

LWB/W 18/6

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7 May 2008

Miss Betty Ma
Clerk to Panel
Panel on Welfare Services
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Ma,

**Written response to the Meeting of the
Panel on Welfare Services of the Legislative Council on 14 April 2008**

I refer to your letter dated 18 April 2008 requesting the Administration to provide responses to the concerns raised by members at the meeting of the Panel on Welfare Services on 14 April 2008 and additional information on the breakdown of Comprehensive Social Security Assistance (CSSA) households (living in private and public housing) paying rent higher than the maximum levels of rent allowance (MRA).

The Rent Index for CSSA Households [Para. 34 of Draft Minutes]

With the support from the Census and Statistics Department (C&SD), we have simulated a rent index for CSSA households. (Details are set out at Annex A).

It is observed that when comparing the 12-month moving

average of the CPI(A) private housing rent index ended March 2008 with that during the period from April 2001 to March 2002 on which the level of the existing MRA is set, there is room for a downward adjustment of 8.5%. On the other hand, when the 12-month moving average of the simulated CSSA rent index ended March 2008 is compared with that during the period from April 2001 to March 2002, the room for downward adjustment of the MRA is 10.2%. In other words, the MRA for CSSA rent-paying households would be lower should the simulated CSSA rent index be adopted.

Information on Special Grants for Rent Deposit [Para. 26 of Draft Minutes]

In 2007, a total of 18 cases of singleton able-bodied CSSA recipients were granted special grants for rent deposit at the discretion of the Director of Social Welfare (DSW).

Information on Compassionate Rehousing [Para. 29 of Draft Minutes]

In 2007, the number of CSSA households recommended for compassionate rehousing or waitlisted for admission to a subvented home for the elderly was 9 773. Amongst these cases, 114 paid rent higher than MRA. However, we do not keep records on whether they are living in private housing or not.

Reasons for CSSA Households (living in Public Rental Flat) who had to pay Rent Higher than MRA in the Past Year [Para. 38 of Draft Minutes]

Having examined some of the cases, SWD finds that some CSSA recipients continue to stay in the more spacious flat after the permanent departure or death of their family members or co-tenant. As such, they have to pay rent higher than MRA in the past year.

Additional Information on the Breakdown of CSSA Households (living in Private and Public Housing) paying Rent Higher than the Maximum Levels of Rent Allowance [Invitation Letter]

A breakdown of CSSA households (living in private and public housing) paying rent higher than the MRA are provided in Annex B. There is a total of 24 672 such CSSA cases. Among these, 62.9% were 1-person households and 18.7% were 2-person households; 37.9% belonged to Old Age cases and 19.5% were Single Parent cases; and 14.2% were in Sham Shui Po and 9.8% in Mong Kok district. The average amount of rents paid by these CSSA households varied by household size and ranged from \$1,606 for a 1-person household in public housing to \$5,176 for a household of six persons or more in private housing.

Yours sincerely,

(D. C. Cheung)
for Secretary for Labour and Welfare

Simulated Rent Index for CSSA Households

Background Information

Currently, the maximum rent allowance (MRA) of the CSSA scheme is adjusted based on the 12-month moving average of the CPI(A) private housing rent index which is compiled by the Census and Statistics Department (C&SD). To assess the change in rent faced by CSSA recipients, the C&SD is requested to compile a simulated Comprehensive Social Security Assistance (CSSA) rent index based on the results of the 2004/05 Household Expenditure Survey (HES) on CSSA Households. According to the results the 2004/05 HES on CSSA Households, rent (including rates and government rent) accounts for 24% of the weightings of the monthly expenditure of CSSA recipients.

Methodology

Rent Survey

2. Rent data for private housing are collected from renter households enumerated in a Rent Survey, which is a special topic enquiry in the General Household Survey conducted by the C&SD. The Rent Survey is conducted on a monthly basis. It collects, from a sample of renter households residing in private dwellings, information on the amount of rent they paid in the survey reference month and the preceding month.

Compilation of Rent Index

3. The Rent Survey covers renter households living in private housing only. Households enumerated in the Rent Survey are classified based on the floor area of their accommodations into different floor area groups and rental changes by floor area groups will first be compiled. The rental changes in each floor area group are then multiplied by an expenditure weight to reflect the relative importance of rental payment of CSSA households in different floor area groups as derived from the 2004/05 HES on CSSA Households.

Mathematically, the computational formula of the index is expressed as

$$R_t = \sum W_k \times r_{t,k}$$

$$I_t = I_{t-1} \times (1 + R_t)$$

Where

I_t = the simulated CSSA rent index in the reference month t with base year (Oct 2004 to Sept 2005) = 100

W_k = the weight of private housing floor area group k derived from results of the 2004/05 HES on CSSA Households

$r_{t,k}$ = percentage changes in private housing rent for floor area group k in the reference month t as compared with month t-1

