

立法會
Legislative Council

LC Paper No. CB(2)568/02-03
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 11 November 2002 at 10:45 am
in the Chamber of the Legislative Council Building

Members Present : Dr Hon LAW Chi-kwong, JP (Chairman)
Hon CHAN Yuen-han, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon CHOY So-yuk
Hon Henry WU King-cheong, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon WONG Sing-chi
Hon Frederick FUNG Kin-kee

Members Absent : Dr Hon YEUNG Sum
Hon LI Fung-ying, JP

Member Attending : Hon Abraham SHEK Lai-him, JP

Public Officers : Item III

Attending

Mrs Carrie LAM, JP
Director of Social Welfare

Mr Patrick NIP
Deputy Secretary for Health, Welfare and Food (Elderly Services)

Mrs Brenda FUNG
Principal Assistant Secretary for Health, Welfare and Food (Elderly Services) 2

Mr LAI Shiu-bor
Chief Social Security Officer (Social Security) 2
Social Welfare Department

Deputations by : Item III

Invitation

Individuals

Professor Nelson CHOW
Department of Social Work and Social Administration
The University of Hong Kong

Dr WONG Hung
Department of Social Work
The Chinese University of Hong Kong

Dr Fernando CHEUNG
Department of Applied Social Science
The Hong Kong Polytechnic University

Deputations

Hong Kong Association for the Survivors of Women Abuse (Kwan Fook)

Ms FUNG Mei-yung
Chairman

Ms LEUNG Mei-yuk
Community Organizer

The Grey Power

Mr LEE Chick-kai

Ms LO Siu-lan

Ms WONG Lai

Ms LEE Tsui-king

The CSSA Concern Group for Single Parent of Hong Kong
(Kowloon East)

Ms NG Sui-king
Member

Ms TONG Kam-ha
Member

Hong Kong Council of Social Service

Mr CHUA Hoi-wai
Business Director (Policy Research and Advocacy)

Ms Mariana CHAN
Chief Officer (Policy Research and Advocacy)

Foundation CSSA Evaluation Group

Ms NG Yu-chun
Resident representative

Ms WONG Sau-ping
Resident representative

Social Policy Committee of the Hong Kong Federation of Trade
Unions

Mr HO Yin-fai
Member

Ms CHAN Oi-kwan
Member

Society for Community Organisation

Mr NG Wai-tung
Community Organizer

Mr PANG Wai-shing
Deputy Director of the Elderly Right League (H.K.)

Mr YEUNG Kin-yip
Representative

Alliance Concerning CSSA

Ms CHEUNG Yuet-fung
Representative

Ms CHENG Suk-ching
Representative

Ms LAU Wai-chin
Representative

Tuen Mun Women's Concern Group on CSSA

Ms LO Ching-fung

Ms HO Wei-ling

Hong Kong Social Security Society

Dr Henry MOK Tai-kee

Mr Apo LEUNG

Mr CHOY Kin-shing

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
(LC Paper No. CB(2)95/02-03)

The minutes of meeting held on 10 October 2002 were confirmed.

II. Items for discussion at the next meeting
(LC Paper Nos. CB(2)294/02-03(01) and (02))

2. Members agreed to discuss the following issues at the next meeting scheduled for 9 December 2002 -

- (a) Community Investment and Inclusion Fund;
- (b) Report on Review of Integrated Neighbourhood Project in Targeted Old Urban Areas; and
- (c) Update on strategies and measures to prevent and tackle family violence.

(Post-meeting note : Items (a) and (c) above were replaced by two other items, viz. financial support for older persons and assistance to CSSA unemployed cases in finding a job.)

III. Adjustment of Comprehensive Social Security Assistance rates
(FCRI(2002-03)9 and LC Paper Nos. CB(2)294/02-03(03) to (14) and (16))

3. At the invitation of the Chairman, Director of Social Welfare (DSW) gave a power point presentation entitled "Adjustment mechanism of Comprehensive Social Security Assistance (CSSA) rates", details of which were set out in the presentation materials tabled at the meeting (LC Paper No. (CB(2) 294/02-03(17) issued on 12 November 2002). Notably, the presentation set out the latest situation of the CSSA Scheme, how the existing CSSA standard rates were arrived at, and the reasons for having a 11.1% room of CSSA standard rates downwards

adjustment. DSW, however, stressed that the Administration had not yet come to a view on reducing the CSSA standard rates after March 2003. The Administration would carefully consider all the views expressed on the matter before deciding on the way forward.

