

For meeting on
15 December 2020

Legislative Council Panel on Manpower

Review of the levels of compensation/payment under employees' compensation-related ordinances and extension of employees' compensation protection to employees commuting to or from work under "extreme conditions"

Purpose

This paper brief Members on the following proposals:

- (I) To review the levels of compensation/payment under employees' compensation (EC)-related ordinances, with the adjustment of the amounts of a total of 21 compensation/payment items under the Employees' Compensation Ordinance (Cap. 282) (ECO), the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) (PMCO), the Occupational Deafness (Compensation) Ordinance (Cap. 469) (ODCO), and the Employees Compensation Assistance Ordinance (Cap. 365) (ECAO); and
- (II) To extend the EC protection to employees commuting to or from work under "extreme conditions".

(I) Review of the levels of compensation/payment under EC-related ordinances

(A) *Levels of compensation under ECO, PMCO and ODCO*

Background

2. ECO provides for the payment of statutory compensation to injured employees and family members of deceased employees for injuries or deaths caused by accidents arising out of and in the course of employment or prescribed occupational diseases. PMCO provides for the payment of compensation to persons and their family members in respect of incapacity or deaths resulting from pneumoconiosis and/or mesothelioma. ODCO provides for the payment of

compensation to persons who suffer from noise-induced deafness (OD persons) by reason of employment in the noisy occupations specified under the Ordinance.

3. According to the established mechanism, the levels of compensation under ECO, PMCO and ODCO are adjusted every two years where appropriate. Broadly speaking, for most of the compensation items, adjustments to the amounts are normally made in the light of the wage movement as reflected by the Nominal Wage Index (NWI) or the price movement as reflected by the Consumer Price Index (CPI)(A) in the relevant period. The amounts of some compensation items (e.g. compensation for care and attention under PMCO and minimum monthly earnings under ECO) are adjusted having regard to other relevant factors.

Proposal

4. Based on the relevant information for 2018 and 2019, as well as some latest information obtained, we propose to adjust the amounts of a total of 18 compensation items under ECO, PMCO and ODCO, comprising 16 items with adjustments proposed in accordance with the established indicators or factors, and two remaining items with adjustments proposed with reference to other relevant factors apart from the established indicators.

16 compensation items proposed to be adjusted based on the established indicators or factors

(a) Compensation items to be adjusted according to wage movement

5. Under the established mechanism, the amounts of the following five compensation items under ECO and ODCO are to be adjusted according to the wage movement as reflected by NWI:-

Four items under ECO

- (i) minimum amount of compensation for death;
- (ii) minimum amount of compensation for permanent total incapacity;
- (iii) compensation for employees requiring attention by another person;
- (iv) minimum amount of surcharge on late payment of compensation; and

One item under ODCO

- (v) minimum sum for calculating the amount of compensation for permanent incapacity.

6. According to the information from the Census and Statistics Department (C&SD), the cumulative rate of wage movement as reflected by NWI in 2018

and 2019 was +7.59% (with details of calculation at Note 1 of Annex I). We propose that the levels of compensation for the above five items be adjusted upwards by 7.59% in accordance with the wage movement in the period.

(b) Compensation items to be adjusted according to price movement

7. According to the established mechanism, the amounts of the following nine compensation items under ECO, PMCO and ODCO are to be adjusted with reference to the price movement as reflected by CPI(A):-

Three items under ECO

- (i) maximum amount of the cost of supplying and fitting a prosthesis or surgical appliance (PSA);
- (ii) maximum amount of the cost of the repair and renewal of PSA;
- (iii) maximum amount of funeral expenses;

Four items under PMCO

- (iv) maximum amount of funeral expenses;
- (v) compensation for pain, suffering and loss of amenities;
- (vi) compensation for bereavement;
- (vii) minimum amount of compensation for death;

Two items under ODCO

- (viii) financing limit for first-time applications for hearing assistive devices (HADs); and
- (ix) aggregate financing limit for HADs.

