

立法會
Legislative Council

LC Paper No. CB(2)576/00-01

(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

LegCo Panel on Welfare Services

**Minutes of meeting
held on Monday, 11 December 2000 at 10:45 am
in Conference Room A of the Legislative Council Building**

Members Present : Hon LAW Chi-kwong, JP (Chairman)
Hon CHAN Yuen-han (Deputy Chairman)
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Hon LEE Cheuk-yan
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon Henry WU King-cheong, BBS
Hon Michael MAK Kwok-fung
Hon Frederick FUNG Kin-kee

Members Absent : Hon Fred LI Wah-ming, JP
Hon CHEUNG Man-kwong
Dr Hon YEUNG Sum
Hon CHOY So-yuk
Hon LI Fung-ying, JP
Hon WONG Sing-chi

Public Officers Attending : Items IV and V
Mr HO Wing-him, JP
Deputy Secretary for Health and Welfare 2

Mrs Rachel CARTLAND, JP
Assistant Director of Social Welfare (Social Security)

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Item IV

Mr Ivan LEE
Principal Assistant Secretary for Education and Manpower 5

Mrs Jenny CHAN
Assistant Commissioner for Labour (Employees' Rights and Benefits)

Mr LEE Yuen-ho
Senior Statistician, Census and Statistics Department

Item V

Mrs Carrie LAM, JP
Director of Social Welfare

Deputation by : Item IV

Invitation

Hong Kong Social Security Society

Prof Henry MOK Tai-kee
Vice Chair

Mr SZE Yuk-hiu
Exco Member

Mr Philip WONG
Research Team Member

Ms TAM Sin-yee
Project Officer

Clerk in Attendance : Ms Doris CHAN
Chief Assistant Secretary (2) 4

Staff in Attendance : Miss Mary SO
Senior Assistant Secretary (2) 8

I. Confirmation of minutes of meeting on 13 November 2000
(LC Paper No. CB(2)426/00-01)

The minutes of the meeting on 13 November 2000 were confirmed.

II. Date of next meeting and items for discussion
(LC Paper Nos. CB(2)413/00-01(01) and (02))

2. The Chairman informed members that following its earlier proposal to discuss the following three items in January 2001, the Administration had now requested to defer discussion of them to February 2001 -

- (a) Proposed amendments to the Adoption Ordinance;
- (b) Information technology development in social welfare sector; and
- (c) Policy/procedures for allocating new social welfare services.

3. Noting that the Administration had been working on the proposed amendments to the Adoption Ordinance for the past five years, The Chairman was of the view that the Administration should be in a position to brief members on the matter in January 2001 and he would liaise with the Administration regarding the matter. Members also agreed to advance the discussion of the issue of "One hospital, two systems - an issue relating to medical social workers", originally scheduled for March 2001, to January 2001.

III. Information paper issued since the last meeting
(LC Paper No. CB(2)361/00-01(01))

4. Members noted the above information paper provided by the Administration regarding the regrading of the post of the Commissioner for Rehabilitation, and did not raise any queries.

IV. Comprehensive Social Protection Scheme proposed by the Hong Kong Social Security Society
(LC Paper Nos. CB(2)413/00-01(03) and (04))

5. The Chairman welcomed representatives of the Administration and the Hong Kong Social Security Society (HKSSS) to the meeting. The Chairman further said that the comprehensive social protection (CSP) scheme proposed by HKSSS was first

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considered by the Panel during the last legislative session on 20 June 2000. At the meeting, the Administration was requested to examine the proposed scheme and provide a response at a future meeting of the Panel.

6. Members noted the Administration's paper entitled "Five-in-one Social Security Scheme proposed by HKSSS" (Paper No. CB(2)413/00-01(03)) which set out the Administration's response to the CSP scheme proposed by HKSSS, and the HKSSS' submission which set out the background and the salient points of the proposed CSP scheme (Paper No. CB(2)413/00-01(04)).

Views of HKSSS

7. Prof Henry MOK introduced and tabled a second HKSSS' submission (Paper No. CB(2) 476/00-01(01)) which outlined its views on the Administration's response to the proposed CSP scheme. Mr SZE Yuk-hiu highlighted the following points contained therein -

- (a) Concern raised by the Administration regarding the higher employers' contribution required

As the Mandatory Provident Fund (MPF) Scheme capped the monthly income at \$20,000 for the purpose of calculation of contribution, whereas HKSSS' proposal capped the monthly salary at \$50,000, there was concern that such an arrangement would raise most employers' contribution quite substantially.

