

**立法會**  
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**Panel on Manpower**

**Background brief prepared by  
the Legislative Council Secretariat for the meeting on 18 April 2017**

**Work Incentive Transport Subsidy Scheme**

**Purpose**

This paper provides background information and summarizes the past discussions by the Panel on Manpower ("the Panel") on the Work Incentive Transport Subsidy ("WITS") Scheme.

**Background**

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

- (a) being 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; and
- (d) working no less than 72 hours per month (if applying for full-rate subsidy of \$600 per month), or work 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 2012, the Administration introduced the option of individual-based applications as an alternative to household-based applications from the claim months of 2013.

4. The Labour Department ("LD") had conducted a review of the WITS Scheme to evaluate the objectives, eligibility criteria, level of subsidy rate, length of claim period, modus operandi and effectiveness of the Scheme, and reported the review findings to the Panel in June 2016.

## **Deliberations of the Panel**

### Income and asset limits

5. Most members were dissatisfied that the Administration had not proposed any changes to the eligibility criteria for the WITS Scheme upon completion of the comprehensive review in 2016. These members shared the views of deputations giving views to the Panel that the requirement to pass a restrictive income and asset assessment would discourage needy low-income employees from submitting applications. This would defeat the objective of the WITS Scheme to help low-income earners reduce the cost of travelling to and from work and encourage them to secure or stay in employment. Moreover, as low-income employees generally enjoyed a pay rise after the implementation of statutory minimum wage in May 2011, the income limits for different household sizes should be raised. Most members and deputations called on the Administration to further relax the eligibility criteria and remove the means test requirement so as to promote sustained employment. Some members took the view that the income and asset limits of the WITS Scheme should be updated on a quarterly basis with reference to the quarterly figures of the General Household Survey ("GHS") conducted by the Census and Statistics Department ("C&SD").

6. Some members also noted with concern that the asset limits of the WITS Scheme for different household sizes were lower than the corresponding limits applicable to the Low-income Working Family Allowance ("LIFA") Scheme, which was launched in May 2016 to encourage self-reliance through sustained employment and ease inter-generational poverty. They queried the rationale for adopting different eligibility criteria for the WITS Scheme and LIFA Scheme, as both Schemes aimed to assist low-income workers through sustained employment.

7. The Administration advised that as WITS was provided on a recurrent basis, it had to ensure the prudent use of public money. Under the current annual adjustment mechanism, both the income and asset limits of the WITS Scheme would be adjusted concurrently with the asset limits of the Comprehensive Social Security Assistance ("CSSA") Scheme in February each year. Specifically, the income limits would be updated on the basis of the median monthly household income in the third quarter of the previous year, whereas the asset limits would be pegged to three times the corresponding asset limits of the CSSA Scheme as adjusted. The Administration further advised that having regard to the review findings of the WITS Scheme in 2016, it was considered that the income and asset limits remained appropriate.

8. According to the Administration, as the LIFA Scheme had just come into operation in May 2016, it would conduct in mid-2017 an overall policy review of the LIFA Scheme, i.e. one year after its implementation. In the review, the Administration would also examine interface issues between LIFA and WITS. Any major changes to the WITS Scheme would be considered in the context of the overall policy review of LIFA and the interface between the two Schemes.

9. Concern was raised about whether LIFA would be taken into account in the calculation of family income under the WITS Scheme and vice versa. The Administration explained that as a general principle, LIFA would be granted on a family basis to relieve the financial burden of non-CSSA low-income working families, and beneficiaries of LIFA should not receive household-based WITS concurrently. On the other hand, all working members in a LIFA family (except for the LIFA applicants themselves) might apply for individual-based WITS, and their WITS payment would be counted towards the family income in LIFA's income test.

#### Level of subsidy rate

10. Most members took the view that the current full-rate subsidy of \$600 per month, which had remained unchanged since inception of the WITS Scheme in 2011, should be adjusted upwards. Pointing out that the rise in transport cost had aggravated the inflationary pressure faced by low-income employees, some members considered that the subsidy rate should be adjusted automatically in accordance with the inflation rate and the movement of the Consumer Price Index. Given that the income and asset limits of the WITS Scheme were updated annually, some members enquired whether similar mechanism could be adopted for reviewing the subsidy rate.

11. Some members also took the view that the Administration should introduce a two-tier subsidy rates or setting different levels of subsidy based on the distance between the location of work and residence. These members pointed out that the current full-rate subsidy was inadequate for low-income workers, especially for those living in Tung Chung, Tuen Mun and Yuen Long, to meet the travelling expenses when working across districts which could amount to over \$1,000 per month.