8. Based on the information from C&SD, the cumulative rate of price movement as reflected by CPI(A) in 2018 and 2019 was +6.11% (with details of calculation at Note 2 of Annex I). We propose that the levels of compensation for the above nine items be adjusted upwards by 6.11% according to the price movement in the period.

(c) Compensation item to be adjusted according to the monthly wage and food allowance for foreign domestic helpers (FDHs)

9. The amount of monthly compensation for care and attention under PMCO is set with reference to the minimum allowable monthly wage (MAW) and food allowance for FDHs working in Hong Kong in the relevant period. The current amount is \$5,600, which is the latest figure obtained in the last review. In September 2019, the monthly cost for hiring an FDH was adjusted upwards to \$5,751 (i.e. MAW at \$4,630 and food allowance at \$1,121 per month), while the Government announced in September 2020 that MAW and food allowance for FDHs would remain at the prevailing level. We thus propose to adjust upwards the amount of compensation for care and attention under

PMCO to \$5,750 per month (rounded to the nearest \$10), i.e. an increase of \$150 (or 2.68%) over the present level of \$5,600.

(d) Compensation item to be adjusted according to the benefits provided under the Comprehensive Social Security Assistance (CSSA) Scheme

10. The current amount of minimum monthly earnings specified in ECO for the purpose of calculating periodical payments during work injury sick leave is \$4,500, which has been set with reference to the standard rate for an able-bodied adult singleton, the rent allowance and long-term supplement for an eligible singleton, as well as the water and sewage charge allowance under the CSSA Scheme in the last review period. As at July 2020, the rate of the same benefit items under the CSSA Scheme increased to \$5,307. We propose to adjust upwards the minimum monthly earnings under ECO to \$5,310 (rounded to the nearest \$10), i.e. an increase of \$810 (or 18%) over the present level of \$4,500 (see Note 3 of Annex I).

Two compensation items proposed to be adjusted taking into account factors apart from the established indicators

(e) Compensation items to be adjusted in consideration of the wage level of non-fatal and fatal EC cases settled through Labour Department (LD)

11. According to ECO, monthly earnings are subject to a maximum for the purpose of calculating compensation for death and permanent total/partial incapacity (i.e. the ceiling of the monthly earnings), while the maximum sum for calculating the amount of compensation for permanent incapacity under ODCO is calculated with reference to the ceiling of the monthly earnings under ECO. The above ceiling of the monthly earnings has all along been adjusted with reference to the wage movement as reflected by NWI according to the established mechanism. At present, the ceiling of monthly earnings is \$30,530. If we were to apply the cumulative change of NWI in 2018 and 2019 (+7.59%), the ceiling would be upwardly adjusted to \$32,850.

12. Taking into consideration the EC protection accorded to employees with higher monthly earnings (e.g. employees in the construction sector), we propose an one-off arrangement in adjusting upwards the ceiling of the monthly earnings under ECO by making reference to the wage level of non-fatal (excluding those cases with work injury sick leave not exceeding three days and not resulting in permanent incapacity) and fatal EC cases settled through LD in the recent year (i.e. 2019) to \$35,600, i.e. an increase of \$5,070 (or 16.61%) over the existing level. With the proposed adjustment, about 90% of the above settled EC cases could be covered. At present, the EC regime in Hong Kong follows the ‘no fault’ principle, whereby compensation under ECO is payable by employers in all circumstances. The aforesaid proposal will improve EC protection for

employees with higher monthly earnings, while at the same time paying due regard to the affordability of employers.

13. On par with the above proposed increase in the ceiling of monthly earnings under ECO, we propose that the maximum sum for calculating the amount of compensation for permanent incapacity under ODCO be adjusted correspondingly, i.e. the ceiling of monthly earnings for calculating the above maximum sum will also be adjusted upwards to \$35,600.

(B) Relief payment items under ECAO

Background

14. For employees who have sustained injuries caused by accidents arising out of and in the course of employment, given that the court awards an amount of common law damages to be payable by the employer but the latter cannot pay the amount and does not have a valid EC insurance policy to cover his liability, hence rendering the injured employees and eligible persons unable to make recovery against the employer or any insurer, the employees and eligible persons may apply for relief payment from the Employees Compensation Assistance Fund (the Fund) under ECAO for the unrecovered sum.

