

**Proposed Research Outline:  
Benchmarks for granting subsidies or financial assistance  
to people in need in Hong Kong**

**1. Background**

1.1 At the meeting of the Subcommittee to Study the Subject of Combating Poverty held on 14 January 2005, Members requested a study on benchmarks adopted by various government departments and public bodies in Hong Kong in granting subsidies or financial assistance to people in need.

1.2 In Hong Kong, government subsidies and financial assistance are provided for people in need in four major areas, namely welfare services, education, health services and housing. This study looks into the existing mechanisms in determining the amount of subsidy or financial assistance made by selected government departments and public bodies to eligible recipients. The departments and public bodies to be studied are the Social Welfare Department, the Student Financial Assistance Agency, the Hospital Authority and the Housing Authority.

1.3 The Social Welfare Department administers the Comprehensive Social Security Assistance Scheme and the Social Security Allowance Scheme, the main social security programmes in Hong Kong. While the former scheme provides cash assistance to people suffering from financial hardship to meet their basic needs, the latter scheme provides allowances to severely disabled and elderly persons to meet their special needs. The expenditure for the social security programmes in 2004-05 is estimated to be HK\$24 billion<sup>1</sup>, representing 11% of the total government expenditure.

1.4 The Student Financial Assistance Agency administers various student financial assistance schemes for needy students in the form of fee remissions, grants and/or low-interest loans for pre-primary to tertiary education. In 2004-05, the expenditure on these schemes is estimated to be HK\$3.7 billion<sup>2</sup>, equivalent to 1.8% of the total government expenditure.

1.5 It has been the Government's policy that no one will be denied adequate medical care due to lack of means. To ensure that this principle is upheld, the Hospital Authority established a medical fee waiver mechanism for vulnerable patients, including low-income patients, chronically-ill patients and elderly patients in economic hardship to be granted a fee waiver for accident and emergency and other public medical services.

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<sup>1</sup> Financial Services and the Treasury Bureau. (2004) *The 2004 - 05 Budget: Estimates For The Year Ending 31 March 2005*. Hong Kong, Government Logistics Department.

<sup>2</sup> Ibid.

1.6 The Housing Authority provides subsidized housing to low-income families which cannot afford private rental accommodation. In the event that tenants of public rental estates facing financial hardship cannot afford the rent, they may apply for the Rent Assistance Scheme operated by the Housing Authority for a 50% rent reduction. In addition, tenants affected by redevelopment are allowed to apply for rent assistance immediately upon re-housing. As at the end of 2003, 20 903 households had benefited from the Rent Assistance Scheme since its implementation in 1992.<sup>3</sup>

## **2. Proposed Outline**

2.1 Introduction

2.2 Forms of subsidies and financial assistance

2.3 Authorities responsible for setting the benchmarks

2.4 Eligibility requirements

2.5 Factors for determining the benchmarks: household income, household asset, number of family members, actual/weighted average fees and charges, and needs of recipients

2.6 Analysis

## **3. Proposed Timetable**

3.1 The Research and Library Services Division proposes to complete the research project by April 2005.

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<sup>3</sup> Information Services Department. (2004) *Hong Kong 2003*.