HKSSS' response

Raising the monthly income cap from \$20,000 to \$50,000 for the purpose of calculation of MPF contribution should not meet with much resistance from employers, having regard to the fact that people earning more than \$20,000 a month were mostly employed by medium and large-sized firms which generally had been providing their employees with a retirement protection scheme better than the MPF Scheme in terms of having a higher contribution rates from employers and no income cap.

- (b) Concern raised by the Administration regarding increased burden on employees currently exempted from joining the MPF Scheme

Some 830 000 employees were currently exempted from joining the MPF Scheme because they were already enjoying pension or different provident fund schemes provided by their employers. If the HKSSS' proposal was adopted, these employees who were earning more than

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\$5,000 a month would be required to make a contribution of 3% of their salary to the new scheme, subject to a cap on the monthly income at \$50,000. As the contributions were additional to those already made under the current provident fund arrangement, it would increase the burden on employees. Otherwise, the retirement benefits enjoyed by this group of employees would likely be reduced.

HKSSS' response

The employees' contribution rate of 3% should not be an increased burden on those employees who were already enjoying provident fund benefits provided by their employers as such contribution rate could replace part of the contribution rate made by these employees under the current provident fund arrangement which usually amounted to 5% or more. As a matter of principle, since the spirit of the proposed CSP scheme was about sharing of benefits, employees should make contributions to the proposed scheme even if such contributions were additional to those already made under the current provident fund arrangement for the purpose of upholding social justice and equity.

It should be noted that people making contributions under the proposed CSP scheme would be entitled to benefits such as old age pension, provident fund, long term care allowance, provision of comprehensive retraining services and unemployment retraining allowance and comprehensive insurance coverage for work injuries. Moreover, the retirement benefits under the proposed CSP scheme would be better than that under the MPF Scheme. For example, an employee earning \$50,000 or above a month and contributing 3% of his/her salary under the proposed CSP scheme for 25 years would receive an old age pension equivalent to one-third of the prevailing median salary, i.e. \$3,000 per month at today's rate, until he/she died when he/she turned 65 as well as a monthly provident fund of \$1,666 to be paid over a period of 15 years, as opposed to getting an estimated accrued benefits equivalent to about \$3,400 a month for a period of 15 years under the MPF Scheme. Apart from this, as all people who had never contributed to the proposed CSP scheme would, subject to means declaration, be entitled to receive an old age pension when they turned 65, the financial burden on the current working population would be greatly relieved as their elderly parents would receive an old age pension and other benefits under the proposed CSP scheme immediately and their spouses would also receive the same when they turned 65.

- (c) Concern raised by the Administration regarding the re-distribution effect

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There would be a re-distribution effect of benefit from the better paid to the lower paid employees, as a result of raising the monthly income cap from \$20,000 to \$50,000.

HKSSS' response

Although there would be a re-distribution effect of benefit from the better paid to the lower paid employees, the proposed CSP scheme would adhere to the principle of individual equity whereby a retired employee would get back an amount not less than what he/she had contributed during his/her remaining life after 65. For example, for an employee earning \$50,000 or above a month, his/her contributions under the proposed CSP scheme would amount to \$540,000 at 3% contribution for 30 years, but he/she could get back at least \$840,000 or a monthly payment of \$4,666 for 15 years. Such payment had not yet included other benefits which could be drawn under the proposed CSP scheme such as long term care allowance, provision of comprehensive retraining services and unemployment retraining allowance and comprehensive insurance coverage for work injuries.

- (d) Concern raised by the Administration that elderly persons might be worse off financially when compared with CSSA payment
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If the proposed CSP scheme was adopted, the amount of money which an older person could get would be less than what he/she could get under the Comprehensive Social Security Assistance (CSSA) Scheme, i.e. an older person could receive a higher level of CSSA payment (averaged at \$3,700 a month) than the proposed \$3,000 under the CSP scheme.

HKSSS' response

It should be pointed out that the basic CSSA payment to an older person was \$2,600 and not \$3,700, as the latter was inclusive of \$1,100 housing and other subsidies which, in the opinion of HKSSS, should be administered separately for the elderly. The proposed \$3,000 under the CSP scheme was therefore \$400 more than what an older person could receive under the CSSA Scheme.

