transport Subsidy (WITS) at the same time. Nevertheless, all working members in a LIFA family (except for the LIFA applicants themselves) may apply for or continue to benefit from individual-based WITS if they are eligible. Their WITS payment will be counted towards the family income in LIFA's income test. All members within a LIFA-receiving family may apply for or continue to benefit from School Textbook Assistance Scheme, Student Travel Subsidy Scheme, Subsidy Scheme for Internet Access Charges, Disability Allowance and Old Age Allowance (OAA) and such allowance amounts would not be counted in LIFA's income assessment. Whilst LIFA family members may benefit from the Old Age Living Allowance (OALA) and the pilot Carer Allowance scheme at the same time, these cash allowances will largely be counted in LIFA's income test.<sup>9 10</sup>
  
- On the other hand, LIFA would not be counted as income under the major means-tested government financial assistance schemes. PRH, which is not a cash assistance scheme, will count LIFA as "income" in its income test. Should any means-tested government assistance schemes be reviewed in the future, the relevant government bureaux and departments might review their respective scheme's interface with LIFA.

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<sup>9</sup> For an elderly aged 70 or above receiving OALA and living in a LIFA family, LIFA would count the differential amount of OALA and OAA. If he/she is aged 65 or above but below 70, the whole OALA payment will be counted. A LIFA family member receiving carer allowance under the pilot Carer Allowance scheme will have his/her whole carer allowance counted in LIFA's income test.

<sup>10</sup> The pilot Carer Allowance scheme is a programme under the Community Care Fund (CCF). If it is regularised in the future, we will review its interface arrangement with LIFA. On the other hand, members within a LIFA family may continue to receive cash allowance from other existing CCF programmes and such CCF allowances would not be counted in LIFA's income test.

**Job Description**  
**Senior Principal Executive Officer (Special Assignment),**  
**Labour and Welfare Bureau**

**Rank** : Senior Principal Executive Officer (D2)

**Responsible to** : Deputy Secretary for Labour and Welfare (Welfare)2  
(DS(W)2) (AOSGB)

**Main Duties and Responsibilities –**

- (i) To formulate the detailed operational features and modus operandi for implementation of the Low-income Working Family Allowance (LIFA) Scheme, plan the implementation of the Scheme and closely monitor progress in all areas to steer and see through its roll-out.
- (ii) To lead the Planning Team in devising the implementing details of the Scheme including internal mechanisms and detailed workflow for processing applications and preventing abuse with a view to ensuring the prudent use of public money and effective delivery of service.
- (iii) To lead the Planning Team to closely liaise with relevant departments for developing appropriate mechanism on interfacing of the LIFA Scheme with other government financial assistance schemes and ensuring full compliance of work procedures with prevailing statutory and auditing requirements.
- (iv) To steer and closely monitor the development of an information technology system for administration of the LIFA Scheme and setting up of office automation facilities for the new Working Family Allowance Office to establish e-enabled environment to facilitate business and electronic communication of the Office.
- (v) To formulate the publicity plan and oversee public relations work for the launching of the LIFA Scheme.

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**Job Description**  
**Principal Executive Officer, Working Family Allowance Office**