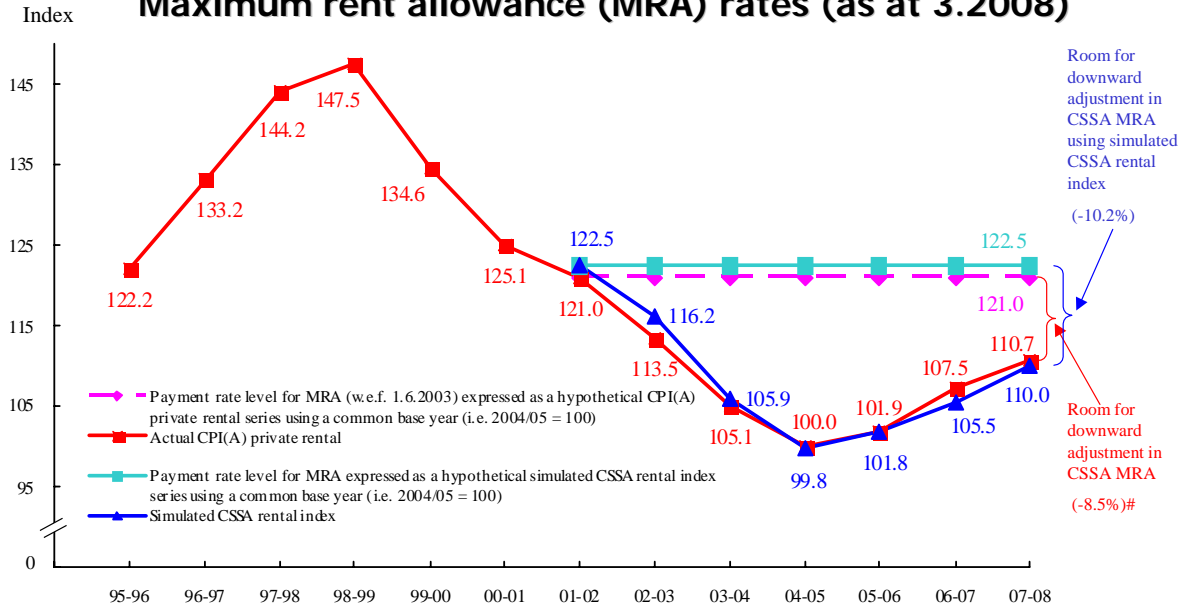
R_t = the overall percentage changes in private housing rent in the reference month t as compared with month t-1

Σ = Summation of changes in private housing rentals for all floor area types in the simulated CSSA rent index.

Findings

4. The 12-month moving average of the CPI(A) private housing rent index ended Mar 2008 decreased by 8.5% when compared with that during the period from Apr 2001 to Mar 2002 on which the level of the existing MRA is set. On the other hand, the 12-month moving average of the simulated CSSA rent index ended Mar 2008 decreased by 10.2% when compared with that during the period from Apr 2001 to Mar 2002. The respective room for downward adjustment to CSSA maximum rent allowance rates is shown in the graph at the following page.

Room for downward adjustment to the CSSA Maximum rent allowance (MRA) rates (as at 3.2008)



Note: # The adjustment rate is obtained by dividing the up-to-date 12-month average CPI(A) private rental with that of the reference base period. As approved by the Exco in Feb 2003 of a 15.8% decrease in CSSA maximum rent allowance rates, the reference base period for calculating the room of further adjustment to CSSA maximum rent allowance is 2001-02.

Table 1 Number of CSSA paid cases with actual rent exceeding MRA by type of housing and number of eligible members, March 2008

Number of eligible members	Type of housing		Total
	Public	Private	
1	2 142	13 381	15 523
2	154	4 448	4 602
3	31	2 786	2 817
4	29	1 171	1 200
5	13	389	402
6 or above	3	125	128
Total	2 372	22 300	24 672

**Table 2 Number of paid CSSA cases with actual rent exceeding MRA
by type of housing and case nature, March 2008**

Case nature	Type of housing		Total
	Public	Private	
Old Age	1 429	7 928	9 357
Permanent Disability	162	1 003	1 165
Ill Health	276	2 514	2 790
Single Parent	65	4 752	4 817
Low Earnings	61	1 180	1 241
Unemployment	349	3 965	4 314
Others	30	958	988
Total	2 372	22 300	24 672

Table 3 Number of paid CSSA cases with actual rent exceeded MRA by type of housing and geographical district*, March 2008

District	Type of housing		Total
	Public	Private	
Central and Western	2	895	897
Eastern	192	1 609	1 801
Islands	26	233	259
Kowloon City	92	2 211	2 303
Kwai Tsing	352	506	858
Kwun Tong	568	1176	1 744
Mong Kok	18	2 410	2 428
North	8	1 315	1 323
Sai Kung	62	256	318
Sha Tin	185	542	727
Sham Shui Po	193	3 316	3 509
Southern	94	191	285
Tai Po	12	830	842
Tsuen Wan	47	858	905
Tuen Mun	24	1 068	1 092
Wan Chai		758	758
Wong Tai Sin	389	546	935
Yau Tsim	22	1 475	1 497
Yuen Long	86	2 105	2 191
Total	2 372	22 300	24 672

Remark: * The geographical district of cases in our Computerised Social Security System is broadly similar to the boundary of the District Council Constituency.

Table 4 Average actual rent paid by CSSA paid case with actual rent exceeded MRA by type of housing and number of eligible members, March 2008

Number of eligible members	Type of housing	
	Public	Private
1	\$1,606	\$1,612
2	\$2,901	\$3,179
3	\$3,992	\$4,082
4	\$4,170	\$4,413
5	\$4,144	\$4,566
6 or above	\$4,892	\$5,176