12. The Administration explained that according to GHS conducted by C&SD in the third quarter of 2015, the average monthly expense of all WITS target recipients on public transport for travelling to and from work was \$442, and that for those residing in the New Territories and working across districts was \$525. The average monthly expense incurred by WITS target recipients on public transport fell well within the current full-rate subsidy of \$600 per month. The Administration further advised that it would be difficult and administratively costly to adopt a customized subsidy based on WITS applicants' actual travelling expenses. To keep the WITS Scheme simple and easy to administer, the Administration considered it appropriate to provide the subsidy at a flat rate of \$600 per month per qualified applicant.

#### Application of the WITS Scheme

13. Most members expressed grave concern about the application procedures for the WITS Scheme, which, in their view, were cumbersome, inflexible and not user-friendly to the applicants. They pointed out that difficulties in obtaining supporting documents, such as working hours records, from employers as well as frequent follow-up calls from LD staff to verify applicants' claims, had discouraged some eligible workers from applying for WITS. To encourage more applications for the Scheme, members called on the Administration to streamline the application procedures and simplify the application forms.

14. The Administration advised that although the current mode of operation of the WITS Scheme was considered effective, LD would further launch enhancement measures to improve services for WITS applications. Notably, the information to be provided by applicants would be further reduced, and repeated applicants would no longer be required to provide certain information, unless such relevant information had changed, in their new round of WITS application. With such simplification, the existing three-page household-based and two-page individual-based application forms would be more succinct, concise and convenient for WITS applicants. As set out in the guidance notes for WITS application, if an applicant was unable to provide any supporting document in relation to employment

earnings and/or working hours in his application, he could submit self-declared statement and LD would continue to process his application. Applicants might also specify in the application form if it was inconvenient for them to receive telephone call from LD staff in any particular time period.

15. Members also urged the Administration to step up its efforts in promoting the WITS Scheme to the eligible ethnic minority ("EM") applicants and strengthening support services for them. The Administration advised that LD had extensively publicized to EMs the WITS Scheme, including publishing leaflets in different ethnic languages, advertising on radio programmes for EMs and in EM support service centres, as well as briefing EM groups on the details of the Scheme. The WITS Scheme would also be publicized in job fairs targeted at EMs. To further enhance support services for EMs in applying for WITS, LD would put in place a "Template of WITS Application Form" in three common EM languages (i.e. Urdu (the Pakistan language), Nepali and Hindi (the Indian language)) with key information highlighted to facilitate their completion of the application form and submission of required documentary proof. In addition, LD would explore rolling out a trial scheme of deploying employment services ambassadors for EMs to provide dedicated support services at the WITS Division office to help prospective and needy EM applicants in applying for WITS.

#### Implementation of the WITS Scheme

16. Members noted that as at end-May 2016, out of the approved commitment of \$4,805 million, a total subsidy payment of \$1,298 million had been paid to 101 746 eligible applicants, and the administration cost incurred was \$158 million. Some members considered that the take-up rate was far below the estimation of 218 000 potential applicants made in the funding proposal for the WITS Scheme, and expressed concern whether the low take-up rate of the WITS application was attributable to the stringent eligibility criteria.

17. The Administration explained that when seeking funding approval for the WITS Scheme in February 2011, it made the estimation of 218 000 potential applicants based on C&SD's surveyed information on the number of persons meeting the income and working hour limits of the WITS Scheme at that time. Moreover, there was no information on the asset levels of these potential applicants. It was thus unable to estimate how many of them could meet the asset limits of the WITS Scheme and also to ascertain whether an eligible person would choose to apply for the subsidy.

18. Some members considered the administration cost for implementing the WITS Scheme too high and disproportionate to the subsidy payment and number of applications. The Administration advised that with the increase in the number of applications arising from the inclusion of individual-based applications in the Scheme, the proportion of the administration cost was expected to decrease.

### **Latest development**

19. The Administration will brief the Panel on its proposal to freeze two income limits under the WITS Scheme, i.e. (i) individual-based/one-person household-based applications and (ii) household-based applications from households of six persons or above at the meeting on 18 April 2017.

### **Relevant papers**

20. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
12 April 2017

**Relevant papers on the Work Incentive Transport Subsidy Scheme**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Manpower	21.1.2009 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	19.11.2009 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	16.12.2010 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	16.12.2010 (Item III)	Motion on "Work Incentive Transport Subsidy Scheme"
Panel on Manpower	4.1.2011 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	17.2.2011 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	16.9.2011 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	16.2.2012 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	3.12.2012 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	17.12.2013 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	10.2.2015 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Manpower	21.6.2016 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>

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