

**For discussion on  
23 March 2015**

**LC Paper No. CB(2)1064/14-15(01)**

## **Legislative Council Subcommittee on Poverty**

### **Provision of a One-off Special Subsidy for Students on Full Grant under the School Textbook Assistance Scheme before the Launch of the Low-income Family Working Allowance**

#### **Purpose**

This paper proposes to the Subcommittee on Poverty of the Legislative Council (LegCo) a funding proposal for the Community Care Fund (CCF) to provide a one-off special subsidy for primary and secondary students on full grant under the School Textbook Assistance Scheme (STAS) in the 2015/16 school year so that timely assistance can be made available to support low-income families before the launch of the Low-income Working Family Allowance (LIFA).

#### **Background**

2. In his 2014 Policy Address, the Chief Executive announced the introduction of LIFA to provide low-income working families with suitable assistance and encourage them to stay in employment while offering their school-age children and young members appropriate support to promote upward mobility as a means to improve inter-generational poverty.

3. The annual expenditure on LIFA is estimated to be around \$3 billion. Over 200 000 low-income working families with 710 000 people, including more than 170 000 eligible children and young people, will benefit from the proposal. The LIFA funding proposal was endorsed by the LegCo Finance Committee on 16 January 2015.

Barring any unforeseeable circumstances, the lead time required for the launch of LIFA is 15 to 18 months.

4. To enhance support for the school-age children of low-income families in a timely manner during the transitional period, the Chief Executive stated in his 2015 Policy Address that CCF would be invited to consider providing a one-off special subsidy for primary and secondary students on full grant under STAS in the 2015/16 school year before the implementation of LIFA.

### **Details of Proposal**

5. The proposed subsidy will target Primary 1 to Secondary 6 students of public sector schools and schools under the Direct Subsidy Scheme who are eligible for full grant under STAS in the 2015/16 school year as assessed under the means test administered by the Student Finance Office (SFO) of the Working Family and Student Financial Assistance Agency. CCF resources should focus on the most needy students. Since the target beneficiaries of LIFA include children of low-income families with a household income of less than or slightly more than half of the median monthly domestic household income (MMDHI), which is broadly comparable with the family income of students receiving full-level assistance, we propose that the target beneficiaries of the one-off special subsidy should cover students receiving full grant under STAS but not those receiving half grant. It is anticipated that more than 130 000 students will benefit from the proposed subsidy.

6. We have to emphasise that STAS and LIFA are two separate assistance schemes without direct relation despite a degree of overlap of target recipients between them. The eligibility criteria under these two schemes are different. LIFA aims at assisting low-income families which are not recipients of Comprehensive Social Security Assistance. It adopts the MMDHI and working hour requirements, and puts in place an

asset test. As for STAS, it uses the “Adjusted Family Income” formula and covers primary and secondary students only. We propose that a one-off special subsidy be provided to students receiving full grant under STAS during the transitional period so that timely assistance can be provided to low-income families. However, given the differences in the eligibility criteria of these two schemes, families of students granted with the one-off special subsidy may not necessarily benefit from LIFA in the future. Similarly, families eligible for LIFA in the future may not necessarily benefit from the one-off special subsidy this time.

7. Having regard to the level of LIFA subsidy and other requirements as well as taking into account the fact that this is a one-off transitional arrangement, the CCF Task Force has agreed on the 11 March 2015 meeting to propose to the Commission on Poverty that CCF allocates funds for the provision of a one-off grant of \$3,600 to each eligible student through the existing SFO mechanism in the 2015/16 school year. The total budget for the proposed subsidy is about \$500 million. It is estimated that the one-off special subsidy can be disbursed as early as end of July/ August before the start of the 2015/16 school year.

### **Advice Sought**

8. Members are invited to note the paper and comment on the above proposal.

**Education Bureau**

**March 2015**