8. Prof MOK then referred to the last paragraph of the HKSSS' submission (Paper No. CB(2)476/00-01(01)) which set out a list of proposed actions for the Administration and the Legislative Council (LegCo) to consider. They were summarized as follows -

- (a) The Administration should set up an inter-departmental working group

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to study the proposed CSP scheme and other similar schemes addressing the problems the proposed CSP scheme intended to solve, and report to the Panel in six months' time;

- (b) The Administration should commission an outside consultant to conduct an actuarial study on the assumptions made in the proposed CSP scheme and other similar schemes;
- (c) LegCo should set up an inter-Panel committee to consider the proposed CSP scheme and explore other similar schemes; and
- (d) The Administration should provide a written response to the views expressed by HKSSS on the shortcomings of the MPF Scheme as set out in its proposal on the CSP scheme.

Views of the Administration

9. Deputy Secretary for Health and Welfare (DSHW) said that whilst the HKSSS' proposal had incorporated some interesting concepts and components of an integrated social security system to provide protection for older persons and financial assistance for the needy, the approach had implied significant changes to the MPF system that was being put in place. Notably, the HKSSS' proposal would substantially increase most employers' contributions as the proposal capped the monthly salary for the calculation of contribution at \$50,000, as opposed to \$20,000 under the MPF Scheme. Burden on employees already enjoying pension or provident fund benefits provided by their employers (some 830 000 people) would also increase if they were required to make an additional contribution of 3% of their salary to the proposed CSP scheme. Otherwise, the retirement benefits enjoyed by this group of employees would likely be reduced. DSHW pointed out that as the Old Age Pension Scheme (OPS), which was one of the main components of the proposed CSP scheme was a pay-as-you-go and defined benefit scheme, it was important to examine critically the assumptions underlying the proposal so as to ascertain its robustness. Having considered the HKSSS' proposal, the Administration came to the view that some of the assumptions made therein were over-optimistic which might undermine the viability and sustainability of the proposal. For example, both the assumed fertility rate and mortality rate were higher than the Government's projection. The Administration therefore concluded that it was premature to draw a firm conclusion at this stage that the HKSSS' proposal was financially sustainable in the long term.

10. DHSW further said that the OPS was the subject of a public consultation exercise in 1994 when the Administration explored options to provide retirement protection for older people. There were then mixed views expressed on the proposal to set up an OPS. While some members of the public gave support to the proposal, others considered it unfair because of a lack of relationship between benefits and

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contributions. Some also claimed that the OPS would shift the burden of old age protection from individual/family to society. There was also concern that the OPS did not target assistance at those in need, and there was a question of inter-generational equity. In view of the lack of a clear mandate from the public to implement the OPS, the Administration decided not to pursue the OPS any further. Nevertheless, DSHW assured members that the Administration had not abandoned its determination in providing adequate retirement protection for the elderly. To this end, the Administration had been pursuing various initiatives to improve financial protection and care for the elderly. For example, the standard rate for CSSA older persons had been enhanced by \$398 a month since April 1998. Also, a review of the Old Age Allowance (OAA) was being undertaken with a view to providing additional financial assistance to the needy elderly persons not on CSSA. Home and community care services were also being strengthened to allow frail elderly persons to continue to live at home.

11. Following up on the comments made by DSHW in paragraph 9 above concerning the assumptions made in the proposed CSP scheme, Senior Statistician, Census and Statistics Department (SS,C&SD) said that even the lowest fertility rate assumed in the proposed scheme, i.e. 2 100 live births per 1 000 women throughout 2030-2050, was higher than C&SD's projection. SS,C&SD pointed out that based on Hong Kong's past declining fertility trend, i.e. from 1 933 live births per 1 000 women in 1981 to 974 in 1999, and the fact that the decline in the fertility level of Hong Kong had already fallen below those experienced in such low fertility economies as Japan and Singapore, i.e. the fertility rates of Japan and Singapore had decreased from 1 700 live births per 1 000 women in 1981 to 1 300 in 1999 and from 1 700 live births per 1 000 women to 1 480 in 1999 respectively, C&SD therefore projected that the highest fertility rate which Hong Kong could reach within the next 30 years would be 1 600 live births per 1 000 women. He further pointed out that even in countries such as Germany, the Netherlands and Denmark which had occasionally experienced an increase in their fertility rate during the past 20 years, none had ever reached the 2 100 live births per 1 000 women fertility level.