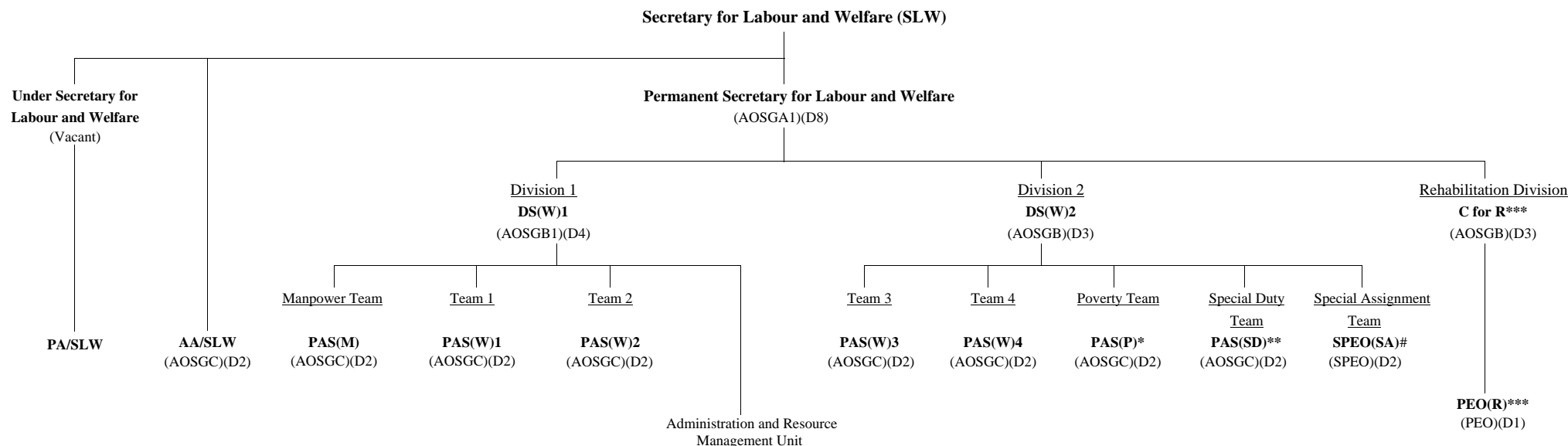
**Rank** : Principal Executive Officer (D1)

**Responsible to** : Head of Working Family and Student Financial Assistance Agency (WFSFAA) (AOSGB)

**Main Duties and Responsibilities –**

- (i) To oversee the setting up of the Working Family Allowance Office including the fitting-out of office accommodation, setting up of the administration, personnel and accounting systems, provision of office automation facilities and development of information technology system and filling of civil service posts and non-civil service contract positions.
  - (ii) To assist the Head of WFSFAA in launching the Low-income Working Family Allowance (LIFA) Scheme and overseeing the operational arrangements ranging from publicity and promotional activities, receipt of applications to handling of enquiries to ensure smooth roll-out of the Scheme.
  - (iii) To steer and oversee the implementation and administration of the LIFA Scheme, including monitoring service delivery and feedback, deploying resources and reviewing operational arrangements.
  - (iv) To assist the Head of WFSFAA in maintaining effective dialogue with various stakeholders, including answering media enquiries, handling complaints, addressing audit queries, liaising with and consulting the relevant stakeholders.
  - (v) To formulate various plans on staff motivation, performance management and training, review the manpower requirement; and assist in budget control for LIFA Scheme through monitoring the proper disbursement of funds and assessing the Office's financial requirement in the annual Estimates exercises.
  - (vi) To assist the Head of WFSFAA in supporting the Labour and Welfare Bureau on matters relating to the policy of LIFA and identification of areas and measures for improvement.
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Existing Organisation Chart of the Labour and Welfare Bureau



Legend

AA	Administrative Assistant	M	Manpower
AOSGA1	Administrative Officer Staff Grade A1	P	Poverty
AOSGB	Administrative Officer Staff Grade B	R	Rehabilitation
AOSGB1	Administrative Officer Staff Grade B1	SA	Special Assignment
AOSGC	Administrative Officer Staff Grade C	SD	Special Duty
C for R	Commissioner for Rehabilitation	W	Welfare
DS	Deputy Secretary		
PA/SLW	Political Assistant to Secretary for Labour and Welfare		
PAS	Principal Assistant Secretary		
PEO	Principal Executive Officer		
SPEO	Senior Principal Executive Officer		

