

ITEM FOR FINANCE COMMITTEE

HEAD 184 – TRANSFERS TO FUNDS

New subhead “Payment to the Lotteries Fund”

Members are invited to approve the creation of a new subhead “Payment to the Lotteries Fund” under Head 184 Transfers to Funds and a supplementary provision of \$1.1 billion under the new subhead to enable an injection to be made into the Lotteries Fund.

PROBLEM

The revenue of Lotteries Fund (LF) has dropped substantially since the outbreak of Coronavirus Disease 2019 (COVID-19). The Government has to make an injection into LF to ensure that the planning of the much-needed welfare services will not be affected.

PROPOSAL

2. The Secretary for Labour and Welfare proposes the creation of a new subhead “Payment to the Lotteries Fund” under Head 184 Transfers to Funds and a supplementary provision of \$1.1 billion under the new subhead to enable the transfer of additional funds from the General Revenue to LF.

JUSTIFICATION

Financial position of LF

3. The proceeds from the Mark Six Lottery are the main source of recurrent revenue of LF, amounting to an annual average of around \$1.2 billion for the past four years (from 2016-17 to 2019-20), which accounts for more than 50% of LF’s recurrent revenue. Other sources of revenue include net proceeds from auctions of vehicle registration marks, investment income and donations. Since the outbreak of COVID-19, the revenue from Mark Six Lottery in 2020-21 dropped

/substantially

Encl. 1

substantially by 76% to \$288 million (revised estimate). While LF's annual total revenue was \$2.1 billion on average in the four years before the pandemic (i.e. from 2016-17 to 2019-20), the total revenue for 2020-21 is expected to be halved (i.e. \$1.1 billion). Details of receipts of LF in the past five years are set out at Enclosure 1.

4. While the revised estimate for the closing balance of LF for 2020-21 stood at \$21.102 billion, the following outstanding commitment (estimated to be around \$12.4 billion as at the end of March 2021) has not yet been taken into account –

- (a) Outstanding commitment pertaining to non-recurrent expenditure for the planned projects spearheaded by the Social Welfare Department (SWD)¹, such as pre-construction consultancy services (including technical feasibility studies (TFS) and detailed design) and construction;
- (b) Outstanding commitment pertaining to non-recurrent expenditure for approved welfare projects undertaken by non-governmental organisations (NGOs), covering mainly the Special Scheme on Privately Owned Sites for Welfare Uses (the Special Sites Scheme)²; and
- (c) Outstanding commitment pertaining to non-recurrent expenditure with regard to existing premises operated by NGOs (e.g. renovation works, repair and maintenance, and procurement/replacement of furniture and equipment (F&E)), etc.

Encl. 2

Movement of the account of LF in the past five years is set out at Enclosure 2.

5. As announced in the 2021-22 Budget, the Government will make an injection of \$1.1 billion into LF to ensure that development projects in respect of much-needed social welfare services premises, particularly TFS and detailed designs of major facilities for elderly and rehabilitation services, etc., can be taken forward as scheduled. Examples of large-scale development projects of social welfare services premises include the re-development of Wong Chuk Hang

/Complex

¹ These welfare projects include projects with SWD as the works agent on government sites; and projects entrusted to other agents (e.g. the Hong Kong Housing Authority/Hong Kong Housing Society, Urban Renewal Authority, Architectural Services Department and private developers) for development of welfare facilities in public housing projects, urban renewal projects, joint-user government buildings, private land sale sites/development projects, etc.

² The Special Sites Scheme was announced in the 2013 Policy Address. Under the Scheme, NGO applicants for LF have to provide or increase on their own sites, through expansion, re-development or new development, those welfare facilities in acute demand (i.e. elderly, rehabilitation and child care services).

Encl. 3

Complex Site (around 2 500 additional service places), re-development of the Hong Kong Society for Rehabilitation's Lam Tin Complex (around 1 000 additional service places), re-development of Tung Wah Group of Hospitals' Jockey Club Care and Attention Home for the Elderly on Sandy Bay Road (around 1 000 additional service places). Other social welfare services premises development projects which are expected to benefit from the \$1.1 billion injection are at Enclosure 3. Where necessary, we will also flexibly deploy the injected fund as appropriate to support other welfare projects within the ambit of LF.