15. According to ECAO, full amount of relief payment shall be paid to the employee (or eligible person) where the amount does not exceed the prescribed relief payment. Where the amount of a relief payment exceeds the prescribed relief payment, the employee (or eligible person) could receive a **first payment** equivalent to the prescribed relief payment, and then followed by **monthly payments** (an amount equal to the prescribed monthly amount or the monthly earnings of the employee at the time of the accident (whichever is the higher)). If the employee is severely injured¹, he could receive the prescribed monthly amount (extra) at the same time. Schedule 4 of ECAO currently stipulates that the amount of prescribed relief payment is \$1,500,000 (i.e. the aforementioned “first payment”), the prescribed monthly amount is \$10,000 and the prescribed monthly amount (extra) is also \$10,000. The above levels of the three prescribed relief payment items have been put in place since 2002.

¹ According to ECAO, “severely injured employee” means that an employee “who suffers from paraplegia or quadriplegia as a result of the employment-related injury concerned such that he is unable to perform the essential actions of life without the care and attention of another person; and in respect of whom a court of competent jurisdiction in Hong Kong has, in relation to the employment-related injury concerned, awarded expenses for the care and attention by another person in respect of the period after the award is made”.

Proposal

16. Having studied and made reference to the applications of relief payment as well as prudently considered the following factors, we propose that the levels of prescribed relief payment, prescribed monthly amount and prescribed monthly amount (extra) be adjusted upwards by 300% on a one-off basis to \$6,000,000, \$40,000 and \$40,000 respectively.

(i) The unique circumstances and needs of the injured employees

17. In general, the earning capacity of the injured employees would be affected after their injury and some have to receive regular medical treatments thus incurring additional expenses. As for the severely injured employees, since they are either paraplegic or quadriplegic with little or no earning capacity, a substantial sum would be needed to cover the adaptation costs (including expenses arising from the need for alternative accommodation (in the form of home modification or renting a suitable home), special transport arrangements, employment of a person to provide full-time care and attention, as well as medical fees and consumables required, etc.) to sustain their living. Therefore, besides adjusting the prescribed monthly amount, the prescribed monthly amount (extra) has to be adjusted upwards in order to meet the needs of the severely injured employees.

(ii) Results of the projection of duration for receiving payment for applicants based on existing applications receiving relief payment

18. We have also studied the applications approved for relief payment under the Employees Compensation Assistance Scheme (the Scheme) for the period of 1 July 2015 to 30 June 2020. Under the existing manner of payment of relief payment, only around 71% of applicants could receive full sum of their relief payment in one go. However, if we adjust the prescribed relief payment to \$6,000,000, and both the prescribed monthly amount and prescribed monthly amount (extra) to \$40,000, around 96% of applicants could receive full sum of their relief payment in one go. For the remaining applicants, the number of years for them to receive their full payment could be significantly shortened by around 15 to more than 30 years. Also, the adjustment of the levels for the three relief payment items could raise the monthly payment to be received by the applicants by 103% to 184% so as to meet their daily and medical needs. Furthermore, there would be 42% to 300% of increase in the monthly payment to be received for those applicants who are currently receiving monthly payments upon commencement of the proposed amendments. The number of years for them to receive their full payment could be shortened by around a few months to 25 years.

(iii) The financial situation and sustainability of the Fund

19. The current financial position of the Fund is healthy with stable income. The proposed increase in the amounts of the three relief payment items above will not incur additional expenditure for the Fund because the total amount of payment received by the applicants would still be in accordance with the sum of common law damages awarded by the court. The Fund is financially capable in effecting the amended amount of relief payment to the applicants and has already reserved funds for this purpose. Despite the possible fluctuation in the levy income received from EC insurance policy premium by the Fund amidst the volatile economic environment, we anticipate small impact on the financial viability, sustainability and cash flow of the Fund.