Note

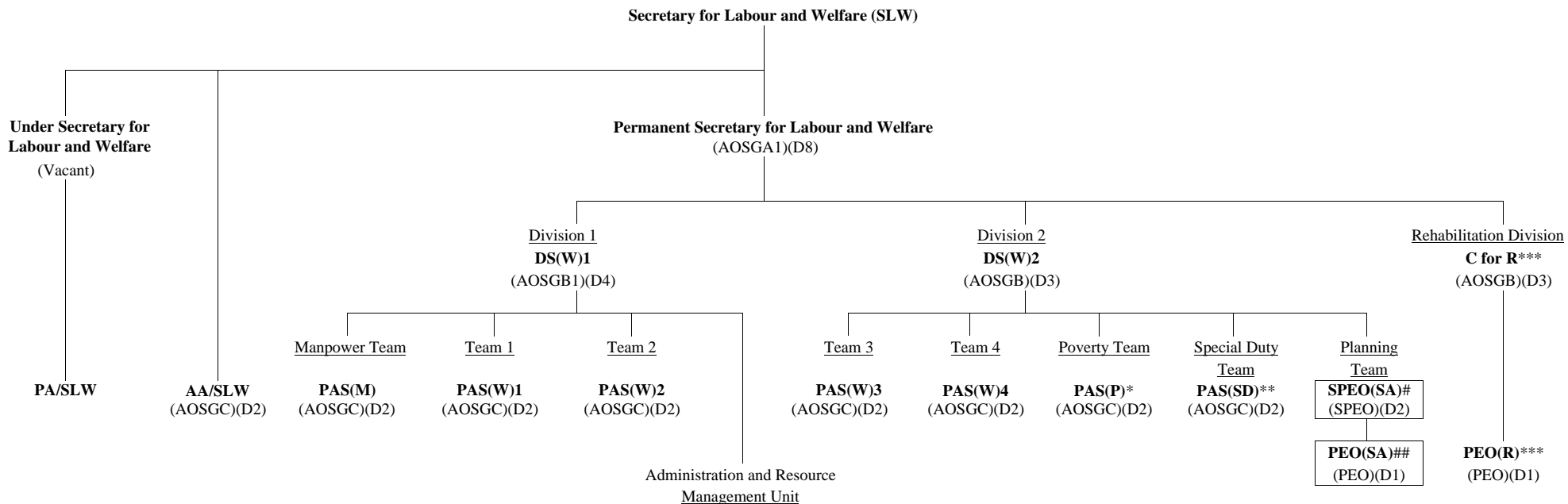
\* Supernumerary post up to 30.6.2017

\*\* Creation of this supernumerary post was endorsed by the Establishment Subcommittee on 30.4.2014 and subject to Finance Committee's approval, the post will be created for two years with effect from 1.6.2014 or the date of approval of Finance Committee, whichever is later.

\*\*\* Creation of these posts was endorsed by the Establishment Subcommittee on 30.4.2014 and will be subject to Finance Committee's approval.

# Supernumerary post created under delegated authority on 28.2.2014 pending formal creation of the post. Upon Finance Committee's approval, the supernumerary post will be created up to 31.3.2016.

**Proposed Organisation Chart of the Labour and Welfare Bureau**



**Legend**

AA	Administrative Assistant	M	Manpower
AOSGA1	Administrative Officer Staff Grade A1	P	Poverty
AOSGB	Administrative Officer Staff Grade B	R	Rehabilitation
AOSGB1	Administrative Officer Staff Grade B1	SA	Special Assignment
AOSGC	Administrative Officer Staff Grade C	SD	Special Duty
C for R	Commissioner for Rehabilitation	W	Welfare
DS	Deputy Secretary		
PA/SLW	Political Assistant to Secretary for Labour and Welfare		
PAS	Principal Assistant Secretary		
PEO	Principal Executive Officer		
SPEO	Senior Principal Executive Officer		

**Note**

- \* Supernumerary post up to 30.6.2017
- \*\* Creation of this supernumerary post was endorsed by the Establishment Subcommittee on 30.4.2014 and subject to Finance Committee's approval, the post will be created for two years with effect from 1.6.2014 or the date of approval of Finance Committee, whichever is later.
- \*\*\* Creation of these posts was endorsed by the Establishment Subcommittee on 30.4.2014 and will be subject to Finance Committee's approval.
- # Supernumerary post created under delegated authority on 28.2.2014 pending formal creation of the post. Upon Finance Committee's approval, the supernumerary post will be created up to 31.3.2016.
- ## Post to be created from 1.10.2014 to 28.2.2015 in LWB to lead the Start-up Team. It will be transferred, together with the Start-up Team, to Working Family and Student Financial Assistance Agency on 1.3.2015.
- Posts proposed to be created.

