

**Legislative Council Meeting of 16 June 2021**  
**Motion on ‘Policy on unemployment loan’**

**Progress Report**

**Purpose**

At the sitting of the Legislative Council (“LegCo”) on 16 June 2021, the motion on “Policy on unemployment loan” moved by Hon POON Siu-ping and as amended by Hon LUK Chung-hung and Hon Vincent CHENG was passed (full text of the passed motion at [Annex](#)). This report updates Members on the labour market and the latest progress of a series of support measures provided by the Government for the unemployed.

**Latest Update on the Labour Market**

2. The labour market showed further improvement as the economy continued to recover alongside the stabilisation of the local epidemic situation and the improved external environment. The seasonally adjusted unemployment rate fell from 6.0% in March - May 2021 to 5.5% in April - June 2021, the fourth consecutive moving three-month period that registered a decline. The underemployment rate also decreased further from 2.8% to 2.5%. Meanwhile, total employment rose for the fourth consecutive moving three-month period by 9 700 to 3 640 100. The number of unemployed persons went down further by 20 200 to 213 100.

**Latest Progress of Support Measures**

100% Personal Loan Guarantee Scheme

3. The 100% Personal Loan Guarantee Scheme aims to provide a supplementary financing option for tiding over the interim difficulty of individuals suffering from cessation of main recurrent incomes from

employment in Hong Kong due to the outbreak of Coronavirus Disease 2019. The application period of this interim measure began on 28 April 2021, for a period of six months. As at 6 August 2021, the HKMC Insurance Limited has approved 25 114 loan applications, involving a total loan amount of around \$1.75 billion and an average loan size of around \$70,000. The Government will review the effectiveness of the scheme in due course taking into account the economic situation and relevant considerations.

4. For persons who become unemployed due to various reasons, the Government has been adopting a multi-pronged approach in providing them with the necessary support through different standing mechanisms, including creating more job opportunities, upskilling or establishing new skills for employees in need and enhancing job matching between employers and employees, as well as providing financial assistance to the unemployed and their families who experience financial difficulties. At the meetings of the Subcommittee to Study the Setting Up of an Unemployment Assistance System in Hong Kong under the LegCo Panel on Manpower on 13 April and 25 June 2021, the Labour and Welfare Bureau had thorough discussions with Members on the relevant issues, as detailed in LegCo Papers No. CB(2)954/20-21(01) and CB(2)1221/20-21(01) respectively. A brief update of the Government's support measures provided for unemployed persons and families facing financial difficulties is set out in the ensuing paragraphs.

#### Comprehensive Social Security Assistance Scheme

5. The Comprehensive Social Security Assistance (“CSSA”) Scheme has been effectively serving its function as a safety net to help those who cannot support themselves financially to meet their basic needs. Having regard to the impact of the pandemic, the Government has on a time-limited basis excluded the cash value of insurance policies of able-bodied applicants in the definition of assets under the CSSA Scheme. Specifically, all insurance policies owned by able-bodied applicants whose applications are submitted within the six months from 1 April to 30 September 2021, irrespective of the cash value, will be disregarded as asset during the one-year grace period.

### Short-term Food Assistance Service Projects

6. The Government has already relaxed the asset limits of the Short-term Food Assistance Service Projects for 12 months starting from 1 June 2021 on a time-limited basis. In addition, the Government will regularise the provision of the services from August 2021 as planned upon completion of the existing service contracts.

### Working Family Allowance Scheme

7. The objective of the Working Family Allowance (“WFA”) Scheme is to support lower-income working households which are not on CSSA and have longer working hours by providing different levels of allowance according to the principle of rewarding hard work. Having regard to the impact of the pandemic, the Government reduces the WFA working hour requirements for non-single-parent households from the claim months of June 2021 to May 2022, which include substantially reducing the working hour requirement for Basic Allowance from 144 to 72 hours per month, as well as reducing the working hour requirement for Medium Allowance from 168 to 132 hours per month, such that more households will be eligible for the WFA, and some existing beneficiaries may receive higher rate of allowance.

### Support Measures by the Employees Retraining Board

8. Apart from the 140 000 regular training places provided annually covering areas of 28 industries and various generic skills, the Employees Retraining Board has launched the Love Upgrading Special Scheme (“Special Scheme”) in October 2019 to provide training and allowance for trainees affected by the economic situation. Four tranches of the Special Scheme have been launched providing a total of 60 000 training places. The Special Scheme imposes no restriction on education attainment, where unemployed or underemployed persons may opt for full-time or part-time training courses according to their needs and apply for training allowance. The statutory cap of training allowance has been increased by 45% from \$4,000 to \$5,800 per month from May 2020.

## Employment Support Services for Job Seekers

9. The Labour Department (“LD”) has been providing comprehensive and free-of-charge employment services for job seekers through its job centres, three industry-based recruitment centres set up respectively for the catering, retail and construction industries, and online platforms, etc. The LD strives to help job seekers secure employment by strengthening its liaison with employers with recruitment needs, stepping up its efforts in canvassing vacancies for job seekers, and organising a variety of job fairs to facilitate the dissemination of employment information.

10. The LD has also implemented and introduced timely enhancements to its employment programmes so as to raise the employability of job seekers with special employment needs, and to encourage employers to hire them. The LD has raised the ceiling of the 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. The LD has also launched a pilot scheme in the same month to encourage eligible employees to undergo and complete OJT under these employment programmes through the provision of a retention allowance, thereby stabilising employment. Subject to the length of OJT period, a full-time employee may receive retention allowance of up to \$12,000.

11. The LD will continue to review its employment services in the light of the local economic and labour market conditions. Adjustments or enhancements will be initiated in a timely manner so as to better serve the changing needs of both job seekers and employers.

## **Conclusion**

12. The Government will continue with efforts to contain the pandemic and revive the economy. Against the background of a

progressive rising uptake of vaccination and a stabilised epidemic situation, it is expected that Hong Kong's economy will recover in a gradual manner and unemployment rate will continue to improve. The Government will also continue to enhance support for needy persons as affected by the pandemic through the existing standing mechanisms.

**Labour and Welfare Bureau**  
**Financial Services and the Treasury Bureau**  
**Labour Department**  
**Census and Statistics Department**  
**August 2021**

(Translation)

**Council meeting of 16 June 2021**

**Hon POON Siu-ping's motion on  
"Policy on unemployment loan"**

**Motion as amended by Hon LUK Chung-hung and Hon Vincent CHENG**

That the rampant COVID-19 epidemic has led to a global economic downturn of which Hong Kong cannot be spared, with many industries having been dealt a heavy blow, the overall unemployment and underemployment rates remaining high and people's daily lives being gravely affected; some academics and experts anticipated that it would be difficult for the Hong Kong economy to fully recover within a short period of time; in this connection, this Council urges the Government to formulate a sustainable policy on unemployment loan and, prior to that, the Government should immediately introduce a cash allowance for unemployment and suspension of work, subject to a ceiling of \$9,000 for a six-month payment period, and continue the 100% Personal Loan Guarantee Scheme with the beneficiaries of the Scheme expanded to the underemployed and people taking no-pay leave, so as to improve the unemployment assistance scheme, thereby helping the unemployed alleviate their financial pressure; prior to formulating a policy on unemployment loan, the Government should also conduct a study on the arrangement for an unemployment assistance.