Proposal in brief

20. In sum, for the review of the levels of compensation/payment under the EC-related ordinances, having regard to the background and relevant information set out in paragraphs 2 to 19 above, it is proposed (with details set out at Annex II) that:

- (a) the levels of compensation for four items under ECO and one item under ODCO be adjusted upwards by 7.59% in accordance with the wage movement as reflected by NWI in 2018 and 2019 (paragraphs 5 to 6);
- (b) the levels of compensation for three items under ECO, four items under PMCO and two items under ODCO be adjusted upwards by 6.11% according to the price movement as reflected by CPI(A) in 2018 and 2019 (paragraphs 7 to 8);
- (c) the amount of monthly compensation for care and attention under PMCO be increased by 2.68% from \$5,600 to \$5,750, based on the existing MAW and food allowance for FDHs (paragraph 9);
- (d) the amount of minimum monthly earnings for the calculation of periodical payments under ECO be increased by 18% from \$4,500 to \$5,310, in accordance with the standard rate for an able-bodied adult singleton and other allowances under the CSSA Scheme as at July 2020 (paragraph 10);
- (e) the ceiling of the monthly earnings for calculating compensation for death and permanent total incapacity under ECO be increased by 16.61% from \$30,530 to \$35,600, by making reference to the wage level of non-fatal (excluding those cases with work injury sick leave not exceeding three days and not resulting in

permanent incapacity) and fatal EC cases settled through LD in 2019, while the maximum sum for calculating the amount of compensation for permanent incapacity under ODCO be adjusted correspondingly, i.e. the ceiling of monthly earnings for calculating the above maximum sum will also be adjusted upwards to \$35,600 (paragraphs 11 to 13); and

- (f) taking into account the unique circumstances and needs of the injured employees, results of the projection of duration for receiving payment for applicants based on existing applications receiving relief payment, and the financial situation and sustainability of the Fund, the levels of prescribed relief payment, prescribed monthly amount and prescribed monthly amount (extra) under ECAO be adjusted upwards by 300% to \$6,000,000, \$40,000 and \$40,000 respectively (paragraphs 14 to 19).

Economic/Financial implications

21. In respect of ECO, we propose to increase the amounts of a total of nine compensation items, including a 7.59% increase in the amounts of four items, a 6.11% increase in the amounts of three items, an upward adjustment of the minimum monthly earnings for calculating periodical payments by \$810, and a 16.61% increase in the ceiling of the monthly earnings for calculating compensation for death and permanent total incapacity. We have consulted the insurance sector on the possible impact on the premium level of EC insurance and claim costs that may result from the above proposal to increase the levels of compensation under ECO. The Accident Insurance Association (AIA) of the Hong Kong Federation of Insurers (HKFI) replied that in view of the Competition Ordinance (Cap. 619)², it is not in the position to advise on the possible impact of the proposal on EC insurance premium and claim costs.

22. For background information, in the exercise covering 2012 and 2013, we also proposed increasing the amounts of the above nine compensation items under ECO, including increasing the amounts of five items by 10.56%, the amounts of three items by 8.88%, and the minimum monthly earnings for calculating periodical payments by \$200. According to the actuarial study engaged by HKFI in 2014, it was estimated that the combined impact of the increases of the amounts of nine compensation items under ECO in that exercise might result in an increase of EC insurance premium by 0.555% to 1.664%³.

² The Competition Ordinance commenced full operation on 14 December 2015.

³ Taking an enterprise which was paying an annual EC insurance premium at \$100,000 as an example, the extra EC insurance premium payable per year might lie between \$555 to \$1,664. Nonetheless, the changes in the EC insurance premium payable by individual enterprises would be subject to various factors, including the industries, occupations of their employees and the EC claims history of the enterprises, etc.