**Job Description**  
**Head of Working Family and Student Financial Assistance Agency**

**Rank** : Administrative Officer Staff Grade B (D3)

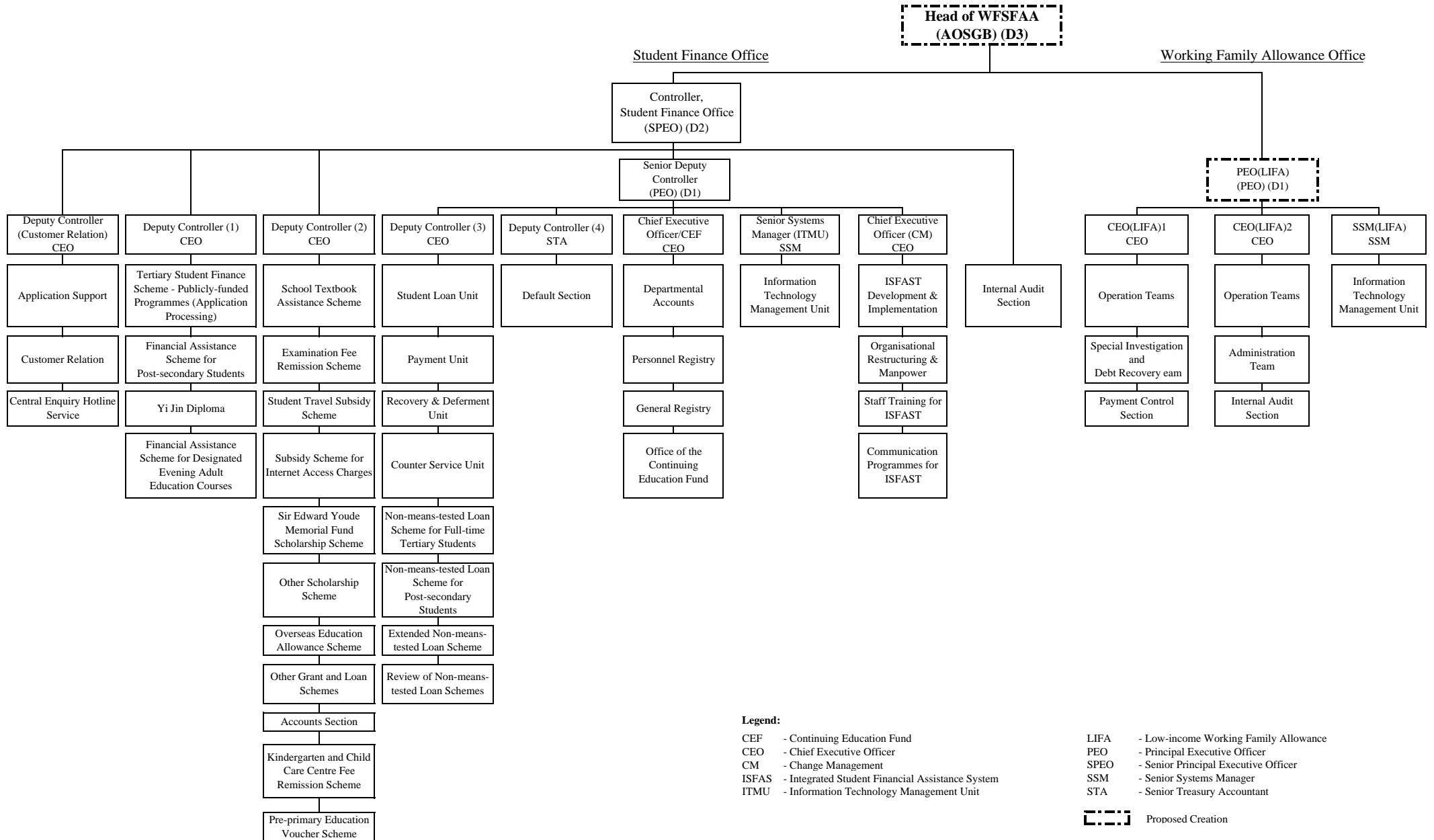
**Responsible to** : Permanent Secretary for Education