12. SS,C&SD further said that the assumption made in the proposed CSP scheme by using the 1996 mortality rate as a constant rate in the calculation of retired population throughout 2000-2050 was at variance with the decreasing mortality trend. SS,C&SD pointed out that in view of the decreasing mortality trend, C&SD in its recent population projections exercise had adjusted the male expectation of life at birth upwards from 77.2 years in 1999 to 79.3 years in 2029 and that of female from 82.4 years in 1999 to 84.5 years in 2029. He added that such upwards adjustment was also adopted in other developed economies. For examples, the United States of America (US) had raised its male expectation of life at birth from 74.1 years in 1999 to 78.3 years in 2030 and that of female from 79.7 years in 1999 to 84.2 years in 2030, and Japan had raised its male expectation of life at birth from 77.3 years in 1999 to 78.9 years in 2029 and that of female from 84 years in 1999 to 86 years in 2029.

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13. Assistant Commissioner for Labour (Employees' Rights and Benefits) (ACL) also said that the \$700 million of employees' compensation projected by the proposed CSP scheme was too low, having regard to the fact that the statutory compensation under the Employees' Compensation Ordinance (Cap. 282) actually amounted to \$1,662 million in 1999. She however pointed out that the amount of compensation paid to employees exceeded the statutory compensation under Cap. 282 as employers would also compensate employees for work injuries caused by employers' negligence. ACL further expressed reservation about the comments made by HKSSS in its second submission which stated that employers could save \$638 million if a centralized insurance for the work injured was set up, given that the statutory compensation under Cap. 282 in 1999 was \$1,662 million but that the premiums paid by employers to the insurance companies to cover their liabilities under Cap. 282 averaged about \$2,300 million a year. She pointed out that insurance companies also had to shoulder administrative costs. Therefore, a payout of \$1,662 million of statutory employees' compensation and a premium of \$2,300 million from employers did not necessarily mean that these insurance companies would make a profit of \$638 million. According to the report compiled by the Office of the Commissioner of Insurance, insurance companies offering employees' compensation policies were actually operating at a loss, i.e. \$280 million in 1997 and \$730 million in 1998.

Discussion

14. Mr LEE Cheuk-yan expressed support for the proposed CSP scheme, in particular its old age pension and mandatory provident fund components which had long been advocated by the Hong Kong Confederation of Trade Unions. As an employee earning \$10,000 a month and after making contribution under the MPF Scheme for 25 years would only get back a lump sum equivalent to \$1,700 a month for a period of 15 years when he/she turned 65 (this was calculated on the basis that an earning \$20,000 or above a month and made contribution under the MPF Scheme for 25 years would get back a lump sum equivalent to \$3,400 a month for a period of 15 years when he/she turned 65), Mr LEE queried whether \$1,700 was adequate to provide retirement protection to the low income elderly. In his view, the HKSSS' proposal could provide a much better retirement protection to the low income elderly as the amount which an older person would receive under the OPS would be higher than that under the MPF Scheme and the CSSA Scheme. Mr LEE further enquired whether the Administration had come to a view on how OAA should be used in future to assist the elderly.

15. DSHW responded that as the review of OAA was still underway, he therefore could not give an answer to Mr LEE's question at this stage on how OAA would be used in future to assist the elderly. DSHW reiterated that the Administration was committed to providing adequate retirement protection to the elderly, particularly those with little or no financial means. Apart from establishing the Elderly Commission to

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formulate long term measures to provide retirement protection to the elderly, the Administration hoped that OAA could serve as an immediate measure to provide additional financial assistance to the low income elderly not on CSSA. DHSW further reiterated that as the OPS under the HKSSS' proposal was a pay-as-you-go and a defined benefit scheme, it was of paramount importance that the proposal be financially sustainable in the long term. He pointed out that many countries which adopted a pension scheme similar to that proposed by HKSSS had run into financial difficulty and had to increase taxes or contributions from employers and employees to keep the scheme viable. Assistant Director of Social Welfare (Social Security) (ADSW) supplemented that older people might suffer financially if the HKSSS' proposal was effected, as an elderly person could presently receive a higher level of CSSA payment (averaged at \$3,700 a month) than the proposed \$3,000 under the HKSSS' proposal. She further said that if the OPS were to replace the CSSA Scheme, the Administration would not be able to target resources at the most needy as it could now do under the CSSA Scheme.

