

**立法會**  
**Legislative Council**

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**Panel on Manpower**

**Subcommittee to Study the Setting Up of  
an Unemployment Assistance System in Hong Kong**

**Minutes of meeting  
held on Wednesday, 3 March 2021, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

- Members present** : Hon LUK Chung-hung, JP (Chairman)  
Hon Vincent CHENG Wing-shun, MH, JP (Deputy Chairman)  
Hon KWOK Wai-keung, JP  
Hon POON Siu-ping, BBS, MH  
Hon CHUNG Kwok-pan  
Hon SHIU Ka-fai, JP  
Hon Wilson OR Chong-shing, MH
- Member attending** : Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
- Public Officers attending** : Items I and II  
Mr HO Kai-ming, JP  
Under Secretary for Labour and Welfare  
  
Miss CHEUNG Hoi-shan  
Assistant Commissioner (Policy Support)  
Labour Department  
  
Miss Rita LAU Choi-ha  
Chief Social Security Officer (Social Security) 1  
Social Welfare Department

**Clerk in attendance** : Miss Betty MA  
Chief Council Secretary (2) 1

**Staff in attendance** : Mr Kari CHU  
Chief Council Researcher 2

Ms Germaine LAU  
Senior Council Researcher 5

Mr Sunny LAM  
Council Researcher 5

Ms Priscilla LAU  
Council Secretary (2) 1

Ms Kiwi NG  
Legislative Assistant (2) 1

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## **I. Unemployment insurance systems in selected places**

The Subcommittee deliberated (index of proceedings attached at **Annex**).

2. Members noted the information note on unemployment insurance systems in selected places (IN05/20-21) prepared by the Research Office of the Legislative Council ("LegCo") Secretariat.

## **II. Financial support measures to unemployed persons in Hong Kong**

3. The Subcommittee deliberated (index of proceedings attached at **Annex**).

4. Members noted the information note on the financial support measures for unemployed persons in Hong Kong (IN04/20-21) prepared by the Research Office of the LegCo Secretariat.

## **III. Any other business**

5. Members agreed that the next meeting of the Subcommittee would be held on 13 April 2021 to discuss the specific proposals and measures on temporary unemployment assistance.

6. There being no other business, the meeting ended at 1:09 pm.

Council Business Division 2  
Legislative Council Secretariat  
13 May 2021

**Proceedings of meeting of the  
Subcommittee to Study the Setting Up of  
an Unemployment Assistance System in Hong Kong  
held on Wednesday, 3 March 2021, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

Time marker	Speaker	Subject(s) / Discussion	Action Required
<i>Agenda item I - Unemployment insurance systems in selected places</i>			
000544 - 000629	Chairman	Opening remarks	
000630 - 004019	Chairman Chief Council Researcher 2 ("CCR2") and Senior Council Researcher 5 ("SCR5") of the Research Office	Briefing by the Research Office of the Legislative Council Secretariat on the information note entitled "Unemployment insurance systems in selected places" (IN05/20-21) with the aid of a power-point presentation.	
004020 - 005318	Chairman Mr POON Siu-ping CCR2 Admin Deputy Chairman SCR5	<p>In response to Mr POON Siu-ping and the Deputy Chairman's concern about the financial sustainability and financial support to the unemployed during the COVID-19 pandemic under unemployment insurance ("UI") systems, CCR2 and SCR5 advised that:</p> <p>(a) UI systems offered protection to individual workers against income loss during unemployment. However, at the times of climbing unemployment rate and increasing UI payments, there would be financial pressure in UI systems;</p> <p>(b) after the outbreak of COVID-19, while the duration of UI benefits in Germany was extended by six months, companies that reduced working hours to keep jobs were exempted from contributions. As a result of higher UI expenditure and reduced contribution, it recorded an annual deficit of €27.3 billion in 2020; and</p> <p>(c) deficits in the UI system were usually met by government funding in many advanced places. There was no report of failure in UI systems due to huge deficit.</p> <p>Mr POON Siu-ping expressed disappointment that the Financial Secretary failed to set up an unemployment fund in the 2021-2022 Budget to relieve the financial pressure faced by the</p>	