6. We will closely monitor LF's financial position, including the revenue and expenditure of LF, as well as the financial commitments required of various social welfare services projects. The last injection of \$10 billion was made from the General Revenue into LF in 2013-14 when the Government launched the Special Sites Scheme.

FINANCIAL IMPLICATIONS

7. Subject to the Finance Committee (FC)'s approval of our proposal in paragraph 2 above, a supplementary provision of \$1.1 billion will be included under Head 184 Transfers to Funds in 2021-22 to enable an injection of \$1.1 billion into LF.

PUBLIC CONSULTATION

8. We consulted the Legislative Council Panel on Welfare Services on the proposal on 19 April 2021. Members supported the submission of the proposal to FC.

BACKGROUND

9. Established by Resolution of the Legislative Council in 1965, LF is used for the purpose of financing the support and development of social welfare services in Hong Kong. At present, LF is primarily used to meet the costs of works projects in connection with the welfare services provided by NGOs and the Government, including costs for TFS, detailed design, construction, renovation/repair and maintenance, and procurement/replacement of F&E. LF also provides funding to finance time-limited experimental projects on welfare services.

Enclosure 1 to FCR(2021-22)20

Details of receipts of the Lotteries Fund in the past five years

	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)
Mark Six Lottery	1,276	1,214	1,192	1,159	288
Net proceeds of auctions of vehicle registration marks	88	71	93	66	4
Investment income	730	635	1,061	684	829
Donations	4	—	—	1	3
Total revenue	2,098	1,920	2,346	1,910	1,124

Remarks –

1. Figures for 2020-21 are revised estimates.
2. Figures less than \$1 million are not reflected here.

Enclosure 2 to FCR(2021-22)20

Movement of the Account of the Lotteries Fund in the past five years

	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)
Opening Balance (a)	22,014	22,782	23,243	23,862	23,340
Revenue (b)	2,098	1,920	2,346	1,910	1,124
Expenditure (c)	1,330	1,459	1,727	2,432	3,362
Surplus/(Deficit) (d) = (b) - (c)	768	461	619	(522)	(2,238)
Closing Balance (e) = (a) + (d)	22,782	23,243	23,862	23,340	21,102
Outstanding Commitment as at end of the year (f)	7,399	8,747	10,000	13,257	12,376
Uncommitted fund balance as at end of the year (g) = (e) – (f)	15,383	14,496	13,862	10,083	8,726

Remarks –

For figures of 2020-21, items (a) to (e) are revised estimates while items (f) and (g) are provisional figures.

**Development projects of social welfare services premises
expected to benefit from the \$1.1 billion injection into the Lotteries Fund (LF)**

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
Projects with Social Welfare Department as service agent		
1.	Re-development of the Wong Chuk Hang Complex Site	<p>The project is expected to provide around 2 500 additional service places, including –</p> <ul style="list-style-type: none"> • Day care centre for the elderly (60 places) • Two hostels for severely mentally handicapped persons (with 50 places each) • Two day activity centres (with 50 places each) • Hostel for severely physically handicapped persons (50 places) • Hostel for moderately mentally handicapped persons (100 places) • Two care and attention homes for severely disabled persons (with 50 places each) • Long stay care home (170 places) • Three Nursing homes (with 250 places each)

¹ We estimate that about 40 welfare projects will seek funding from the LF for pre-construction consultancy services (i.e. technical feasibility study and detailed design) in the coming two years.

² As the projects are still at different planning stages, the actual type of welfare services and number of places to be provided under the projects can only be confirmed upon completion of detailed designs.