16. Prof MOK commented that only a few countries in the world, like Hong Kong, had adopted a CSSA-like, means tested scheme to assist the elderly which was demeaning to the elderly and creating a heavy financial burden on the government. Prof MOK pointed out that it was widely recognized by the international community that many people did not wish to seek financial assistance in the form of CSSA. A case in point was that although the 1996 population census showed that there were about 210 000 elderly people living under the poverty line, only about 80 000 of them had applied for CSSA. Prof MOK further said that only those pension schemes which were earning-related had ever run into financial difficulty. No countries which had adopted a flat-rate pension had ever run into financial difficulty, and the OPS proposed by HKSSS was a flat-rate scheme.

17. Mr LEE Cheuk-yan further enquired about the amounts which employees earning \$10,000 and \$20,000 or above would get back if their period of contribution under the MPF Scheme was 40 years, and whether C&SD's population projection had included children of Hong Kong permanent residents born in the Mainland and overseas. Responding to Mr LEE's first question, Prof MOK responded that according to the Mandatory Provident Fund Schemes Authority, an employee earning \$10,000 a month and making contribution under the MPF Scheme for 40 years would get back a lump sum equivalent to \$3,300 a month for a period of 15 years when he/she turned 65. Prof MOK however pointed out that it was unrealistic to assume that people would be employed for 40 years, having regard to the fact that the average number of working years of males in Hong Kong for the past 30 years was 33 years, whereas that of females was under 25 years. As regards Mr LEE's second question, SS,C&SD replied that the migration assumptions of population projection had taken account of children of Hong Kong permanent residents born in the Mainland and overseas.

18. Concerning the comments made by SS,C&SD in paragraph 11 above,

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Prof MOK said that the assumed fertility rate made in the HKSSS' proposal was not too high. For example, it was envisaged that the fertility rate in 2000 would be higher than that of the preceding years as many couples wished to have their children born in 2000 which was the new millennium and Year of the Dragon. SS,C&SD responded that the Year of the Dragon effect had only occurred in 1988. He further said that the total number of babies born in 2000 was projected to be around 50 845 (this figure was based on the 38 000 registered births from January to September 2000), which was very close to the figure of 50 500 babies born in 1999.

19. Miss CHAN Yuen-han expressed concern that merely relying on the CSSA Scheme and the MPF Scheme would not be adequate to cope with the needs of the aging population, particularly during the time of economic setback. In this connection, Miss CHAN enquired about the measures which the Administration would take in this regard.

20. DSHW responded that the most immediate task at hand for the Health and Welfare Bureau (HWB) was to complete the OAA review with a view to providing assistance to those low income elderly who did not have family members to support them and yet did not wish to apply for CSSA. DSHW pointed out that the nature of the retirement projection issue would be quite different before and after 2016. In the next 10-15 years, most older persons would still have a family to rely on. As the next generation's older persons had fewer children, family support would be less reliable. They would however be in a better financial position than the existing elderly people, as many of them would be working in jobs with good retirement benefit, own their homes, have more investments and even for those who did not enjoy employment-related retirement benefits, would have the MPF Scheme to fall back on. DSHW agreed with Miss CHAN Yuen-han that in the long term, it would not be desirable to rely solely on the CSSA Scheme to provide retirement protection for the elderly. That was why the MPF Scheme was being put in place. Judging from historical experience, it would be a controversial and time consuming exercise to reopen the debate on the OPS. HWB's priority in the next 12 months was to complete the OAA review.

21. Mr Henry WU enquired why the calculation of contribution under the HKSSS' proposal was capped at a monthly income of \$50,000. Mr WU also enquired why HKSSS considered that employers would not object to the raising of the monthly income cap from \$20,000 to \$50,000 for the calculation of contribution under the proposed CSP scheme, having regard to the fact that employers' contribution would increase quite substantially. Responding to Mr WU's first question, Prof MOK said that the reason for capping the monthly income at \$50,000 was because 93% to 95% of all employees and their employers in Hong Kong would come under the proposed CSP scheme. This was essential, as the financial viability of the scheme depended on the contributions from the working population and their employers. Moreover, such an arrangement would meet the principle of individual equity. As regards Mr WU's

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second question, Prof MOK said that it was never the intention of HKSSS to require employers and employees to make contributions under the proposed CSP scheme in addition to that they made under the MPF Scheme as the HKSSS' proposal was drawn up two years ago, well before the implementation of the MPF Scheme. Prof MOK further said that the reason why HKSSS considered that most employers would not object to the raising of the monthly income cap from \$20,000 to \$50,000 for the calculation of contribution under the proposed CSP scheme was because people earning more than \$20,000 a month were mostly employed by medium and large-sized firms having a retirement protection scheme better than the MPF Scheme in terms of having a higher contribution rates from employers and no income cap.

