
INFORMATION NOTE

Income Shortfall of a Low-Income Non-Comprehensive Social Security Assistance Household Living in a Private Domestic Unit

1. Background

1.1 In general, expenditure on housing is one of the major components of the total expenditure of a family in Hong Kong. In the case of a four-member low-income family whose monthly income is less than 50% of the median household income or HK\$9,800, its expenditure on housing usually accounts for a very significant proportion of its total household income. Whilst people living in public rental housing pay HK\$1,040 to HK\$3,211 per month for their rent, accounting for 11-33% of their household income,¹ those living in private domestic units commonly pay a much higher amount. This information note examines the shortfall of income of a four-member low-income non-Comprehensive Social Security Assistance (CSSA) household living in a private domestic unit.

2. Average rent of a private domestic unit

2.1 According to the Housing Authority, the average living space per person in a public rental unit was 11.7 sq m in 2005.² In this connection, the living space for a four-member household is estimated to be 46.8 sq m. The average monthly rent for a private domestic unit of this size ranges from HK\$5,008 in the New Territories to HK\$8,939 on Hong Kong Island.³

¹ Legislative Council Secretariat. (2005) Information Note on *A Comparison of Financial Assistance for Comprehensive Social Security Assistance and Low-income Households*. LC Paper No. IN05/05-06.

² *Housing Authority*. (2006) Available from: <http://www.housingauthority.gov.hk/en/> [Accessed March 2006].

³ According to the *Hong Kong Property Review – Monthly Supplement, February 2006*, in the fourth quarter of 2005, the average rent of a private domestic unit of size 40 sq m to 69.9 sq m on Hong Kong Island, in Kowloon and the New Territories was HK\$191, HK\$162 and HK\$107 per sq m respectively.

3. Shortfall of income in meeting daily expenses

3.1 The four-member family taken for illustration is assumed to comprise an able-bodied adult engaging in a full-time job with a monthly salary of HK\$9,800, his wife who is a homemaker, and two children aged 16 and seven respectively. This family is living in a private domestic unit in the New Territories and has been placed on the Waiting List of the public rental housing. The elder child is a full-day Secondary Four student and needs to take lunch away from home, while the younger child is studying in a half-day primary school. The travelling expenses for these two children are HK\$400.

3.2 Table 1 shows the breakdown of the monthly expenses of this family. The total monthly expenses are HK\$11,269. If the family does not apply for CSSA, it cannot make its ends meet as it has an income shortfall of HK\$1,469 (HK\$11,269 – HK\$9,800). The situation is even worse if it is at the beginning of the school year when the family has to pay for the textbooks and other fees for the children.

Table 1 – Breakdown of the monthly expenses of the 4-member low-income non-CSSA family living in a private domestic unit

| Expenditure item | Amount (HK\$) | Remarks |
|--|---------------|---|
| Basic needs | 5,090 | Measured in terms of the CSSA standard rates One able-bodied adult HK\$1,145 One family-carer HK\$1,395 Two able-bodied children HK\$1,275 x 2 |
| Rent | 5,008 | Average rental for a private domestic unit in the New Territories |
| Water/sewage charges | 44 | Based on the amount provided under the CSSA special grant (HK\$11 x 4) |
| School fee of the elder child | 532 | Gazetted fee for a Secondary Four student is HK\$5,320 per year and assuming it is paid across 10 months |
| Meal expenses for the elder child | 195 | Based on the amount provided under the CSSA special grant |
| Travelling expenses to and from school | 400 | Actual expenses (normally by the cheapest means of available transport) |
| Total | 11,269 | |

Available financial assistance

3.3 This low-income non-CSSA family is eligible for the financial assistance provided under several schemes. However, the amount of assistance available is not sufficient to cover all the outstanding expenses. There is still a monthly shortfall of income of HK\$1,003 (HK\$1,469 – HK\$266 – HK\$200). Table 2 shows the amount of financial assistance available to this family.

Table 2 – Amount of financial assistance available

| Financial scheme | Amount of financial assistance | Remarks |
|---|---|---|
| Senior Secondary Fee Remission Scheme | HK\$266 per month | Half of the Gazetted fee (HK\$5,320 per year), paying across 10 months |
| Hong Kong Certificate of Education Examination Fees | Half of the actual fees, depending on the number of subjects registered | |
| School Textbook Assistance Scheme | | Half of the Government's prescribed rate of HK\$2,468 for Secondary Four and HK\$2,124 for Primary School |
| Secondary Four | HK\$1,234 | |
| Primary school | HK\$1,062 | |
| Student Travel Subsidy Scheme | HK\$200 | Half of the average unit fare (HK\$400) which the children are required to travel to and from school |
| Medical Fee Waiver Mechanism | Full waiver of medical fees | Patients with a monthly household income not greater than 50% of the median monthly household income are eligible |

Source: Legislative Council Secretariat. (2005) Information Note on *A Comparison of Financial Assistance for Comprehensive Social Security Assistance and Low-income Households*. LC Paper No. IN05/05-06.

References

1. *Housing Authority*. (2006) Available from: <http://www.housingauthority.gov.hk/en/> [Accessed March 2006].
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6. *Social Welfare Department*. (2006) Available from: http://www.info.gov.hk/swd/html_eng/ [Accessed March 2006].
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