

Doc Type	EFC
Paper No	3/95
Title	Review of Ex-gratia Domestic Removal Allowance and Special Allowance
CONTENTS	<p>EFC 3/95 PAPER NO. MOC 7/95</p> <p>THE HONG KONG HOUSING AUTHORITY</p> <p>Memorandum for the Management and Operations Committee and the Establishment and Finance Committee</p> <p>Review of Ex-gratia Domestic Removal Allowance and Special Allowance</p> <p>PURPOSE</p> <p>To review the rates of Ex-gratia Domestic Removal Allowance (DRA) and Special Allowance (SA) payable to tenants affected by the Authority's redevelopment programme and major improvement schemes.</p> <p>BACKGROUND</p> <p>2. As part of the rehousing package, tenants affected' by redevelopment and major improvement programmes are provided with financial assistance in the form of Domestic Removal Allowance (DRA) and Special Allowance (SA). The DRA is intended to meet part of the costs of removal and basic fitting-out works, such as wall painting, floor tiling and partitioning. The rates are pegged to those recommended by the Inter-departmental Compensation Review Committee (CRC), and approved by the Secretary for the Treasury, for squatters affected by clearances. The practice has been to deduct the telephone removal charge(\$600) from the DRA for tenants affected by redevelopment and improvement since the' item is already covered in the SA (see paragraph 6 below). The rates of DRA are revised annually.</p> <p>3. The SA was first introduced in 1985 as an additional cash benefit for tenants affected by the redevelopment of Kwai Fong Estate when the rates of DRA at that time were regarded as insufficient. The SA was intended to cover expenses incurred on the removal of telephones, re- installation of electrical and common home appliances and minor fitting-out works. The rates were revised in January 1986 and had remained unchanged over the years.</p> <p>4. The SA and DRA rates approved at the last review in January 1994 are shown in the Annex.</p> <p>REVIEW OF THE DRA</p> <p>5. The DRA for squatter clearnees rehoused into permanent housing has been revised with effect from 1 December 1994. Accordingly, the rates payable to tenants affected by redevelopment and improvement are proposed to be revised with effect from the same date as follows</p> <p>Family size Revised rates for Proposedrates for squatter and THA redevelopment and clearances effective improvement scheme from 1.12.1994 (No. of \$ (% inc) \$ (% inc) Persons) 1 2.510 (10.09) 1,910 (13.7)</p>

2-3 4,580 (0.88) 3,980 (1.02)
 4-5 5,600 (0.36) 5,000 (0.40)
 6 & above 6,830 (1.34) 6,230 (1.47)

REVIEW OF THE SA

6. The following items of work were used as the basis for calculating the SA in 1985

- (a) removal of telephone;
- (b) plastering;
- (c) provision of PVC tiles;
- (d) supply and fix gas stove; .
- (e) supply and fix water heater;
- (f) supply and fix exhaust fan.

7. Item (a) has been deducted from the DRA for tenants affected by redevelopment and improvement. The telephone removal charge has remained unchanged over the years. Items (b) and (c) are covered by the DRA. However, wall and floor finishings of new and refurbished flats nowadays are of improved standards and are suitable for immediate occupation by incoming tenants without requiring additional works. Savings from these two items are more than sufficient to offset the marginal increase in the costs of home appliances, i.e. items (d), (e) and (f). Thus, there is no case for any upward adjustment of the SA.

8. Since the allowance was originally intended to be a gesture of goodwill and an additional incentive for tenants affected by redevelopment, to withdraw or to reduce the amount of SA will not be acceptable either. We therefore propose to maintain the existing rates.

FINANCIAL IMPLICATIONS

9. For the remainder of 1994/95, about 8,600 families will be affected by redevelopment and improvement schemes. The overall additional financial commitment as a result of the revision of DRA and SA rates is estimated to be \$0.34M. The full year additional cost for 1995/96 in respect of about 13,500 families will be about \$0.54M. The additional provision has been included in the 1994/95 Revised and 1995/96 Proposed Capital Expenditure Budget.

RECOMMENDATION

10. It is recommended that

- (a) the DRA should be revised and effective for new tenancies commencing on or after 1 December 1994 as in paragraph 5 above; and
- (b) the SA should remain unchanged.

DISCUSSION

11. At the next meeting of the Management and Operations Committee on 21 January 1995, Members will be asked to endorse the recommendation in paragraph 10 above.

12. The paper is copied to Members of the Establishment and Finance Committee for information.

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Date: 16 January 1995

Annex

Rates of Ex-gratia Domestic Removal Allowance for Families Compulsorily Cleared to Permanent Public Housing

Family Size Rates of Allowance (\$)

(No. of Person)

Squatter & THA Redevelopment

Clearances Improvement Schemes

1 2,280 1,680

2-3 4,540 3,940

4-5 5,580 4,980

6 & above 6,740 6,140

Rates of Special Allowance for Families

Affected by the Redevelopment & Improvement Schemes

(since January 1986)

Family Size Rates of Allowance (\$)

(No. of Person)

1-2 2,000

3-5 2,200

6 & above 2,400

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