4. The Chairman then invited individuals/deputations to give their views on the adjustment of CSSA rates.

Professor Nelson CHOW of the University of Hong Kong

5. Professor CHOW expressed support for reviewing the levels of CSSA benefit to ensure the use of limited public resources in the fairest and most efficient way to help people in need.

*Dr WONG Hung of the Chinese University of Hong Kong
(LC Paper No. CB(2)294/02-03(13) - issued on 12 November 2002)*

6. Dr WONG opposed any reduction in the CSSA standard rates, without first establishing a minimum livelihood line, i.e. the amount of money which would enable a person to sustain a standard of living where that person's basic needs could be met. Dr WONG pointed out that it was unfair to determine the levels of CSSA benefit by comparing them with the average household expenditure of the lowest 20% to 25% of the population. This was particularly so during this period of economic downturn, having regard to the fact that non-CSSA households in the lowest 20% to 25% income groups were also living in hardship because of a lack of statutory minimum wage in Hong Kong. Dr WONG was also of the view that to ensure the long term financial sustainability of the CSSA Scheme, the Administration should introduce an old age pension scheme (OPS), having regard to the fact that at present 54% of CSSA recipients were the elderly and the growing ageing population.

*Dr Fernando CHEUNG of the Hong Kong Polytechnic University
(LC Paper No. CB(2)294/02-03(14) - issued on 12 November 2002)*

7. Dr CHEUNG said that it was unreasonable for the Administration to use deflation as the reason for reducing the CSSA standard rates, as the same reason was not used for reducing the standard payment rates for households comprising three or more able-bodied adults/children by 10% and 20% respectively in 1999. Moreover, the CSSA standard rates were not comparable to the average monthly expenditure of the non-CSSA households in the lowest 20% or even the lowest 25% of the population as stated by the Administration, but were comparable to the same in the lowest 10th percentile income groups of same household size. Dr CHEUNG also said that the Administration should refrain from conveying a

wrong message to the public that able-bodied CSSA recipients were lazy people. This was evidenced by the fact that although the unemployment rate had risen three times since late 1998, there was no corresponding increase in the number of able-bodied CSSA recipients during the same period. Able-bodied CSSA recipients had remained at 13% to 16% of the total CSSA caseload before and after the implementation of the Support for Self-reliance (SFS) Scheme in June 1999.

Hong Kong Association for the Survivors of Women Abuse (Kwan Fook)
(LC Paper No. CB(2)294/02-03(03))

8. Ms FUNG Mei-yung presented the views of Kwan Fook as set out in its submission. Notably, Kwan Fook opposed any reduction in the CSSA standard rates and urged the Administration to consider the following -

- (a) To establish a poverty line and to use such for determining the CSSA standard rates;
- (b) To set up an intermediary body for the collection and enforcement of maintenance payments; and
- (c) To provide more community support to help abused women to regain self-confidence and move towards self-reliance.

The Grey Power
(LC Paper No. CB(2)294/02-03(05))

9. Introducing its submission, representatives of the Grey Power urged the Administration not to reduce the CSSA standard rates for the elderly in order to enable the elderly to lead a dignified life in their twilight years.

The CSSA Concern Group for Single Parent of Hong Kong (the Concern Group)
(LC Paper No. CB(2)294/02-03(06))

10. Representatives of the Concern Group opposed any reduction in the CSSA standard rates, and highlighted the following views set out in the Concern Group's submission -

- (a) Many essential items, such as transport fares, fuel and electricity charges and rent, had increased despite a decline in the Social Security Assistance Index of Prices (SSAIP);
- (b) The Administration had failed to mention the fact in its argument

for reducing the CSSA standard rates that it had reduced the standard rates for CSSA households comprising three or more able-bodied adults/children by 10% and 20% respectively and had cutback many special grants and long term supplement previously payable to them in 1999. The total percentage of reduction then far exceeded the current proposed 11.1% reduction in the CSSA standard rates;

- (c) Items covered by the SSAIP did not include all items which constituted the basic needs of CSSA recipients;
- (d) The Administration should not renege on its promise made in 1999 to freeze the CSSA standard rates until inflation caught up;
- (e) The Administration should explore ways to increase revenue, instead of reducing the CSSA standard rates, to address the deficit problem; and
- (f) The Administration should conduct a comprehensive review of the social security system and establish a poverty line.