22. The Chairman enquired whether the Administration would consider setting up an inter-departmental committee to study the proposed CSP scheme as suggested by HKSSS. DSHW responded that due to limited resources, priority would be accorded to completing the review of the OAA. Nevertheless, he agreed to consult the relevant policy bureaux/government departments regarding the suggestion. DSHW further said that the Administration would study the views expressed by the HKSSS in its second submission and provide a response to the Panel later.

23. In reply to Mr David CHU's enquiry as to whether other places had adopted a comprehensive social security scheme, Prof MOK said that such a scheme was adopted by the US during the 1930s and by the United Kingdom during the 1940s. Prof MOK further said that the Mainland was currently considering the feasibility of implementing a comprehensive social security scheme.

24. In summing up, the Chairman requested the Administration to also provide a response to the five questions raised by HKSSS in its second submission. DSHW agreed. The Chairman further said that he would seek the views of the chairmen of the relevant Panels on the setting up of an inter-Panel committee to consider the HKSSS' proposal.

V. Progress Report on Support for Self-reliance Scheme
(LC Paper No. CB(2)413/00-01(05))

25. Director of Social Welfare (DSW) briefed members on the salient points of the Administration's paper which detailed the findings of the mid-term evaluation report of the Support for Self-reliance (SFS) Scheme comprising the Active Employment Assistance (AEA) Programme, Community Work (CW) Programme and enhanced Disregarded Earnings.

26. Miss CHAN Yuen-han raised the following questions -

(a) Whether CSSA unemployed recipients who found employment through

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the AEA Programme during June 1999 and May 2000 had remained in their employs;

- (b) Reason(s) why 56.7% of those making enquiries at the social security field units, i.e. 14 367 out of the 25 324 new applications/re-applications, finally decided not to apply for CSSA after making enquiries; and
- (c) Whether the longitudinal study of CSSA unemployed recipients was conducted on the same group of people throughout its one-year study period from June 1999 to May 2000.

27. Responding to Miss CHAN's first question, DSW said that the requested information would be contained in the final evaluation report of the SFS Scheme. She however pointed out that of the 18 936 CSSA unemployed recipients enrolled in the SFS Scheme from June 1999 to May 2000, 7 232 subsequently de-registered from the Scheme after they got gainful employment. Among these 7 232 people, 732 immediately left the CSSA net with the remaining 1 062 immediately leaving the unemployed category and transferring to the low income category. As regards Miss CHAN's second question, DSW said that it was difficult to give a definitive answer as to why people decided not to apply for CSSA after making enquiries and learning about the AEA Programme. In her view, one possible reason might be that these people felt they could not meet the requisite requirements after making enquiries. Regarding the question on the longitudinal study of CSSA unemployed recipients, DSW said that the study was designed to follow the same group of CSSA unemployed recipients so as to gauge their views, attitude and behaviour over time during their period of exposure to the SFS Scheme. A total of 2 224 CSSA unemployed recipients were randomly selected at the beginning of the study and they were arranged to be interviewed in five intervals at quarterly intervals, i.e. five waves of measurement were made. Upon the completion of the Wave 3 study, only 1 070 participants remained. Among the reasons for dropping out of the study were "having secured gainful employment", "loss of contact" and "refusal".

28. Miss CHAN Yuen-han requested that the final evaluation report of the SFS Scheme should also provide an analysis on why some people finally decided not to apply for CSSA after making enquiries. ACL responded that it was difficult to provide such information as very often people did not want to give reasons for not pursuing their enquiries. One reason might be because they did not wish to declare that they actually had income-earning jobs. Notwithstanding the difficulty mentioned by ACL, Miss CHAN urged the Administration to provide as much information in this regard as far as possible.