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		<p>unemployed. Mr POON urged the Administration to address the labour sector's call for setting up an unemployment assistance ("UA") system in Hong Kong.</p> <p>Sharing Mr POON Siu-ping's view, the Deputy Chairman further enquired whether the Administration had kicked start its study on the unemployment protection system (either contributory UI system or means-tested UA system) which took time to establish.</p> <p>The Administration advised that:</p> <ul style="list-style-type: none"> <li>(a) there were currently no systems such as pay-as-you-go income tax system, contributory social insurance system or central provident fund system in place;</li> <li>(b) the basic unemployment protection system in Hong Kong relied on, among others, the severance payment or long service payment payable by employers to eligible employees; and</li> <li>(c) the implementation of a new UA system which involved social and economic issues required detailed consideration and serious deliberation. The Administration would continue to listen to the views of the community in this regard.</li> </ul>	
005319 - 005955	Chairman Mr KWOK Wai-keung Admin	<p>Considering that the COVID-19 pandemic had an unprecedented impact on the labour market, Mr KWOK Wai-keung held a strong view that the Administration should introduce concrete measures to provide timely financial assistance to alleviate the financial burden on the unemployed and underemployed persons. In the long term, the Administration should conduct a study on setting up UI or UA system in Hong Kong.</p> <p>The Administration advised that:</p> <ul style="list-style-type: none"> <li>(a) for those who were affected by the pandemic and were in need of assistance, the Administration had/would put in place special relaxation over (i) the Love Upgrading Special Scheme launched by the Employees Retraining Board to provide retraining</li> </ul>	

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		<p>with allowance; (ii) Working Family Allowance Scheme ("WFA Scheme") to support low-income working households; (iii) Short-term Food Assistance Service Projects to provide one-off basic food assistance for those in need; and (iv) Comprehensive Social Security Assistance ("CSSA") which served as a safety net to help persons and families who could not support themselves financially to meet their basic needs (collectively referred as "the four measures"); and</p> <p>(b) while the Administration welcomed views on setting up a new UI system in Hong Kong, one should note the function of the existing social security system in Hong Kong which served as a safety net. The issue should be considered in tandem with the employment support services.</p>	
005956 - 010506	Chairman SCR5 Admin	<p>Noting that unemployed persons in the United Kingdom ("UK") sought unemployment assistance benefits instead of Jobseekers' Allowance, the Chairman enquired about details of the unemployment assistance in UK and the co-existence of contributory UI and means-tested UA systems in other economies.</p> <p>SCR5 advised that:</p> <p>(a) apart from Jobseekers' Allowance, UK put in place non-contributory and means-tested "low-income support" for the unemployed, providing higher level of monthly benefits with due allowance for housing and children under the Universal Credit which was a social security payment in UK; and</p> <p>(b) among 37 member states of the Organization for Economic Co-operation and Development, 12 member states had set up both contributory UI system and non-contributory, means-tested UA system.</p> <p>The Chairman commented that many unemployed persons fell outside the safety net of CSSA due to the requirement of making applications on a household basis. The Administration should introduce an UA scheme</p>	

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		to help those unemployed workers to tide over this difficult time.	
010507 - 011044	Chairman Mr SHIU Ka-fai SCR5 CCR2	In response to Mr SHIU Ka-fai's enquiry, SCR5 advised that Canada and Japan had established the contributory UI system only. As for Germany, those eligible unemployed persons were entitled to UI benefits which were equivalent to 60% to 67% of previous earnings with a cap on monthly payment of €4,757, lasting for six to 24 months. In addition to UI scheme, the means-tested UA system also provided financial protection to the unemployed in Germany. CCR2 further advised that some places maintained the general social assistance system or means-tested UA system for the long-term unemployed or those laid-off workers failing to meet the UI eligibility criteria, as a supplementary "safety net".	
011045 - 012059	Chairman Mr Wilson OR CCR2 Deputy Chairman Admin	<p><i>[In the absence of the Chairman, the Deputy Chairman took the chair.]</i></p> <p>On Mr Wilson OR's concern about the provision of UI benefits and general social assistance in other places, CCR2 explained that while contributory UI played a key role to support the unemployed, general social assistance played a supplementary role as a safety net.</p> <p>Mr Wilson OR expressed dissatisfaction that the Administration had dragged on for many years with no response to the call for setting up an UI system in Hong Kong. In his views, the four measures put in place by the Administration were far from adequate to fully relieve the financial burden of the unemployed. He urged the Administration to (a) introduce an UA system in order to relieve the imminent financial needs of the unemployed; and (b) address the situation where employers failed to pay severance payment to employees who were required to take a long period of no-pay leave.</p> <p>The Administration advised that:</p> <p>(a) in the absence of a thorough deliberation by the community, the Administration would require more internal discussion on the matter and consider the way forward; and</p>	