**Main Duties and Responsibilities –**

- (i) To oversee the administration of the Working Family and Student Financial Assistance Agency, and review the room for achieving synergy among the Working Family Allowance Office and Student Finance Office.
- (ii) To advise and support the Education Bureau on the policy matters relating to student financial assistance matters, steer the development and administration of financial assistance schemes and privately-donated and publicly-funded scholarship schemes, review and identify areas and measures for improvement.
- (iii) To advise and support the Labour and Welfare Bureau on the policy matters relating to the Low-income Working Family Allowance Scheme, steer the development and implementation of the Scheme, evaluate its effectiveness and identify areas and measures for improvement.
- (iv) To serve as vote controller of the financial provisions for the Working Family and Student Financial Assistance Agency.

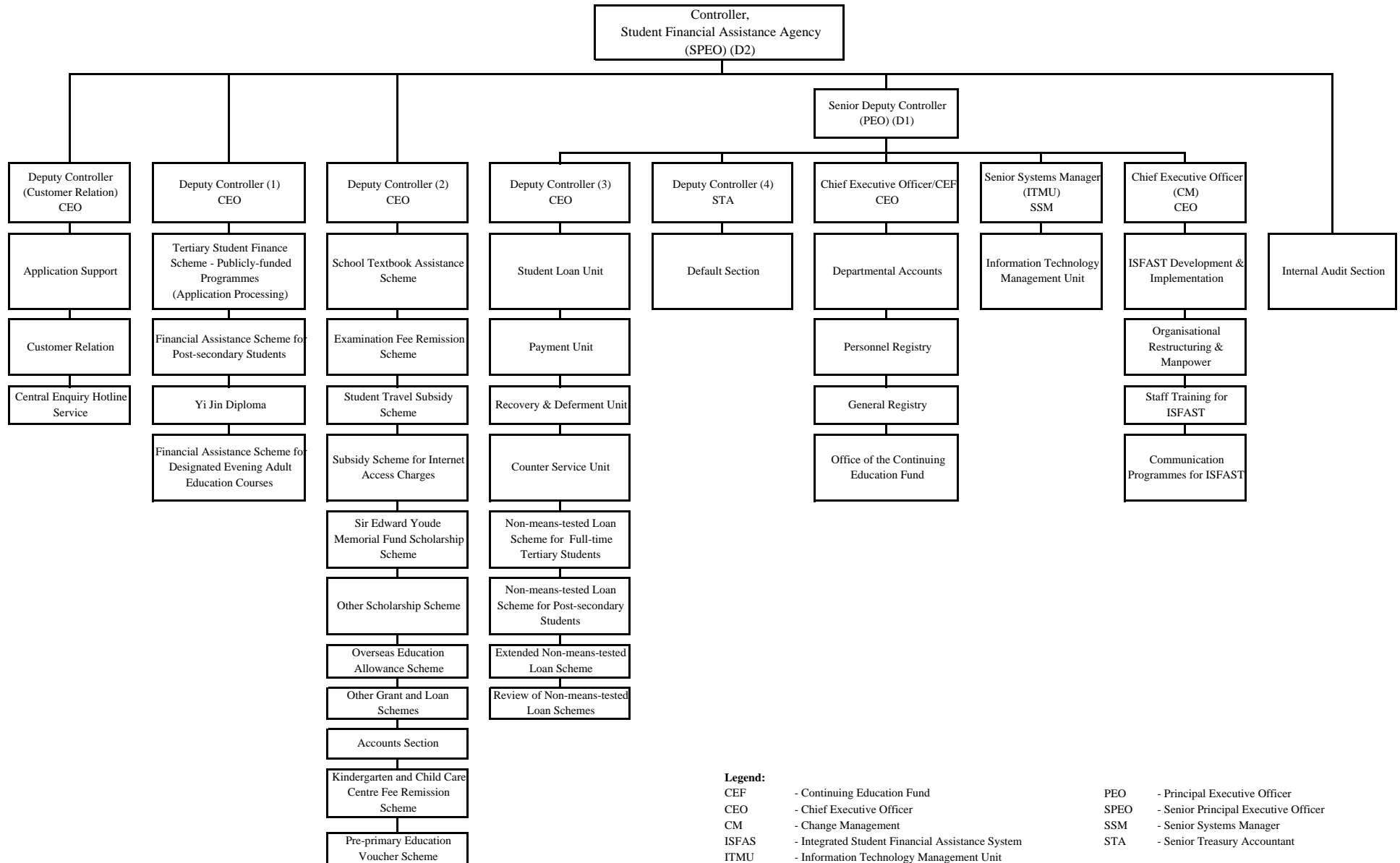
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Proposed Organisation Chart of Working Family and Student Financial Assistance Agency (WFSFAA)





