

For meeting on
10 February 2015

Legislative Council Panel on Manpower
Work Incentive Transport Subsidy Scheme

Purpose

This paper briefs Members on the latest state of play on the implementation of the Work Incentive Transport Subsidy (WITS) Scheme.

Background

2. To help low-income earners reduce their cost of travelling to and from work and encourage them to secure or stay in employment, the WITS Scheme has started receiving applications from October 2011. Applicants should meet the following eligibility criteria:

- (a) being employed or self-employed, and lawfully employable in Hong Kong;
- (b) incurring travelling expenses in commuting to and from work;
- (c) meeting the monthly income and asset limits; 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. Following a mid-term review of the WITS Scheme conducted in August 2012, the Government proposed to introduce the option of individual-based applications as an alternative to household-based applications. The proposal was supported by this Panel on 3 December 2012, approved by the Finance Committee of the Legislative Council on 14 December 2012, and took effect from the claim months of 2013.

Implementation of the WITS Scheme

4. From October 2011 to January 2015, a total of 240 768 applications involving 107 565 applicants were received under the WITS Scheme. As applicants might apply for the subsidy every six to 12 months, many applicants had submitted more than one round of applications. The gross applicant count was 256 160. Among the applications received, 84 526 were individual-based applications involving 47 547 applicants.

5. As at end-January 2015, the Labour Department (LD) completed processing 231 271 applications involving 105 311 applicants (with a gross applicant count of 246 365). A total subsidy payment of \$891 million was made to 86 470 applicants, with a gross recipient count of 215 738 (of whom 70 063 were individual-based). In terms of subsidy level, 79 796 applicants (gross count of 197 204) received full-rate subsidy, 2 083 applicants (gross count of 3 361) received half-rate subsidy, and 11 870 applicants (gross count of 15 173) received a mix of full-rate and half-rate subsidies in different months of the same application.¹

6. The gender, age, occupation and residential districts of the successful applicants were as follows:

- 45% were male and 55% female;
- the majority belonged to the age groups of 40 to below 50 (30%) and 50 to below 60 (26%);
- most were engaged in elementary occupations²(47%), followed by service workers and shop sales workers³(25%); and
- nearly half of them resided in four districts, namely Kwun Tong (14%), Yuen Long (13%), Tuen Mun (11%) and Kwai Tsing (10%).

Details of the above breakdowns are at **Annex 1**.

1 As some applicants received different subsidy rates (i.e. full-rate or half-rate) in different rounds of applications, individual items do not add up to the total.

2 For example: security guards, labourers, cleaners, storekeepers, delivery workers, domestic helpers, etc.

3 For example: waiters, sales workers and promoters, cooks, customer service staff, care workers, etc.

Adjustments to the income and asset limits

7. Under the annual adjustment mechanism, the income and asset limits of the WITS Scheme have been adjusted from the claim month of February 2015 onwards concurrent with the asset limits of the Comprehensive Social Security Assistance (CSSA) Scheme. Specifically, the income limits have been updated on the basis of the median monthly domestic household income in the third quarter of 2014 whereas the asset limits have been pegged to three times the asset limits of the CSSA Scheme as adjusted. The new income and asset limits of the WITS Scheme are at **Annex 2**.

Comprehensive review

8. Having regard to the experience gained in the first three years of operation of the WITS Scheme, LD is conducting a comprehensive review of the Scheme, including its objectives, eligibility criteria, level of subsidy rate, modus operandi and effectiveness. LD is in the process of analysing the operational statistics and experience of the WITS Scheme as well as various views and suggestions made by stakeholders. Moreover, LD will examine views made by relevant persons or organisations on the WITS Scheme at the meeting of the Panel on 10 February 2015. The comprehensive review is expected to be completed in the latter half of this year. We will report the outcome of the exercise to Members thereafter as soon as possible.