23. As for the proposed increases in the amounts of compensation items under PMCO, the Pneumoconiosis Compensation Fund Board advised that the revisions would not have significant financial implications for the Pneumoconiosis Compensation Fund. Moreover, the Occupational Deafness Compensation Board advised that the proposed adjustment of the amounts of compensation items and HAD financing limits under ODCO would not have significant financial implications for the Occupational Deafness Compensation Fund.

24. In relation to the proposed upward adjustments in the levels of prescribed relief payment, prescribed monthly amount and prescribed monthly amount (extra) under ECAO, we have consulted the Employees Compensation Assistance Fund Board (the Board). The Board considered that the proposal would bring minimal implication for the financial viability and long-term sustainability of the Fund in the foreseeable future. The Board suggested that the Government could consider further raising the level of adjustment for the three relief payment items. It opined that this could better meet the needs of the injured employees and further shorten the duration for the injured employees to receive full relief payment. This suggestion has been adopted and incorporated into the proposal mentioned in paragraphs 14 to 19 above.

(II) Extension of EC protection to employees commuting to or from work under “extreme conditions”

Background

25. Following the experience with Super Typhoon Mangkhut in 2018, the Government has conducted a review of the handing mechanism for future super typhoons (or other natural disasters of a substantial scale), and formulated measures to address work arrangements under “extreme conditions”. Under certain “extreme conditions” caused by super typhoon, such as large-scale power outage, extensive flooding, major landslides and serious disruption of public transport services, the Government will review the situation and, where necessary, issue a territory-wide “extreme conditions” announcement before the Hong Kong Observatory replaces Typhoon Warning Signal No. 8 (T8) with Typhoon Warning Signal No. 3. The public (apart from the essential staff who have an agreement with their employers to be on duty when the “extreme conditions” are in force) are advised to stay in the places they are currently in or safe places for two hours after cancellation of T8. During the first two-hour period when the “extreme conditions” are in force, the Government will continue to review the situation and advise the public again by the end of the

two-hour period whether the “extreme conditions” will be extended or cancelled. Apart from the situation of super typhoon, the Government may issue “extreme conditions” announcement depending on the actual circumstances of other natural disasters of a substantial scale.

26. According to ECO, an accident to an employee resulting in injury or death is deemed to arise out of and in the course of his employment if it happens to the employee whilst T8 or above or the Red or Black Rainstorm Warning is in force and the employee travels from his place of residence to his place of work by a direct route within a period of four hours before the time of commencement of his working hours for that day, or from his place of work to his place of residence within a period of four hours after the time of cessation of his working hours for that day. However, the existing ECO does not cover the situation where an employee sustains an injury or dies as a result of an accident when commuting to or from work during the period of “extreme conditions”.

Proposal

27. Having considered that employees commuting to or from work during “extreme conditions” can be subject to more dangerous circumstance which are the same as those under the aforementioned adverse weather conditions, it is proposed to amend ECO to extend its coverage to employees commuting to or from work under “extreme conditions”, allowing the relevant employees to have EC protection on par with that under T8 or above or when the Red or Black Rainstorm Warning is in force.

Economic/Financial implications

28. We have consulted the insurance sector on the possible impact on the premium level of EC insurance and claim costs that may result from the above proposal to extend EC protection to employees commuting to or from work under “extreme conditions”. AIA of HKFI replied that in view of the Competition Ordinance, it is not in the position to advise on the possible impact of the proposal on EC insurance premium and claim costs.

29. For background information, the Government consulted HKFI in 1994 before the extension of the coverage of ECO to employees commuting to or from work when T8 or above or Red or Black Rainstorm Warning is in force. HKFI at that time advised that other than in very exceptional circumstances, the impact of the proposal on EC insurance premium would be fairly nominal, and the financial impact to employers would be dependent on the number and

severity of such extreme weather incidents and the time of day at which they occur.

Consultation with the Labour Advisory Board (LAB)

30. At its meeting on 25 November 2020, LAB was consulted for views on the aforementioned proposals. After deliberation, all members present agreed in general to the proposals set out in paragraphs 20 and 27 above, so as to provide better protection for injured employees, sufferers of occupational diseases and family members of employees or persons who die of work injuries or occupational diseases.