**Existing Organisation Chart of the Student Financial Assistance Agency**



**Major Responsibilities of Other Principal Assistant Secretaries  
in the Labour and Welfare Bureau**

<b>Post/Rank</b>	<b>Major Responsibilities</b>
Principal Assistant Secretary (Welfare)1/ AOSGC (D2)	<ul style="list-style-type: none"> <li>• Social welfare subvention system</li> <li>• Long-term social welfare planning</li> <li>• Welfare services for families, children and youth</li> <li>• Rehabilitation services for young offenders</li> <li>• Social work training and manpower planning</li> <li>• Legal Representation Scheme for Children/Juveniles involved in Care or Protection Proceedings</li> <li>• Social Welfare Advisory Committee</li> <li>• Welfare exchange with the Mainland</li> <li>• Community Investment and Inclusion Fund and social capital development</li> <li>• Chief Executive’s Community Project List</li> <li>• Lotteries Fund and other welfare-related funds</li> <li>• Financial Assistance Scheme for Family Members of Those Who Sacrifice their lives to Save Others</li> <li>• Regulation of charitable fund-raising activities under Social Welfare Department’s purview</li> </ul>
Principal Assistant Secretary (Welfare)2/ AOSGC (D2)	<ul style="list-style-type: none"> <li>• Policy on combating domestic violence</li> <li>• Policy on support for victims of sexual violence</li> <li>• Secretarial support to the Women’s Commission and its working groups</li> <li>• Policy and strategies to promote the well-being and interests of women in Hong Kong</li> <li>• Gender mainstreaming within the Administration</li> <li>• Promotional and educational activities to enhance the awareness of public and civil service on women issues</li> <li>• Research, studies and surveys on women issues</li> <li>• Liaison and meetings with local women’s groups and relevant international bodies</li> <li>• United Nations Convention on the Elimination of All Forms of Discrimination against Women</li> <li>• Beijing Platform for Action</li> <li>• UN Commission on the Status of Women</li> <li>• Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities</li> </ul>

