

**Speaking Notes for the Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on 16 April 2021**

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| Welfare and Women |
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Chairman and Honourable Members,

In 2021-22, government recurrent spending on social welfare and women's interests is estimated to be \$105.7 billion, accounting for 20.4% of the total recurrent government expenditure of the year, coming first amongst all policy area groups. This amount has not included the supplementary provisions for Working Family Allowance (WFA) and Short-term food assistance approved by the Finance Committee of the Legislative Council (FC) on 26 March 2021<sup>1</sup>. Compared with the revised estimate for 2020-21 of \$90.9 billion, there is an increase of about \$14.8 billion (16.2%) in recurrent spending on social welfare. This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the elderly, low-income families, children, persons with disabilities and those in need. Now, let me highlight how the Labour and Welfare Bureau will make use of these resources.

### **Elderly Care**

2. The recurrent government expenditure on elderly services in 2021-22 is estimated to reach about \$14.2 billion, representing an increase of about 20% over the revised estimate of about \$11.9 billion in 2020-21 and an increase of about 85% over about \$7.7 billion in 2017-18. In 2021-22, the Government will provide an additional 1 887 subsidised residential care places for the elderly, including 111 places provided by contract homes and subsidised homes and 1 776 EA1 places under the Enhanced Bought Place Scheme, as well as 164 subsidised day care service places for the elderly. The Government has also allocated additional resources to an additional 1 500 service quotas under the Integrated Home Care Services (Frail Cases) in April 2021.

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<sup>1</sup> FC approved on 26 March the supplementary provisions for 2021-22 of \$795 million and \$280.4 million for WFA and Short-term food assistance respectively. Also, there is an increase in commitment of \$18.3 million for Short-term food assistance.

### **Short-term Food Assistance Service**

3. The Government will make the Short-term Food Assistance Service Projects a permanent one from August 2021 upon completion of the existing service contracts. The Government has earmarked \$415 million to meet the recurrent expenditure. To help individuals and families temporarily affected by the pandemic, the Government will relax the asset limits of the service in June 2021 on a one-year time-limited basis by pitching the asset limits to those of the WFA Scheme, which will require a one-off additional expenditure of about \$430 million.

### **Cash Assistance**

4. Having regard to the protracted coronavirus disease 2019 pandemic and the employment condition, the Government launched the time-limited ‘Special Scheme of Assistance to the Unemployed’ under the Comprehensive Social Security Assistance (CSSA) Scheme to implement two measures, namely (i) relaxing the asset limits for able-bodied persons by 100% for one year from 1 June 2020 to 31 May 2021; and (ii) disregarding the cash value of insurance policies of able-bodied CSSA applicants as assets for six months from 1 April to 30 September 2021 during the grace period of one year. The FC approved a one-off commitment of \$3,520 million to meet the relevant expenditure.

5. Separately, notwithstanding that the WFA Scheme must be based on the employment and working hour requirements applicable to its applicant households, the FC approved on 26 March 2021 the substantial reduction of the WFA basic working hour requirement for non-single-parent households by half (i.e. from 144 hours per month to 72 hours per month) for a one-year period, so as to assist households facing under-employment as a result of the pandemic. It is crudely estimated that some 24 000 additional households will benefit, involving an additional expenditure of \$954 million. Meanwhile, the Government will abolish the Individual-based Work Incentive Transport Subsidy (I-WITS) Scheme to redeploy resources for implementing the time-limited substantial reduction of WFA working hour requirements and handling the continued surge in WFA applications. The above measures will be implemented concurrently in June 2021.

6. Furthermore, the Financial Secretary has proposed in the 2021-22 Budget to provide an extra allowance to social security recipients equal to half a month of payment, which will involve an additional expenditure of

about \$2,382 million and is expected to benefit about 1.51 million persons. Similar arrangements will apply to recipients of WFA and I-WITS. It is expected that some 70 000 WFA households and 20 000 I-WITS recipients will benefit from this initiative, involving an additional expenditure of about \$121 million.

7. The various time-limited and one-off cash assistance measures mentioned above involve an additional expenditure of about \$7,000 million.

### **Supporting Pre-school Children with Special Needs**

8. To provide early support for pre-school children with special needs, the number of places for on-site pre-school rehabilitation services has been increased by 1 000 to 8 000 in this school year and is expected to further increase to 10 000 in 2022/23 school year.

### **Women's Development**

9. In 2021-22, the Government has earmarked around \$41.2 million to promote women's interests and support the work of Women's Commission (WoC). These include the provision for assisting WoC in implementing the "Capacity Building Mileage Programme", and implementing the "Funding Scheme for Women's Development" under which women's groups may implement programmes that are conducive to women's development.

### **Lotteries Fund**

10. The revenue for the Lotteries Fund has dropped substantially due to the pandemic. In view of this, the Government will make an injection of \$1.1 billion<sup>2</sup> into the Lotteries Fund, so as to ensure that development projects in respect of much-needed social welfare services premises (particularly major facilities for elderly and rehabilitation services) can proceed as scheduled, and that the feasibility studies and detailed design work for such projects will not be affected. The Government will brief the Panel on Welfare Services on the injection proposal, and will then submit the relevant funding proposal to the FC.

11. Chairman, this concludes my opening remarks. Members are welcome to raise questions.

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<sup>2</sup> It is not included in the recurrent spending of \$105.7 billion mentioned in paragraph 1.

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