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		(b) according to the Employment Ordinance (Cap. 57), if an employee's remuneration depended on his being provided by the employer with work, he/she might be taken to be laid off if the total number of days on which no work was provided and no wage was paid exceeded the stipulated number of days. Under such circumstances, eligible employee was entitled to severance payment which provided support to the employee concerned and help alleviate the financial hardship caused by the loss of employment.	
012100 - 012502	Deputy Chairman Mr SHIU Ka-fai Chairman Admin	<i>[The Chairman resumed the chairmanship.]</i>  Mr SHIU Ka-fai pointed out that most UI systems were financed by contributions from both employees and employers. The Administration should conduct an extensive consultation on the establishment of an UI system in Hong Kong as both employers and employees would be required to make contributions in addition to their monthly contributions to the Mandatory Provident Fund. The Administration took note of Mr SHIU's view.	
<i>Agenda item II - Financial support measures to unemployed persons in Hong Kong</i>			
012503 - 013825	Chairman CCR2 Council Researcher 5 ("CR5")	Briefing by the Research Office of the Legislative Council Secretariat on the information note entitled "Financial support measures for unemployed persons in Hong Kong" (IN04/20-21) with the aid of a power-point presentation.	
013826 - 014419	Chairman Deputy Chairman Admin	The Deputy Chairman was gravely concerned that only one-tenth of those unemployed staying out of job for at least one month applied for CSSA. Considering that CSSA failed to provide adequate support to the unemployed persons, he urged the Administration to:  (a) further relax the eligibility for CSSA application by unemployed persons; and  (b) set up a means-test, time-limited and non-contributory emergency unemployment assistance ("EUA") to assist the unemployed, by making reference to experience in Australia, New Zealand and Singapore.	



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		<p>The Administration advised that:</p> <p>(a) the local economy and job market were hard hit by the COVID-19 pandemic. While CSSA acted as a safety net or provided financial support as the last resort, other measures, such as the WFA Scheme, were available to support those who were being affected and facing financial difficulties; and</p> <p>(b) on the assessment of CSSA applications, the practice of considering applicants' household income was in line with the means test mechanism of other financial assistance schemes. The rationale was to encourage mutual support within the family.</p>	
014420 - 015020	Chairman Mr SHIU Ka-fai Admin	<p>Mr SHIU Ka-fai considered that while individuals with high income could tap into their savings when they were unemployed, the Administration should provide EUA to those unemployed persons with financial difficulties, especially those who were adversely affected by the closure of 13 types of scheduled premises consequent upon the Government's anti-epidemic measures and those in the hard-hit industries. Consideration should be given to introducing a means test to assess the eligibility of applicants and determine the level of subsidy under EUA, so as to ensure prudent use of public funds.</p> <p>The Administration reiterated that in the absence of a well-established identification and verification system, it was difficult to disburse unemployment subsidy to the needy unemployed. Currently, the CSSA Scheme as well as the WFA Scheme had assisted the needy in tiding over short-term financial difficulties during the pandemic and economic downturn.</p>	
015021 - 020354	Chairman Mr Wilson OR Admin Mr KWOK Wai-keung	<p>Mr Wilson OR expressed disappointment that the Administration had not responded favourably to the community's call for setting up a time-limited EUA to alleviate the financial hardship of the unemployed persons. He urged the Administration to:</p> <p>(a) provide details, if any, of its internal study on the setting up of a contributory UI or a</p>	

