

**Legislative Council Panel on Manpower
Subcommittee to Study the Setting Up of
an Unemployment Assistance System in Hong Kong**

Response to Follow-up Issues Raised at Meeting on 25 June 2021

100% Personal Loan Guarantee Scheme

According to the information provided to the HKMC Insurance Limited (“HKMCI”) by the participating banks, as at 25 June 2021, the banks received a total of 46 411 applications, 14 233 of which (accounting for around 31% of the total applications) had been submitted by the banks to and approved by the HKMCI, involving a total loan amount of over HK\$1 billion and an average loan size of around HK\$71,000. The borrowers of the approved loans came from different industries, including the transportation, logistics, retail, construction, catering, tourism and hotel sectors. Of all the applications received by the banks, around 21% were either duplicated applications or subsequently withdrawn by applicants. Around 3% of the applications were rejected by the banks mainly due to non-compliance with the scheme’s eligibility criteria, such as failure to provide proofs of past employment or cessation of main recurrent incomes.

The time taken for vetting each application varies from case to case. It ranges from one to two days to more than one month at most for individual cases mainly due to the time taken for applicants to submit the necessary supporting documents and supplementary information to the banks. Insofar as the approved applications are concerned, the banks took an average of 17 working days to process an application, whereas the HKMCI normally approved a loan within three working days upon the receipt of an application from the banks.

The Comprehensive Social Security Assistance Scheme

The Comprehensive Social Security Assistance (CSSA) Scheme has all along been serving its function as a safety net effectively to help those who cannot support themselves financially to meet their basic needs. In the past year or so, the number of CSSA unemployment cases increased significantly. As at end-May 2021, there were 19 673 CSSA unemployment cases (increased by about 56 per cent from early 2020).

The Social Welfare Department has all along been processing CSSA applications pro-actively, so as to provide timely support from the safety net to those who cannot support themselves financially. Generally, if CSSA applicants or their guardians/appointees provide all the necessary information, the application procedures can be completed in four weeks.

The Working Family Allowance Scheme

The Government has reduced the working hour requirements for non-single-parent households under the Working Family Allowance (WFA) Scheme for the claim months from June 2021 to May 2022. Specifically, under this one-year time-limited arrangement, the working hour requirement of the Basic Allowance is substantially reduced from the original 144 to 72 hours per month, and that of the Medium Allowance is reduced from the original 168 to 132 hours per month. The Government will closely monitor the implementation of this time-limited initiative. It is also worth noting that, as at end-June 2021, there were over 59 000 ‘active households’¹ under the WFA Scheme, more than the double of the number of the then Low-income Working Family Allowance beneficiary households (27 600) before the implementation of improvement measures in 2018, and 25 per cent more than that in end-January 2020 (47 100).

The WFA Scheme was launched in 2018. The Government has implemented a host of enhancements to the Scheme in the past few years. Since the circumstances of each application and completeness of information submitted vary, it is difficult for the Working Family Allowance Office (WFAO) to provide a general time frame for processing an application. As always, the WFAO will endeavour to complete the processing of each application as soon as possible, with a view to disbursing the allowance to the households in a timely manner.

Love Upgrading Special Scheme

According to the Employees Retraining Board (ERB), as at end June 2021, about 5 800 trainees (or 7.6% of the total number of trainees enrolled during the period) with present or last employment in tourism industry enrolled in training courses under the first three tranches of the Love Upgrading Special Scheme. ERB does not maintain a database to trace the courses attended by individual trainees.

¹ The term ‘active households’ refers to households who have been approved with WFA and submitted their latest applications in the past six months.