<b>Post/Rank</b>	<b>Major Responsibilities</b>
Principal Assistant Secretary (Welfare)3/ AOSGC (D2)	<ul style="list-style-type: none"> <li>● Policy matters relating to elderly with long-term care needs</li> <li>● Allocation mechanism for subsidised long-term care services</li> <li>● Home and community care services for elderly ageing in the community</li> <li>● Residential care services for frail elderly and continuum of care, including the licensing regime</li> <li>● Carers' support and training</li> <li>● Manpower supply and training of care staff in elderly care services</li> </ul>
Principal Assistant Secretary (Welfare)4/ AOSGC (D2)	<ul style="list-style-type: none"> <li>● The Comprehensive Social Security Assistance Scheme</li> <li>● The Social Security Allowance Scheme –               <ul style="list-style-type: none"> <li>- Old Age Allowance (including the Guangdong Scheme)</li> <li>- Old Age Living Allowance</li> <li>- Disability Allowance</li> </ul> </li> <li>● Promotion of active ageing, including lifelong learning and senior volunteerism</li> <li>● Support for vulnerable elderly people, including matters related to elder abuse and elderly suicide</li> <li>● Secretariat of the Elderly Commission</li> </ul>
Principal Assistant Secretary (Manpower)/ AOSGC (D2)	<ul style="list-style-type: none"> <li>● Manpower statistics and projections</li> <li>● Vocational training and retraining</li> <li>● House-keeping of the Employees Retraining Board and the Clothing Industry Training Authority</li> <li>● Continuing Education Fund</li> <li>● Manpower Development Committee</li> <li>● Apprenticeship Scheme and Adult Education Subvention Scheme</li> <li>● APEC Human Resources Development Working Group</li> </ul>
Principal Assistant Secretary (Poverty)/ AOSGC (D2)	<ul style="list-style-type: none"> <li>● Co-ordinate the poverty alleviation work of the Labour and Welfare Bureau</li> <li>● Service the Social Security and Retirement Protection Task Force; Education, Employment and Training Task Force; and Special Needs Groups Task Force under Commission on Poverty</li> <li>● Policy of the Low-income Working Family Allowance</li> <li>● Child Development Fund</li> <li>● Short-term food assistance service projects</li> </ul>

<b>Post/Rank</b>	<b>Major Responsibilities</b>
	<ul style="list-style-type: none"><li>• Employment in One-stop</li><li>• Employment assistance programmes under the Comprehensive Social Security Assistance Scheme</li><li>• Provide policy input and co-ordinate contribution in relation to social welfare initiatives of the Community Care Fund</li></ul>
Principal Assistant Secretary (Special Duty)/AOSGC (D2)  (subject to Finance Committee's approval for creation of post)	<ul style="list-style-type: none"><li>• Elderly Services Programme Plan (Programme Plan)</li><li>• Explore the feasibility of introducing a residential care services (RCS) voucher scheme</li><li>• Oversee consultancy studies related to the Programme Plan and the feasibility study on an RCS voucher scheme</li></ul>

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**Major Responsibilities of Controller and Senior Deputy Controller  
in the Student Financial Assistance Agency**

<b>Post/Rank</b>	<b>Major Responsibilities</b>
<p>Controller, Student Financial Assistance Agency/SPEO (D2)</p>	<ul style="list-style-type: none"> <li>• Oversee the administration of 14 student financial assistance schemes from pre-primary to tertiary levels</li> <li>• Manage and lead a staff force of over 900 staff</li> <li>• Act as Controlling Officer to monitor the proper disbursement of funds and assess the Agency's financial requirement</li> <li>• Advise and support the Education Bureau on the formulation of policies on student financial assistance schemes</li> <li>• Assist the Education Bureau in lobbying support and maintaining effective dialogue with stakeholders</li> <li>• Plan for the Integrated Student Financial Assistance System</li> <li>• Service the Sir Edward Youde Memorial Fund Council</li> <li>• Administer 22 scholarships, merit awards and related schemes</li> <li>• Advise the operation of advisory/executive committees on student finance and scholarship trusts</li> </ul>
<p>Senior Deputy Controller, Student Financial Assistance Agency/PEO (D1)</p>	<ul style="list-style-type: none"> <li>• Oversee the delivery of loan management functions</li> <li>• Review the improvement measures to the Non-means-tested Loan Schemes and Means-tested Assistance Schemes</li> <li>• Formulate action plans to monitor and speed up the recovery of default cases</li> <li>• Oversee policies and administration of recovery of overpaid financial assistance and deferment of loan payment</li> <li>• Oversee policies and administration of payment, repayment and loan administration matters related to financial assistance schemes</li> <li>• Oversee personnel, financial and accounting, general administration, stores and procurement, and complaints handling matters</li> <li>• Implementation of the Integrated Student Financial Assistance System and the organisation restructuring</li> </ul>

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