

## Press release

### LCQ6: Electricity charges subsidy

Wednesday, November 12, 2008

Following is a question by the Hon Wong Kwok-kin and a reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (November 12):

Question:

Since September 1 this year and for 12 consecutive months, the Government has been crediting a subsidy of \$300 each month into each residential electricity account for offsetting billed charges for electricity consumed under the same account. Any unused credited subsidy in a month can be carried forward for use in the following months until August 31, 2014 or closure of the account, whichever is the earlier. Therefore, if a customer moves home and closes his electricity account, the unused portion of the credited subsidy cannot be used further. In this connection, will the Government inform this Council:

(a) as residents in the Lower Ngau Tau Kok Estate will need to be transferred soon due to the redevelopment of the Estate, and the majority of them are elderly persons with a low level of electricity consumption, they will not be able to carry forward the unused portion of their credited subsidy to the account of their new units, of the number of households to be affected, the number of phases by which the transfer exercise will be carried out, the duration of the transfer exercise, and the number of households involved in each phase;

(b) as residents of the Estate need to be transferred due to redevelopment and are not moving out of their own accord, whether the Government will make special arrangements to allow them to carry forward all unused portions of the subsidy credited to their accounts prior to the removal for further use in the accounts of the units they will move into; and

(c) whether it will make the same arrangement for all other households moving home within the period during which the subsidy on electricity charges can be used; if not, of the reasons for that?

Reply:

President,

(a) According to the information provided by the Housing Authority, the rehousing for Lower Ngau Tau Kok Estate is divided into two phases. Phase 1 was completed in June 2003. Phase 2 which is now in progress involves seven public rental housing blocks consisting of some 3 800 households. Among them, around 600 households have moved out before September 2008. The remaining households are expected to move to the newly completed Upper Ngau Tau Kok Estate starting from March 2009. The whole rehousing exercise is expected to be completed in the first half of 2009. Among the households to be relocated, the number that may have accumulated an unused subsidy for electricity charges by the time of removal will depend on their electricity consumption.

(b) & (c) When developing the Electricity Charges Subsidy Scheme, we note that, in reality, the registered account holder and the person paying electricity charges to the electricity companies may not be the same person. For example, in respect of a leased premises, the registered account holder may be the landlord but the payer may be the tenant. Under such circumstances, allowing the transfer of unused subsidy to another account on removal may lead to disputes between the landlords and tenants on who should own the unused subsidies. Besides, for some aged meters, information on the registered account holders may not be complete, e.g. the full name or identity card number may not be available. This creates practical difficulty for the electricity companies in the transfer of accounts. In addition to the above, there are other implementation considerations such as how one should deal with cases where users become clients of another electricity company on removal, the administrative complexity, etc. After examining the above factors, we consider that it is more appropriate to adopt a simpler mechanism that will allow us to implement the Scheme as soon as possible. Hence, while recognising that some payers may not be able to fully utilise the subsidy, we have nonetheless specified in the Scheme that any unused subsidy can only be used to offset electricity charges under the same account to which the subsidy is credited. The Scheme was approved by the Finance Committee of the Legislation Council after thorough discussion. After all, the aim of the Scheme is to enable those who pay electricity charges for over two million registered domestic electricity accounts to enjoy electricity charges subsidy for one year from September 2008 so as to relieve the pressure of inflation. The design of the Scheme has served this objective.

We understand Members' concerns on the situation of tenants of Lower Ngau Tau Kok Estate. Besides the Electricity Charges Subsidy Scheme, the Financial Secretary and the Chief Executive have also announced in the budget speech and in July respectively a series of relief measures. Although some tenants of Lower Ngau Tau Kok Estate may not be able to fully utilise the subsidy, we believe that they can benefit from other measures announced by the Chief Executive and by the Financial Secretary, such as the payment of three months' rent for public rental housing tenants, the provision of an additional grant of \$3,000 plus two months' allowances to recipients of Old Age Allowance, etc.

In addition, we understand from the Housing Authority that affected tenants can occupy both the new and old units for a maximum of two months. In other words, affected tenants can enjoy two subsidies for electricity charges during the overlapping period for the new and old units. The additional subsidy so received can help to offset part or all of any unused subsidy that cannot be carried forward from the old unit to the new unit. Furthermore, half month's rental for the new unit and one month's rental for the old unit are waived.

Noting that redevelopment of public rental housing estates and the related rehousing normally involve only the Housing Authority as a single landlord and its tenants, we will discuss with the Transport and Housing Bureau and the electricity companies to explore whether there are other feasible arrangements to deal with any unused subsidies for electricity charges that may have been accumulated by the tenants of Lower Ngau Tau Kok Estate on removal, and whether such arrangements can be applied to other Housing Authority tenants who have to be relocated on the redevelopment or demolition of public rental housing estates.

Ends