Labour and Welfare Bureau
Labour Department
February 2015

Work Incentive Transport Subsidy Scheme

**Number of applicants receiving subsidy
with breakdowns by gender, age, occupation and residential district⁴
(as at January 2015)**

Breakdown by gender and age

Age	No. of applicants receiving subsidy		
	Male	Female	Total
15 - below 20	586	644	1 230
20 - below 30	5 548	6 472	12 020
30 - below 40	6 975	8 504	15 479
40 - below 50	9 917	15 808	25 725
50 - below 60	9 748	12 416	22 164
60 or above	5 758	4 094	9 852
Total	38 532	47 938	86 470

⁴ Some applicants received the subsidy in more than one round of applications. The breakdowns are compiled on the basis of their last approved applications.

Breakdown by occupation

Occupation	No. of applicants receiving subsidy
Professionals	1 111
Associate professionals	3 164
Clerks	11 540
Service workers and shop sales workers	21 791
Elementary occupations	40 994
Craft and related workers	3 611
Plant and machine operators and assemblers	1 462
Others	2 797
Total	86 470

Breakdown by residential district

District Council district	No. of applicants receiving subsidy
Central & Western	606
Eastern	3 024
Southern	1 555
Wan Chai	299
Kowloon City	3 571
Kwun Tong	11 683
Sham Shui Po	6 713
Wong Tai Sin	6 136
Yau Tsim Mong	2 017
Islands	2 085
Kwai Tsing	8 851
North	4 570
Sai Kung	3 307
Sha Tin	5 897
Tai Po	2 370
Tsuen Wan	2 299
Tuen Mun	9 582
Yuen Long	11 524
Outside Hong Kong	381
Total	86 470

**New Monthly Income and Asset Limits of
the Work Incentive Transport Subsidy Scheme
(effective from the claim month of February 2015)**

Monthly Income Limits

Household size	Monthly income limit before adjustment	New monthly income limit	% of median monthly domestic household income	Increase	Effective income level before adjustment⁵	New effective income level⁵
1 person or individual-based application	\$7,900	\$8,000	100%	\$100 (+1.3%)	\$8,315	\$8,421
2 persons	\$14,700	\$15,300	85%	\$600 (+4.1%)	\$15,473	\$16,105
3 persons	\$16,900	\$17,600	65%	\$700 (+4.1%)	\$17,789	\$18,526
4 persons	\$18,700	\$20,100	60%	\$1,400 (+7.5%)	\$19,684	\$21,157
5 persons	\$19,600	\$21,600	60%	\$2,000 (+10.2%)	\$20,631	\$22,736
6 persons or above	\$21,400	\$23,500	60%	\$2,100 (+9.8%)	\$22,526	\$24,736

5 Under the WITS Scheme, “income” does not include employees’ mandatory contributions to Mandatory Provident Fund (MPF) schemes (i.e. 5% of employees’ salary). “Effective income level” refers to income before deducting mandatory employees’ MPF contributions. “Effective income level” is for reference only, and income assessment is based on the monthly income limit.

Monthly Asset Limits

Household size	Monthly asset limit before adjustment⁶	New monthly asset limit⁶	Increase
1 person or individual-based application	\$79,500	\$84,000	\$4,500 (+5.7%)
2 persons	\$108,000	\$114,000	\$6,000 (+5.6%)
3 persons	\$162,000	\$171,000	\$9,000 (+5.6%)
4 persons	\$216,000 ⁷	\$228,000⁷	\$12,000 (+5.6%)
5 persons	\$216,000 ⁷	\$228,000⁷	\$12,000 (+5.6%)
6 persons or above	\$216,000 ⁷	\$228,000⁷	\$12,000 (+5.6%)

6 The asset limit is increased by \$35,000 for each elderly applicant or (in household-based application) household member aged 60 or above.

7 Under the CSSA Scheme, households with four or more members are subject to the same (highest) asset limit. As the asset limits for WITS are three times the corresponding limits under the CSSA Scheme, households with four or more members under the WITS Scheme are subject to the same (highest) asset limit.