

For discussion on
4 November 2024

**Legislative Council
Subcommittee to Study Population Policy and Initiatives**

**Policies and measures to encourage childbirth and
creation of a more favourable childbearing environment**

Purpose

This paper introduces the Government's policies and measures to encourage childbirth and creation of a more favourable childbearing environment and listen to Members' views.

Background

2. Childbearing is one of the major life decisions involving many considerations. As Hong Kong's birth rate remains at a low level, the Government has introduced different measures in these two years to enhance support for families with newborns, hoping to increase the aspirations of families for childbearing and creating a favourable childbearing environment through policy directions.

Major Policy and Measures

Newborn Baby Bonus

3. In the 2023 Policy Address, the Government announced to provide a one-off cash bonus of \$20,000 to eligible parents for each eligible baby. The scheme would run for three years. There are two eligibility criteria: babies must be born in Hong Kong between 25 October 2023 and 24 October 2026; and either parent of the babies must be a Hong Kong permanent resident at the time of application. Eligible parents should apply for the Newborn Baby Bonus when registering an eligible baby's birth within a period of 42 days of birth. The application should be made by either the father or mother of the baby and applicants could not authorise other persons to submit the application or collect the bonus. If parents do not apply for the bonus when registering the baby's birth within 42 days of

birth, they will have to fill in a form and complete the application procedures at any births registry in person within six calendar months after the day of the baby's birth.

4. Application for baby bonus only requires minimal information, including the account holder's name and account number of a local Hong Kong dollar sole-name bank account, which is held in the name of either the father or mother, as well as a local contact telephone number that can receive local SMS. If the bank information provided by an applicant is correct, the bonus will be credited to the designated bank account of the successful applicant after two to three weeks. The Treasury will also send an SMS notification message to the payee.

5. The Government has created a new non-recurrent commitment of \$2,286 million for the Newborn Baby Bonus. As at 30 September 2024, a total of 26 948 eligible applications had been received, and disbursement had been made to 25 841 applicants, with a total amount of about \$520 million. The Government plans to review the Bonus Scheme two years after launch.

Raising the accommodation-related tax deduction ceiling

6. To provide support to families with new born children, the Government proposed in the 2023 Policy Address that the ceiling of the accommodation-related tax deductions would be raised for taxpayers who reside with newborn children. The Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024 was passed by the Legislative Council on 22 May 2024 so as to implement the measure. Starting from the year of assessment (YA) 2024/25, an additional deduction ceiling amount of \$20,000 for home loan interest or domestic rents, on top of the basic deduction ceiling (\$100,000), is allowed for a taxpayer if specified conditions¹ are met. Each taxpayer may be allowed

¹ The specified conditions include:

- (a) the taxpayer, in the YA concerned, resides with a child of the person in Hong Kong for –
 - (i) a continuous period of not less than six months; or
 - (ii) a shorter period that the Commissioner of Inland Revenue considers reasonable in the circumstances;
- (b) the child –
 - (i) was born on or after 25 October 2023; and
 - (ii) is, at any time in that YA, under the age of 18;
- (c) the qualifying amount of home loan interest/domestic rents paid is larger than the basic deduction ceiling amount of \$100,000; and
- (d) the taxpayer elects in writing to use both the basic deduction ceiling amount and the additional deduction ceiling amount for that YA.

an additional deduction ceiling amount for a maximum of 19 years of assessment.

Priority arrangement for subsidised sale flats (SSFs)

7. To raise the chances for families with newborns to purchase SSFs successfully, the Hong Kong Housing Authority (HA) has implemented the “Families with Newborns Flat Selection Priority Scheme” in SSF sale exercises starting from the Sale of Home Ownership Scheme Flats 2024. Family applicants of SSF sale exercises with babies born on or after 25 October 2023 will be eligible for the “Families with Newborns Flat Selection Priority Scheme” if their children are aged three or below on the closing day of the application of a particular sale exercise.

8. HA will reserve a quota of 40% of flats for balloting and priority flat selection by eligible applicants under the “Families with Newborns Flat Selection Priority Scheme” and Priority Scheme for Families with Elderly Members” in each SSF sale exercise. During flat selection, applicants who join the “Families with Newborns Flat Selection Priority Scheme” and “Priority Scheme for Families with Elderly Members” will have higher priority to select flats than other family applicants and one-person applicants. Eligible families under the “Families with Newborns Flat Selection Priority Scheme” would be able to enjoy this priority arrangement in each SSF sale exercise until the children reach the age of three.

Priority arrangement for Public Rental Housing (PRH) allocation

9. In terms of allocation of PRH, HA has implemented “Families with Newborns Allocation Priority Scheme” starting from 1 April 2024. All PRH family applications with babies born on or after 25 October 2023 and aged one or below (i.e. the applicant must add the relevant newborn to his/her PRH application on or before the day when the eligible newborn turns one year old) would have their waiting time for PRH flats reduced by one year. As at end-September 2024, about 2 300 eligible PRH applications have their waiting time reduced by one year under the “Families with Newborns Allocation Priority Scheme”.