29. Mr LEE Cheuk-yan expressed concern that 56.7% of potential CSSA applicants finally decided not to apply after making enquiries, and wondered whether this was due to the way they were handled by staff of the Social Welfare Department (SWD).

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Although it was stated in the Administration's paper that the proportion of AEA participants finding employment per month was six times higher than the proportion of CSSA recipients before introduction of the SFS Scheme when they were just required to register with Labour Department (LD), Mr LEE was of the view that the Scheme had not been effective in helping people to gain employment, having regard to the fact that the average monthly successful job-seeking rate of the AEA Programme during June 1999 to May 2000 was only 2.2 %.

30. DSW reiterated that it was very difficult to know the reasons why people subsequently decided not to apply for CSSA after making enquiries. Nevertheless, she agreed to collect information on such as far as possible. As regards Mr LEE's comments about the attitude of social security staff, DSW said that she recognized the need for frontline staff to be sensitive to clients' needs. She felt that the senior management had to empower staff in handling complex cases. She told members that she would remind the staff concerned in her meeting with them on 15 December 2000 that they should provide the fullest assistance to CSSA applicants in a positive and approachable manner.

31. DSW further said that the Administration would not be complacent about the 2.2% average monthly successful job-seeking rate of the AEA Programme and new measures had been introduced to help CSSA unemployed recipients to rejoin the work force. Notably, non-governmental organizations (NGOs) had been commissioned to launch the special job attachment (SJA) programme in 13 SWD districts to enable CSSA unemployed recipients to gain real work experience through on-the-job training. The attachment period would normally be for six months, during which SWD would provide each participant with a monthly allowance of \$1,805 which would be treated as disregarded earning. DSW pointed out that the introduction of the SJA programme was a marked improvement over the previous arrangement whereby AEA Programme participants were only requested to come to the social security field units every two weeks to talk about their job-seeking plans with information on job availability provided to them. In fact, 89% of the AEA Programme participants who found employment actually achieved that through their own efforts, say through the newspaper advertisements, or help from their friends and relatives. DSW further said that there was a possibility that the 2.2% monthly successful job-seeking rate could not be reached in the later months as many AEA Programme participants who remained unemployed were older and less educated.

32. Mr LEE Cheuk-yan expressed concern that the SFS Scheme was simply "recycling" the CSSA unemployed recipients, i.e. these people were constantly on the cycle of being employed for a short period and went back on CSSA after exhausting their savings. Mr LEE further queried the effectiveness of the SJA programme in helping people to regain employment, and expressed concern that some employers might make use of the programme to exploit the unemployed CSSA recipients.

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33. ADSW responded that there was no question of the SFS Scheme "recycling" the unemployed CSSA recipients, as evidenced by the fact that the number of unemployed CSSA cases and the number of new applications and re-applications received to join the AEA Programme had been on the decrease and the number of authorized cases closed per month increased. ADSW further said that the Administration was well aware of Mr LEE's concern that some employers might make use of the SJA programme to exploit the unemployed CSSA recipients. To this end, the Administration had decided to restrict the launching of the programme to NGOs in the beginning. Upon the completion of their SJA programme, participants would be provided with a placement service by NGOs who employed them. Such placements would not necessarily be in the NGO sector, and could also be in the private sector. Post-placement service would also be provided by the NGOs concerned to make sure that both employers and employees were happy with one another. ADSW also said that the Administration was in the final stage of vetting the applications from NGOs wishing to participate in the SJA programme. Many of these applications were from very substantial NGOs with good experience in running similar programme in the past.

34. Mrs Sophie LEUNG expressed support for the SFS Scheme in helping CSSA unemployed recipients to regain employment, as the great majority of them did not wish to rely on public assistance. In view of the fact that the longer people remained unemployed, the more difficulty it would be for them to re-enter the labour market, Mrs LEUNG suggested that the Administration should also draw reference from overseas experience on how they tackled this problem.

35. Miss Cyd HO said that there would always be people who could not secure employment regardless of how effective the SFS Scheme was because of their low educational attainment and lack of job skills. To remedy the situation, Miss HO enquired whether the SFS Scheme would consider providing these people with education and retraining opportunities.

36. Mr Henry WU welcomed the SJA programme which should be beneficial to both the CSSA unemployed recipients and the NGOs participating in the programme. Referring to paragraph 10 of the Administration's paper which stated that among the 2 350 people who de-registered from the CW Programme, 32% had de-registered because they failed to comply with the CW obligations or behaved unsatisfactorily, Mr WU enquired what "behaved unsatisfactorily" referred to.

