

ITEM FOR FINANCE COMMITTEE

HEAD 62 – HOUSING DEPARTMENT

Subhead 700 General non-recurrent

New Item “Special rent payment for public housing tenants”

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

New Item “Additional provision for social security recipients”

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

Subhead 700 General non-recurrent

New Item “One-off support grant for needy students in the 2010/11 school year”

Members are invited to approve –

- (a) a new non-recurrent commitment of \$1,804 million under Head 62 Housing Department Subhead 700 General non-recurrent for the provision of two months’ rent for tenants/licencees living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society;
- (b) a new non-recurrent commitment of \$1,900 million under Head 170 Social Welfare Department Subhead 700 General non-recurrent for the provision of an extra allowance to Comprehensive Social Security Assistance recipients equal to one month of the standard rate payments, and an extra allowance to Old Age Allowance and Disability Allowance recipients equal to one month of the allowances; and

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- (c) a new non-recurrent commitment of \$520 million under Head 173 Student Financial Assistance Agency Subhead 700 General non-recurrent for the provision of a one-off support grant to needy students in the 2010/11 school year.

PROBLEM

To counter the impact of the financial tsunami, we need to implement the one-off relief measures as announced by the Financial Secretary (FS) in the 2010-11 Budget Speech.

PROPOSAL

2. We propose to provide –
 - (a) necessary funding to the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS) so that their tenants/licencees¹ will not be required to pay all or part of the rent/licence fees for two months;
 - (b) one additional month of the standard rate of Comprehensive Social Security Assistance (CSSA) payment to CSSA recipients, and one additional month of allowance to Social Security Allowance (SSA) (including Old Age Allowance (OAA) and Disability Allowance (DA)) recipients; and

/(c)

¹ Licencees include mainly those households living in HA interim housing. HA interim housing is transit accommodation offered to people who are deprived of their living accommodation as a result of occurrence of natural disasters, Government's clearance operations or enforcement actions, and are not immediately eligible for public rental housing. Households paying market rent under the Policy of Safeguarding Rational Allocation of Public Housing Resources are also regarded as licencees of HA.

- (c) a one-off grant of \$1,000 each for needy students from kindergarten to post-secondary education who are eligible in the 2010/11 school year for receiving (i) means-tested subsidies under various student finance schemes administered by the Student Financial Assistance Agency (SFAA)²; or (ii) the flat-rate grant for school-related expenses under the CSSA Scheme.

JUSTIFICATION

3. While Hong Kong is now in the early stage of recovery, the impact of financial tsunami on many people is not yet over and the foundations of the recovery are not yet firm. Hence FS announced in the Budget Speech a package of relief measures to alleviate the burden of those who have not yet benefited from the economic recovery and to help consolidate Hong Kong's recovery. This submission deals with three of the announced measures which require additional provision. Subject to Members' approval, we will put in place the necessary arrangements so that the measures can be implemented the soonest possible.

Two Months' Rent Payment for HA and HS Tenants/Licencees

4. The rent payment proposal will cover all households in public rental estates. Specifically, the Government will pay two months' rent in full for tenants/licencees of HA who pay normal rent, tenants of HS Group A estates and tenants of Elderly Persons' Flats in HS Group B estates. To ensure the rational allocation of public housing resources, for HA tenants/licencees paying additional rent³, the Government will pay on their behalf the portion of their net rent⁴ for two months. For the same consideration, the Government will pay on behalf of non-Elderly Persons' Flats tenants in HS Group B estates⁵ two-thirds of their net rent for two months.

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² These students include those eligible for receiving means-tested subsidies under the Tertiary Student Finance Scheme – Publicly-funded Programmes, Financial Assistance Scheme for Post-secondary Students, Tuition Fee Reimbursement for Project Yi Jin, Tuition Fee Reimbursement for the Financial Assistance Scheme for Designated Evening Adult Education Courses, School Textbook Assistance Scheme, Student Travel Subsidy Scheme and Examination Fee Remission Scheme, eligible kindergarten students under the Kindergarten and Child Care Centre Fee Remission Scheme, as well as kindergarten students who have opted to continue receiving means-tested assistance based on the formula of the former Child Care Centre Fee Assistance Scheme after the harmonisation of pre-primary services.