Supporting assisted reproductive services

10. Noting that some couples may need assisted reproductive technology to conceive a baby, the Health Bureau will provide assistance

in this regard to support the Government's policy in promoting fertility. We will:

- (i) increase the public service quota for assisted reproductive services – The Hospital Authority, in the period from 2024-25 to 2028-29, is gradually increasing the assisted reproductive service quota for in vitro fertilisation treatment by more than 60%, from 1 100 to 1 800 treatment cycles per year. At present, the number of subsidised service quota for in vitro fertilisation treatment has been increased to 1 200. Considering factors such as the manpower of doctors and capacity for specialist training, etc., the Hospital Authority plans to increase 300 subsidised service quota in 2025-26 and enhance the training for relevant professionals; and
- (ii) provide tax deductions for assisted reproductive services – Starting from the year of assessment 2024/25, the Government will provide a deduction for expenses on assisted reproductive services under salaries tax and personal assessment, subject to a ceiling of \$100,000 a year. The Government encourages couples to give birth in their best reproductive years so as to increase chances in conceiving and to reduce health risks to the pregnant women and foetuses. The measure is aimed at assisting couples who face difficulties in conceiving, and hence will not apply to services that might delay childbearing plans, such as freezing gametes for reasons other than medical need. The Government is drafting the legislation for the tax deduction.

Assisting working families in childbearing

11. The Labour and Welfare Bureau has strengthened support for working families in childbearing and unleash their labour force. Measures include –

- (i) increase the Working Family Allowance – The Government has increased the rates of the household and child allowances under the Working Family Allowance (WFA) Scheme by 15% across the board with effect from the claim month of April 2024, benefiting all households receiving WFA. Taking a four-person household with two eligible children as an example, their maximum monthly WFA has increased from the amount of \$4,200 to \$4,830. The Scheme provides additional allowances

for relevant childbearing families, and increasing the rates of WFA would help further alleviate the burden of grassroots working families;

- (ii) increase child care centre places and allowances – Over the three years starting from 2024, 11 aided standalone child care centres (CCCs) are being set up in phases, providing about 1 000 additional places for day child care services. Starting from April this year, the Child Care Centre Parent Subsidy, which is applicable to all government-aided standalone CCCs and CCCs attached to kindergartens, has been increased from a maximum of \$600 to \$1,000 per month. The Social Welfare Department has been providing information and assistance to private organisations applying for registration to operate CCCs to encourage their provision of child care support for their employees;
- (iii) extend the After-School Care Programme for Pre-primary Children to cover all districts – Over the three years starting from 2024, the After-School Care Programme for Pre-primary Children is being extended in phases to cover all districts in Hong Kong. The number of participating centres will be increased from 16 to 28, and the number of service places from about 670 to nearly 1 200;
- (iv) further enhance the service of the Neighbourhood Support Child Care Project (the Project) – Starting from the fourth quarter of 2024, the number of service places under the Project have been doubled to about 2 000, with the estimated number of beneficiaries to be doubled to 20 000. The Chief Executive announced in his 2024 Policy Address, service places under the Project will be further increased to 2 500, with the estimated number of beneficiaries further increased to 25 000. To encourage more people to participate in the Project, starting from April 2024, the incentive payment at the standard rate of \$25 per hour for home-based child carers of the Project has been increased. For carers of infants and young children aged 0-3 or children with special learning needs, the rate of the incentive payment has been more than doubled to \$60 per hour. For carers of children aged 3-9, the rate has been increased by 60%, to \$40 per hour; and

- (v) enhance the School-based After School Care Service Scheme – Beginning the 2024/25 school year, the number of primary schools covered by the Scheme will increase from 50 to over 110, enabling students in need to stay at school outside school hours for care and learning support, allowing their parents to take up jobs. Subject to actual utilisation and outcome of the scheme, we plan to encourage more schools to participate in the scheme, without capping the number of places, in the 2025/26 school year.

Promoting family education

12. Nurturing children present new challenges for parents, including issues surrounding children’s education and maintaining marital relationship. The Home and Youth Affairs Bureau and the Family Council just launched a new five-year Funding Scheme on the Promotion of Family Education on 14 October 2024 with an annual provision of \$8 million to subsidise non-profit-making community projects in promoting family education. The Scheme covers various family-related themes including education for new parents, parent-child education, maintenance of family relationship, inheritance of good family values and traditional virtues, and other marriage-related subjects, etc. to meet the needs of different families. The applicant organisation may organise difference activities and/or support services according to the theme(s) of the project, for example, talks, workshops, mutual support groups, counselling services, support and consultation hotlines, online information platform, production of educational videos, publications, etc.

Enhancing family-friendly measures for civil servants

13. The Government will, starting from April 2025, provide childcare leave for government employees with children aged under three as a new family-friendly employment measure to support families with newborns and create an environment conducive to childcare, so as to further exemplify the Government’s commitment as a caring employer and dovetail with the Government’s policy of encouraging childbirth. We plan to allow eligible government employees to take three days of childcare leave per year for each child under the age of three. The Civil Service Bureau is formulating the details and implementation arrangements, and will put the measure in place after consultation with the staff side.

Advice Sought

14. Members are invited to note and comment on the aforesaid policies and measures to encourage childbirth and creation of a more favourable childbearing environment.

Deputy Chief Secretary for Administration's Private Office

Civil Service Bureau

Financial Services and the Treasury Bureau

Health Bureau

Home and Youth Affairs Bureau

Housing Bureau

Labour and Welfare Bureau

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