

LCQ16: Assistance for the unemployed

Following is a question by the Hon Vincent Cheng and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (October 21):

Question:

As Hong Kong's economy has been hard hit by the Coronavirus Disease 2019 epidemic, the unemployment rate has remained high and stood at 6 per cent in recent months. The number of unemployed persons has reached 200 000-odd, representing an increase by more than 100 000 when compared with the figure six months ago. Some academics have pointed out that given the fluctuating epidemic situation and the fact that the Government has no intention to launch a new round of Employment Support Scheme, the unemployment rate may continue to rise. The Government has implemented a time-limited unemployment support scheme (the support scheme) since June 1 this year, under which the asset limits of the Comprehensive Social Security Assistance (CSSA) applicants who are able-bodied adults are temporarily relaxed. In this connection, will the Government inform this Council:

(1) given that there is only a slight increase of 300-odd cases in the number of CSSA cases under the unemployment category recorded in August when compared with that recorded three months ago, which is far smaller than the increase in the number of unemployed persons in the same period, whether the Government has assessed the reasons for that; if so, of the details;

(2) whether it conducted any survey and study in the past six months to look into the difficulties faced by the unemployed and the support they need; if so, of the details; if not, whether it will conduct relevant surveys and studies;

(3) whether it will, in the long term, conduct studies on severance payment, long service payment and unemployment support measures, with a view to enhancing the support and protection for employees; if so, of the details; if not, the reasons for that;

(4) as the Government has claimed that the establishment of a new unemployment assistance system would entail high costs and take a rather long time (nearly 18 months), and that such a system might create an effect that the unemployment rate lingers at 4 per cent to 5 per cent, of the basis for such claim; and

(5) whether it will examine other options (e.g. enhancing the support scheme or the Mandatory Provident Fund system), so as to address the imminent needs of the unemployed; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the relevant policy bureaux and departments, my consolidated response to the Member's questions is set out below:

(1) Having considered the unprecedented challenges posed by the coronavirus disease 2019 in Hong Kong, the Government announced in April 2020 the introduction of a time-limited "Special Scheme of Assistance to the Unemployed" through the Comprehensive Social Security Assistance (CSSA) system. The asset limits for able-bodied applicants under the CSSA Scheme have been temporarily relaxed for six months by 100 per cent from June 1, 2020. In September 2020, the Government announced the further extension of the special scheme for six months to May 31, 2021. Over the past few months, there has been a significant increase in CSSA unemployment cases with an average of 16 864 cases per month from January to September 2020, representing a 43 per cent increase as compared with the average from January to September 2019. The number of CSSA unemployment cases in September 2020 was 19 024, which was the highest since end-2014. The above shows that CSSA is effectively serving its purpose as the safety net and could help the unemployed who are facing temporary financial hardship.

(2) The Census and Statistics Department conducts the General Household Survey every month to collect information on employment, unemployment and other socio-economic characteristics of the population in Hong Kong. Statistics related to the characteristics of unemployed persons, including age, sex, education attainment, duration of unemployment, industry and occupation before unemployment etc., are published in the Quarterly Report on General Household Survey. The General Household Survey does not collect information on the difficulties faced by unemployed persons or the support they needed.

Besides, the Labour Department (LD) has all along been keeping tabs on the employment support services needs of job seekers through various channels, including annual customer opinion surveys.

(3) and (4) According to the Employment Ordinance (EO), if an employee who has been employed under a continuous contract is dismissed (other than summary dismissal due to serious misconduct) and meets the specified conditions and the qualifying length of service, he/she is entitled to severance payment (SP) (Note 1) or long service payment (LSP) (Note 2). The maximum amount of SP and LSP is \$390,000. The above requirements would provide economic support to the employees concerned to help alleviate their financial hardship caused by the loss of employment.

Regarding the "offsetting" of SP and LSP by the accrued benefits of employers' mandatory contributions under the Mandatory Provident Fund (MPF) system, the Government is working in full steam to take forward the preparatory work and to draft the enabling legislation. Any reform on the SP and LSP will affect the arrangement for abolition of "offsetting" and will need to be re-examined from the start.

(5) As mentioned in the reply to (1) above, the "Special Scheme of Assistance to the Unemployed" has been extended and will last for 12 months to May 31, 2021. Separately, under the existing CSSA arrangement, the value of an owner-

occupied residential property of households with able-bodied persons only will be disregarded for a grace period of the first 12 months.

In light of the deteriorating employment situation, LD raised the ceiling of on-the-job training (OJT) allowance payable to employers under the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme in September 2020, with a view to further encouraging employers to hire the elderly and middle-aged, young people and persons with disabilities and provide them with OJT. LD also launched a pilot scheme at the same time to encourage eligible elderly persons, young people and persons with disabilities to undergo and complete OJT under these employment programmes through the provision of a retention allowance, thereby stabilising employment.

The MPF system is designed as a long-term saving scheme for retirement rather than tackling the imminent situation facing the unemployed. The suggestion to allow early withdrawal of MPF accrued benefits for meeting short-term financial needs will weaken the integrity of the MPF system and render it difficult to achieve the purpose of assisting working population to save for their retirement. Based on the same policy considerations, the Government is taking forward the relevant law amendment and drafting work to abolish the "offsetting" of SP and LSP by the accrued benefits of employers' mandatory contributions under the MPF System.

Note 1: Under E0, an employee who has been employed under a continuous contract for a period of not less than 24 months is eligible for SP subject to meeting any one of the following conditions: (1) the employee is dismissed by reason of redundancy; (2) the employment contract of a fixed term expires without being renewed by reason of redundancy; or (3) the employee is laid off.

Note 2: Under E0, an employee who has been employed under a continuous contract for a period of not less than 5 years is eligible for LSP subject to meeting any one of the following conditions: (1) the employee is dismissed by the employer (other than redundancy or summary dismissal due to serious misconduct); (2) the employment contract of a fixed term expires without being renewed; (3) the employee dies; (4) the employee resigns upon granting of a certificate by a registered medical practitioner or a registered Chinese medicine practitioner certifying that he/she is permanently unfit for the present job; or (5) the employee, aged 65 or above, resigns on ground of old age.