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		<p>means-tested UA system independent of CSSA;</p> <p>(b) offer time-limited subsidy to the unemployed with financial difficulties in form of EUA or other mechanism; and</p> <p>(c) expedite the vetting and approval of CSSA applications, say, in seven to 10 days, so as to disburse the allowance to eligible CSSA recipients in a speedy manner.</p> <p><i>[The Chairman directed that the meeting would be extended by 15 minutes.]</i></p> <p>Mr KWOK Wai-keung considered the asset threshold for CSSA too high that a number of needy unemployed persons fell outside the safety net of CSSA. He further expressed concern about the polarization between the rich and the poor as well as the trend of downward mobility when the unemployed had to rely on their savings and assets to meet their ends. The Chairman concurred with Mr KWOK's view.</p> <p>The Administration advised that:</p> <p>(a) the CSSA Scheme provided a safety net to help persons and families who could not support themselves financially to meet their basic needs. In general, the payment of successful new CSSA applications would be issued within seven days after completion of investigation and authorization. Taking note of Mr OR's view, the Administration would study whether the whole processing procedure could be further streamlined;</p> <p>(b) to give more targeted support for the unemployed and their families who faced immediate financial difficulties, the Administration launched in June 2020 the Special Scheme of Assistance to the Unemployed under the CSSA Scheme for a period of one year to temporarily relax the asset limits for able-bodied persons by 100%. Another time-limited new arrangement was that the cash value of insurance policies of able-bodied CSSA applicants whose applications were submitted during the six</p>	

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		<p>months of 1 April to 30 September 2021 would not be counted as assets during the grace period of one year; and</p> <p>(c) the household asset limit set under the CSSA Scheme and WFA Scheme was appropriate in order to ensure that public resources were focused on those who were genuinely in need.</p>	
020355 - 021015	<p>Chairman Mr POON Siu-ping CR5 Admin</p>	<p>Mr POON Siu-ping expressed concern about the financial plight faced by laid-off and underemployed workers due to the prolonged economic downturn. In his view, the proposed Special 100% Loan Guarantee for Individuals Scheme, subject to a ceiling of \$80,000, was only a financial option for the unemployed. The Administration should provide time-limited EUA to help the unemployed persons to tide over the financial difficulties.</p> <p>Noting the Administration's reservation about the EUA proposal, Mr POON enquired about the operation of EUA in other places. CR5 advised that based on information of the International Monetary Fund, many countries enhanced unemployment benefits in response to rising unemployment caused by the pandemic. A few places, such as Singapore, Australia, New Zealand and Ireland, had offered time-limited EUA, but they either were means-tested or needed contributions to social insurance beforehand, after the outbreak of COVID-19.</p> <p>The Administration reiterated that relaxed measures had been introduced under the CSSA Scheme to help unemployed persons with financial difficulties.</p>	
021016 - 022709	<p>Chairman Admin Dr Priscilla LEUNG</p>	<p>Citing the example of Mainland China's social security system, the Chairman urged the Administration to (a) extend the existing safety net to cover the unemployed; and (b) set up a temporary EUA with less stringent means test to provide financial assistance to jobless persons, by making reference to EUA introduced in Singapore, Australia and New Zealand.</p> <p><i>[The Chairman directed that the meeting would further be extended by 15 minutes.]</i></p>	

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		<p>Dr Priscilla LEUNG considered that the local economy would recover and the employment situation would be improved when the pandemic situation was under control. In the light of the worsening economic situation, she called on the Administration to set up a temporary UA fund to provide a monthly financial assistance of \$8,000 for a period of six months, involving an estimated total amount of \$15 billion.</p> <p>The Administration explained that in the absence of systems such as pay-as-you-go income tax system to obtain detailed tax information of all employees in Hong Kong, there were genuine difficulties to introduce EUA as a short-term measure to assist unemployed persons. However, the Administration would continue to listen to the views of members of the public and provide more assistance for the unemployed and their families.</p>	
<i>Agenda item III - Any other business</i>			
022710 - 022852	Chairman	Arrangement of next meeting	