37. The Chairman enquired whether the Administration would examine the cost-effectiveness of the SFS Scheme, having regard to the fact that the average monthly successful job-seeking rate of the AEA Programme during June 1999 to May 2000 was only 2.2%. The Chairman further enquired about the role of SWD vis-a-vis that of the Education and Manpower Bureau (EMB) and LD in helping the unemployed to find employment.

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38. DSW responded that the findings of the mid-term evaluation report of the SFS Scheme showed that the Scheme was well received by the unemployed CSSA recipients as the great majority of them, i.e. 83%, agreed or strongly agreed that it was important to have jobs instead of relying on public assistance and feedback from Wave 1 and Wave 3 of the longitudinal study also showed that the greater intention a person had in seeking job the better chance he/she would be successful in it. To address the concern raised by Mrs LEUNG about the difficulty for people who had left the job market for a longer period to get jobs, the Administration had secured \$43 million from the Finance Committee (FC) in June 2000 to commission NGOs to run innovative, tailor-made employment-related projects. Furthermore, in order to allay the concern of some CSSA unemployed recipients that their applications for CSSA would be vetted by the same Social Security Officers who administered the AEA Programme and to provide a better service to participants of the AEA Programme, additional funding had been secured from FC in June 2000 to employ 103 Employment Assistance (EA) Coordinators in 38 social security field units to assist in implementing the AEA Programme. Apart from helping the AEA participants to find jobs, EA Coordinators would also offer special employment assistance such as providing the participants with information on training opportunities and making necessary referrals and arranging childminding service for single-parent CSSA recipients.

39. On the suggestion made by Miss Cyd HO regarding providing education and retraining opportunities to unemployed CSSA recipients under the SFS Scheme, DSW said that this would not be done as such was the remit of EMB, LD and the Employees Retraining Board (ERB). SWD would however continue its present arrangement of referring unemployed CSSA recipients to EMB, LD and ERB for the provision of education and retraining. On the question of the role of SWD in helping the unemployed to find employment vis-à-vis that of EMB and LD, DSW said that although, strictly speaking, the task of helping the unemployed to find employment was not the work of SWD, SWD had nevertheless introduced the SFS Scheme as it recognized that it was no longer adequate to solely provide the needy, particularly the unemployed, with financial assistance but to help them to become independent of public assistance. She would like to adopt a similar promoting self-reliance approach for single parent and disabled CSSA recipients. For those CSSA recipients who were elderly, more emphasis would be put on helping them to resolve their housing need. For instance, in response to the Chief Executive's pledge to rehouse 17 000 elderly living in cubicles, SWD had been rendering assistance in this regard by locating the whereabouts of these elderly people.

40. Responding to Mr WU's enquiry raised in paragraph 36 above, ADSW explained that "behaved unsatisfactorily" did not refer to unsatisfactory work performance as no performance requirement was imposed on the CW Programme participants who normally came to work one day a week, but instead referred to cases where the CW Programme participants got drunk on the job and then abused other members of the group. ADSW further said that CW Programme participants who

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continued to behave unsatisfactorily after being given a verbal warning would be asked to leave the programme.

41. Mr LEE Cheuk-yan said that in view of the different initiatives launched by various bodies such as EMB, LD and ERB to help the unemployed to find employment, it would be useful for this Panel to have a joint meeting with the Panel on Manpower to understand how effective these initiatives had complemented each other in achieving their common objective. Mrs Sophie LEUNG echoed Mr LEE's view.

42. In summing up, the Chairman said that the Administration would be invited to brief the Panel on the effectiveness of the SFS Scheme when the final evaluation report of the Scheme became available. The Chairman further suggested and members agreed to consider holding a joint meeting with the Panel on Manpower to examine the various forms of assistance given to job seekers.

VI. Any other business

43. DSW informed members that the Administration would seek the approval of FC on 15 December 2000 for a sum of \$101 million to enable 95 NGOs to implement the new Lump Sum Grant mode of subvention and to introduce a new initiative on enhanced home and community care services for the elders in the current financial year, and hoped that members would give their support to the proposal.

44. There being no other business, the meeting ended at 12:49 pm.

Legislative Council Secretariat

4 January 2001