Way forward

31. The amounts of a total of 18 compensation items under ECO, PMCO and ODCO set out in paragraph 20 above may be revised by resolutions of the Legislative Council (LegCo), and the levels of the three relief payment items under ECAO may be revised by notice published in the Gazette which is subject to the negative vetting procedure in LegCo. For the proposal of extending EC protection to employees commuting to or from work under “extreme conditions” in paragraph 27, it will be introduced into LegCo for scrutiny by way of an Amendment Bill. We will strive to submit the above proposals to LegCo by the first quarter of 2021.

32. Members are invited to note and give views on the above proposals.

Labour and Welfare Bureau
Labour Department
December 2020

Note 1

Change in wage rate reflected by NWI for the period of 1 January 2018 and 31 December 2019 is calculated as follows:

NWI for 2017	= 225.4
NWI for 2019	= 242.5
Change in NWI for 2018 and 2019	$= (242.5 - 225.4) \div 225.4 \times 100 \%$
	= +7.59%

Note 2

Change in commodity prices reflected by CPI(A) for the period of 1 January 2018 and 31 December 2019 is calculated as follows:

CPI(A) for 2017	= 105.1
CPI(A) for 2019	= 111.5
Change in CPI(A) for 2018 and 2019	$= (111.5 - 105.1) \div 105.1 \times 100 \%$
	= +6.09%*

* As it is the established practice of the Census and Statistics Department (C&SD) to publish CPI(A) figures in one decimal place only, it is confirmed in consultation with C&SD that the cumulative percentage change of CPI(A) for 2018 and 2019 should be **+6.11%**.

Note 3

Levels of benefits under the CSSA Scheme

<i>Item</i>	<i>Monthly rate as at July 2020</i>
Standard rate for an able-bodied adult singleton	\$2,615
Rental allowance for an eligible singleton	\$2,475
Water and sewage charge allowance for a single person	\$24.5
Long-term supplement for a single person	\$193.3
Total	\$5,307.8

- The current minimum monthly rate for calculation of periodical payments under ECO is \$4,500 per month
- Percentage change if adjusting the minimum monthly rate to \$5,310 (rounded to the nearest \$10) according to the relevant benefit levels under the CSSA Scheme as at July 2020:

$$(\$5,310 - \$4,500) \div \$4,500 \times 100\% = \mathbf{+18\%}$$

**Proposed changes in the levels of compensation under ECO
(rounded to the nearest \$10)**

Items under ECO	Existing Level (\$)	Proposed % Change	Proposed Level (\$)	Amount of Change (\$)
1. Ceiling of the monthly earnings (for calculating compensation for death and permanent total incapacity)	30,530	+16.61%	35,600	+5,070
2. Minimum amount of compensation for death	440,200	+7.59%	473,610	+33,410
3. Minimum amount of compensation for permanent total incapacity	499,840	+7.59%	537,780	+37,940
4. Compensation for employees requiring attention by another person	599,230	+7.59%	644,710	+45,480
5. Minimum amount of surcharge on late payment of compensation				
➤ initial surcharge	710	+7.59%	760	+50
➤ further surcharge	1,430	+7.59%	1,540	+110
6. Maximum amount of funeral expenses ⁴	87,330	+6.11%	92,670	+5,340
7. Maximum amount of the cost of supplying and fitting a prosthesis or surgical appliance	41,750	+6.11%	44,300	+2,550
8. Maximum amount of the cost of the repair and renewal of a prosthesis or surgical appliance	126,490	+6.11%	134,220	+7,730
9. Minimum monthly earnings (for calculating periodical payments during work injury sick leave)	4,500	+18%	5,310	+810

Note:

- Item 1 is adjusted with reference to the wage level of non-fatal (excluding those cases with work injury sick leave not exceeding three days and not resulting in permanent incapacity) and fatal EC cases settled through LD in 2019.
- Item 2 to item 5 are adjusted according to the wage movement as reflected by NWI.
- Item 6 to item 8 are adjusted according to the price movement as reflected by CPI(A).
- Item 9 is adjusted according to the rate of certain benefit items under the CSSA Scheme.