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
		<ul style="list-style-type: none"> • Integrated community centre for mental wellness • Integrated support service for persons with severe physical disabilities <p>Details of other welfare facilities are to be confirmed.</p>
2.	Integrated welfare service complex project (Kowloon)	<ul style="list-style-type: none"> • Facilities for elderly, rehabilitation and other services, details of which are under planning.
3.	Integrated welfare service complex project (New Territories)	<ul style="list-style-type: none"> • Facilities for elderly, rehabilitation and other services, details of which are under planning.
4.	Integrated welfare service complex project (New Territories)	<ul style="list-style-type: none"> • Facilities for elderly, rehabilitation and other services, details of which are under planning.
Projects under the Special Scheme on Privately Owned Sites for Welfare Uses (the Special Sites Scheme)		
5.	Re-development of Factory for the Blind at 19 Mok Cheong Street, To Kwa Wan by Hong Kong Society for the Blind	<ul style="list-style-type: none"> • Hostel for severely mentally handicapped persons (150 places) • Day activity centre (150 places) • Hostel for moderately mentally handicapped persons (50 places) • Integrated vocational rehabilitation services centre (100 places) • Sheltered workshop (30 places) • Care and attention home for the aged blind (48 places) • Vocational rehabilitation services centre for the visually impaired
6.	Proposed development on a site at Lei Yue Mun Path, Yau Tong by the Hong Kong Student Aid Society	<ul style="list-style-type: none"> • Hostel for severely mentally handicapped persons (50 places) • Day activity centre (100 places) • Small group home (60 places)

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
		<ul style="list-style-type: none"> • Transitional home for vulnerable youngsters and career development service
7.	New development on a site at the junction of Castle Peak Road - Yuen Long and Yau Tin East Road by Hong Kong Sheng Kung Hui Welfare Council Limited	<ul style="list-style-type: none"> • Care and attention home for the elderly providing continuum of care (120 places) • Day care centre for the elderly (60 places) • Special child care centre (60 places)
8.	Re-development of Buddhist Po Ching Care and Attention Home for the Aged Women at 10 Chi Fuk Circuit, Fanling by Heung Hoi Ching Kok Lin Association	<ul style="list-style-type: none"> • Care and attention home for the elderly providing continuum of care (122 places) cum day care unit for the elderly (20 places)
9.	Re-development of the Hong Kong Society for Rehabilitation Lam Tin Complex at 7 Rahab Path, Lam Tin by the Hong Kong Society for Rehabilitation	<ul style="list-style-type: none"> • Care and attention home for the elderly providing continuum of care (400 places) • Day care centre for the elderly (120 places) • Hostel for severely mentally handicapped persons (100 places) • Hostel for moderately mentally handicapped persons (100 places) • Integrated vocational rehabilitation services centre (120 places) • Day activity centre (100 places) • Special child care centre (60 places) • Work-based child care centre (35 places) • Community rehabilitation network station • Self-help resource hub • House of aphasia • Training institute on holistic rehabilitation and wellness

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
10.	Re-development of Jockey Club Care and Attention Home for the Elderly at 9 Sandy Bay Road by Tung Wah Group of Hospitals	<ul style="list-style-type: none"> • Care and attention home for the elderly providing continuum of care (230 places) • Day care centre for the elderly (40 places) • Care and attention home for severely disabled persons (150 places) • Hostel for severely mentally handicapped persons (110 places) • Hostel for moderately mentally handicapped persons (120 places) • Integrated vocational rehabilitation services centre (120 places) • Day activity centre (110 places) • Early education and training centre (60 places) • Work-based child care centre (60 places)
11.	Re-development of Wong Chuk Hang Service for the Elderly at 1 Wong Chuk Hang Path, Aberdeen by Po Leung Kuk	<ul style="list-style-type: none"> • Care and attention home for the elderly providing continuum of care (121 places) • Nursing home (300 places) • Day care centre for the elderly (36 places)
12.	Re-development of Shaukeiwan Day Activity Centre at 456 Shaukeiwan Road by the Salvation Army	<ul style="list-style-type: none"> • Hostel for severely mentally handicapped persons (60 places) • Day activity centre (65 places) • Family and child development centre for children with special needs
13.	Re-development of Yuen Yuen Home for the Aged at 31 and 33 Lo Wai Road, Sam Dip Tam, Tsuen Wan by the Yuen Yuen Institute	<ul style="list-style-type: none"> • Care and attention home providing continuum of care (387 places) cum day care unit (30 places) • Early education and training centre (90 places)