³ Under the Housing Subsidy Policy and the Policy of Safeguarding Rational Allocation of Public Housing Resources, a household is required to pay at least 1.5 times net rent plus rates if its household income exceeds two times or more the relevant Waiting List Income Limits at the time of income declaration.

⁴ "Net rent" refers to rent exclusive of rates.

⁵ These estates target families of relatively higher income as compared to HS Group A estates.

5. Taking into account the necessary preparatory work by the HA and the HS, including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks, etc., it is expected that HA tenants/licencees and HS tenants will not be required to pay all or part of the rent/licence fees for the months of July and August 2010 if Members approve the proposal.

One-off Assistance for Social Security Recipients

6. The provision of one-off welfare assistance for social security recipients will comprise one additional month of the standard rate of CSSA payment for CSSA recipients and one additional month of OAA or DA for SSA recipients.

7. If Members approve the proposal, the payment will be effected around July 2010.

One-off Grant for Needy Students

8. The one-off grant for needy students will disburse, outside existing financial assistance schemes and on a non-accountable basis, \$1,000 each for students from kindergarten to post-secondary education who are eligible to receive means-tested financial subsidies in the 2010/11 school year under various student financial assistance schemes administered by SFAA as referred to in paragraph 2(c) above, or students from kindergarten to secondary education who are eligible in the same school year for the flat-rate grant for school-related expenses under the CSSA Scheme. We expect parents/students in receipt of the grant to make use of it flexibly to meet their education-related expenses in ways best suited to their needs.

9. Subject to Members' approval, SFAA will start payment of the one-off grant to applicants who pass the means test and are found eligible to receive financial assistance under SFAA schemes in the 2010/11 school year from August 2010. Applicants who are found eligible to receive financial assistance after August 2010 would be given the one-off grant and their normal financial assistance under the relevant schemes within the 2010/11 school year. The Social Welfare Department will also make available the one-off grant to eligible students under its scheme in the new school year from August 2010.

FINANCIAL IMPLICATIONS

10. The two-month rental subsidy for public housing tenants, extra one-month payment to CSSA/SSA recipients and one-off grant for needy students will entail one-off expenditure for the Government. We set out below the estimated expenditure and number of beneficiaries for these three measures –

	Measures	Estimated one-off expenditure (\$ million)	Number of beneficiaries
(a)	Two months' rent payment for HA and HS tenants/licencees ⁶	1,804	680 000 HA tenants/licencees 32 000 HS tenants
(b)	One-off assistance for social security recipients	1,900	480 000 CSSA recipients 500 000 OAA recipients 130 000 DA recipients
(c)	One-off grant for needy students	520	520 000 eligible students
	Total	4,224	

11. The expenditure for the above three items is expected to be incurred fully in 2010-11. Supplementary provision for them will be approved by the Administration under delegated authority after Members approve the proposals in this paper.

PUBLIC CONSULTATION

12. FS announced the package of relief measures in his 2010-11 Budget Speech in the Legislative Council on 24 February 2010. Responsible bureaux have also separately informed LegCo Members of the relief measures or consulted the relevant Panels. On 24 March 2010, the Secretary for Education informed

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⁶ The Government will make the rental payment directly to the HA and the HS. The amount of payment to be made will be equivalent to the amount of rent/licence fees (discounting the rates concession as announced by FS in the 2010-11 Budget Speech) payable by the Government on behalf of all HA tenants/licencees and HS tenants for the months concerned.

Members of the one-off grant proposal for needy students at the Special Finance Committee meeting for examining the Draft Estimates of Expenditure 2010-11 on education. On 12 April 2010, the Labour and Welfare Bureau consulted the Panel on Welfare Services on the additional provision for social security recipients. On 16 April 2010, the Transport and Housing Bureau consulted the Panel on Housing of the rent payment proposal. Members were in general supportive of the one-off measures.

BACKGROUND

13. A series of relief measures was proposed by FS in his Budget Speech for 2010-11 to alleviate the burden of those who have not yet benefited from the economic recovery and to help consolidate Hong Kong's economic recovery. These measures, including the three proposals covered in this funding submission, will cost the Government around \$19 billion of expenditure or revenue forgone. The Administration is taking actions separately to implement the other measures.

Transport and Housing Bureau
Labour and Welfare Bureau
Education Bureau
May 2010