⁴ The maximum amount of funeral expenses was increased by 100% from \$35,000 to \$70,000 in the adjustment which took effect in July 2012; it was further increased to the levels of \$83,700 and \$87,330 in the subsequent adjustments which commenced in April 2017 and April 2019 respectively. According to the information on charges for funeral services recently collected by LD, the proposed further increase of the maximum amount of funeral expenses by \$5,340 to \$92,670 in the current exercise should be able to cover reasonable funeral and related expenses for a deceased person. The impact of inflation and the actual circumstances have been taken into account in proposing the level.

**Proposed changes in the levels of compensation under PMCO
(rounded to the nearest \$10)**

Items under PMCO		Existing Level (\$)	Proposed % Change	Proposed Level (\$)	Amount of Change (\$)
1.	Compensation for pain, suffering and loss of amenities (A monthly payment payable to all patients until they pass away)	5,330	+6.11%	5,660	+330
2.	Compensation for bereavement	220,000	+6.11%	233,440	+13,440
3.	Minimum compensation for death (pegged to the amount of compensation for bereavement)	220,000	+6.11%	233,440	+13,440
4.	Maximum amount of funeral expenses ⁵	87,330	+6.11%	92,670	+5,340
5.	Compensation for care and attention (A monthly payment payable to patients requiring the care and attention of another person)	5,600	+2.68%	5,750	+150

Note:

- Item 1 to item 4 are adjusted according to the price movement as reflected by CPI(A).
- Item 5 is adjusted according to the minimum allowable monthly wage and food allowance for an FDH.

⁵ The maximum amount of funeral expenses was increased by 100% from \$35,000 to \$70,000 in the adjustment which took effect in July 2012; it was further increased to the levels of \$83,700 and \$87,330 in the subsequent adjustments which commenced in April 2017 and April 2019 respectively. According to the information on charges for funeral services recently collected by LD, the proposed further increase of the maximum amount of funeral expenses by \$5,340 to \$92,670 in the current exercise should be able to cover reasonable funeral and related expenses for a deceased person. The impact of inflation and the actual circumstances have been taken into account in proposing the level.

**Proposed changes in the levels of compensation under ODCO and
the financing limits for HADs
(rounded to the nearest \$10)**

Items under ODCO	Existing Level (\$)	Proposed % Change	Proposed Level (\$)	Amount of Change (\$)
1. Maximum sum for calculating the amount of compensation for permanent incapacity				
- Age under 40 (multiplying factor: 96)	2,930,880	+16.61%	3,417,600 (35,600 x 96)	+486,720
- Age 40 to under 56 (multiplying factor: 72)	2,198,160	+16.61%	2,563,200 (35,600 x 72)	+365,040
- Age 56 and above (multiplying factor: 48)	1,465,440	+16.61%	1,708,800 (35,600 x 48)	+243,360
2. Minimum sum for calculating the amount of compensation for permanent incapacity	499,840	+7.59%	537,780	+37,940
3. Financing limit for first-time HAD applications	19,000	+6.11%	20,160	+1,160
4. Aggregate financing limit for HADs	79,000	+6.11%	83,830	+4,830

Note:

- Item 1 is adjusted correspondingly according to the change in the ceiling of monthly earnings under ECO (i.e. Item 1 of Annex II-1).
- Item 2 is adjusted according to the wage movement as reflected by NWI.
- Item 3 and item 4 are adjusted according to the price movement as reflected by CPI(A).

Proposed changes in relief payment items under ECAO

Items under ECAO		Existing Level (\$)	Proposed % Change	Proposed Level (\$)	Amount of Change (\$)
1.	Prescribed relief payment	1,500,000	+300%	6,000,000	+4,500,000
2.	Prescribed monthly amount	10,000	+300%	40,000	+30,000
3.	Prescribed monthly amount (extra)	10,000	+300%	40,000	+30,000