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
14.	New development on a vacant area of Cheung Muk Tau Integrated Service Complex in Sai Kung by Helping Hand	<ul style="list-style-type: none"> Care and attention home for the elderly providing continuum of care (200 places)
15.	Expansion project under the Special Sites Scheme (Wong Tai Sin District)	<ul style="list-style-type: none"> Elderly services (details to be confirmed with the non-governmental organisation (NGO) concerned)
16.	Re-development project under the Special Sites Scheme (Kowloon City District)	<ul style="list-style-type: none"> Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
17.	Re-development project under the Special Sites Scheme (Tuen Mun District)	<ul style="list-style-type: none"> Elderly and rehabilitation services (details to be confirmed with the NGO concerned)
18.	Re-development project under the Special Sites Scheme (Sham Shui Po District)	<ul style="list-style-type: none"> Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
19.	Re-development project under the Special Sites Scheme (North District)	<ul style="list-style-type: none"> Elderly services (details to be confirmed with the NGO concerned)
20.	Re-development project under the Special Sites Scheme (Kwai Tsing District)	<ul style="list-style-type: none"> Elderly and child care services (details to be confirmed with the concerned NGO)
21.	Expansion project under the Special Sites Scheme (Southern District)	<ul style="list-style-type: none"> Elderly services (details to be confirmed with the NGO concerned)
22.	Re-development project under the Special Sites Scheme (Southern District)	<ul style="list-style-type: none"> Elderly services (details to be confirmed with the NGO concerned)
23.	Development project under the Special Sites Scheme (North District)	<ul style="list-style-type: none"> Elderly and rehabilitation services (details to be confirmed with the NGO concerned)
24.	Re-development project under the Special Sites Scheme (Tuen Mun District)	<ul style="list-style-type: none"> Elderly services (details to be confirmed with the NGO concerned)

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
25.	Development project under the Special Sites Scheme (Kwun Tong District)	• Elderly services (details to be confirmed with the NGO concerned)
26.	Re-development project under the Special Sites Scheme (Kwun Tong District)	• Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
27.	Re-development project under the Special Sites Scheme (Kowloon City District)	• Elderly and rehabilitation services (details to be confirmed with the NGO concerned)
28.	Development project under the Special Sites Scheme (North District)	• Elderly services (details to be confirmed with the NGO concerned)
29.	Re-development project under the Special Sites Scheme (Southern District)	• Child care services (details to be confirmed with the NGO concerned)
30.	Re-development project under the Special Sites Scheme (Wan Chai District)	• Rehabilitation and child care services (details to be confirmed with the NGO concerned)
31.	Re-development project under the Special Sites Scheme (Sha Tin District)	• Rehabilitation services (details to be confirmed with the NGO concerned)
32.	Re-development project under the Special Sites Scheme (Sham Shui Po District)	• Elderly services (details to be confirmed with the NGO concerned)
33.	Re-development project under the Special Sites Scheme (Tai Po District)	• Elderly services (details to be confirmed with the NGO concerned)
34.	Re-development project under the Special Sites Scheme (Eastern District)	• Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
35.	Re-development project under the Special Sites Scheme (Kwai Tsing District)	• Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)

	Development projects¹	Estimated additional welfare facilities² (including subvented and self-financing places)
36.	Re-development project under the Special Sites Scheme (Kowloon City District)	<ul style="list-style-type: none"> • Rehabilitation and child care services (details to be confirmed with the NGO concerned)
37.	Re-development project under the Special Sites Scheme (Yuen Long District)	<ul style="list-style-type: none"> • Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
38.	Development project under the Special Sites Scheme (Sai Kung District)	<ul style="list-style-type: none"> • Elderly services (details to be confirmed with the NGO concerned)
39.	Development project under the Special Sites Scheme (Islands District)	<ul style="list-style-type: none"> • Elderly and rehabilitation services (details to be confirmed with the NGO concerned)
40.	Re-development project under the Special Sites Scheme (Sha Tin District)	<ul style="list-style-type: none"> • Elderly services (details to be confirmed with the NGO concerned)
41.	Re-development project under the Special Sites Scheme (Yuen Long District)	<ul style="list-style-type: none"> • Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
42.	Re-development project under the Special Sites Scheme (Sha Tin District)	<ul style="list-style-type: none"> • Elderly services (details to be confirmed with the NGO concerned)
43.	Re-development project under the Special Sites Scheme (North District)	<ul style="list-style-type: none"> • Elderly, rehabilitation and child care services (details to be confirmed with the NGO concerned)