Hong Kong Council of Social Service (HKCSS)
(LC Paper No. CB(2)294/02-03(07))

11. Introducing the HKCSS' submission, Mr CHUA Hoi-wai said that the Administration should use the coming six months to formulate a new basic needs baseline on which the levels of benefit to CSSA recipients could then be objectively, scientifically and fairly determined. In view of the fact that many non-CSSA households from the lower-income groups were having financial difficulty, HKCSS hoped that consideration could be given to granting those of them in need rent subsidy, special grants for school related expenses etc.

Foundation CSSA Evaluation Group (the Evaluation Group)
(LC Paper No. CB(2)294/02-03(08))

12. Representatives of the Evaluation Group took members through the Evaluation Group's submission, which opposed any reduction in the CSSA standard rates. The Evaluation Group was of the view that the Administration should continue to freeze the CSSA standard rates, establish a poverty line and reinstate the long term supplement and special grants payable on a reimbursement basis which it had cutback in 1999.

Social Policy Committee of the Hong Kong Federation of Trade Unions (the Federation)
(LC Paper No. CB(2)294/02-03(09))

13. Ms CHAN Oi-kwan highlighted the following views of the Federation as set out in its submission -

- (a) There was no room for reducing the CSSA standard rates. If the 1996 CSSA standard payment rate of \$1,654 for a single person was used as the baseline for calculating the rate in subsequent years based on the SSAIP, the current rate for a single person should be \$1,814 which was close to the present rate of \$1,805. The reason why the Administration said that there was room for adjusting the CSSA standard rates downwards by 11.1% was because it had disregarded the fact that it had reduced the standard rates for CSSA households comprising three or more able-bodied adults/children by 10% and 20% respectively and had cutback many special grants and long term supplement in 1999;
- (b) In the light of (a), the Administration should not reduce its support to the most vulnerable groups of the community, given that over 80% of CSSA recipients were the elderly, the disabled and single parents;
- (c) The Administration should formulate a new scheme for the unemployed, as their needs were different from that of the elderly, the disabled and single parents; and
- (d) The Administration should set up a re-employment assistance scheme to assist the unemployed to gain employment, having regard to the fact that only 13% of participants in the SFS Scheme had found a job.

Tuen Mun Women's Concern Group on CSSA
(LC Paper No. CB(2)294/02-03(16))

14. Ms LO Ching-fung presented the views of the Tuen Mun Women's Concern Group on CSSA as set out in its submission, which opposed any reduction in the CSSA standard rates. Ms LO pointed out that the deflationary situation had not increased the purchasing power of CSSA recipients, as the fares and charges of many essential items such as transport, fuel, gas and telephone had been on the rise. Ms LO further said that if public assistance for single parents was cutback, single parents would be denied of the opportunity to equip themselves to move towards self-reliance.

Hong Kong Social Security Society (HKSSS)
(LC Paper No. CB(2)294/02-03(04))

15. Dr Henry MOK of HKSSS briefed members on the salient points of HKSSS' submission. In particular, Dr MOK said that HKSSS disagreed that the CSSA standard rates should be adjusted downwards, having regard to the fact that the existing levels were below the international standards. HKSSS proposed a comprehensive review of the social security system, which should include the following -

- (a) The Housing Department should step up its efforts to provide public housing for CSSA recipients, so that a saving of over \$1 billion to subsidise CSSA recipients to rent private housing could be achieved;
- (b) The Education Department should waive school fees for children on CSSA, as in the case of the Hospital Authority exempting all CSSA recipients from all public medical fees;
- (c) The Administration should approach the public transport and public utility companies on the possibility of waiving all CSSA recipients from transport fares and utility charges;
- (d) As one of the Administration's contracting-out conditions, the contractor should be required to give employment to CSSA recipients over other non-CSSA applicants if both parties had the same capabilities; and
- (e) An OPS should be set up to reduce increasing Government spending on providing financial support for the elderly. Consideration could be given to transferring 50% of the contribution from the Mandatory Provident Fund Scheme to OPS.

Society for Community Organisation (SOCO)
(LC Paper No. CB(2)294/02-03(10))

16. Representatives of SOCO opposed reduction in the CSSA standard rates as set out in its submission. In particular, SOCO was of the view that it was unreasonable to compare the CSSA standard rates with the average monthly expenditure of the non-CSSA households in the lowest 20% to 25% income groups, as the latter also had difficulty in making ends meet. SOCO also made the following suggestions -

- (a) The Administration should look into ways to help low-income people not on CSSA, as many of them also had difficulty in making ends meet;
- (b) The Administration should step up its efforts to help the unemployed not on CSSA gain employment, so as to prevent them from falling into the safety net; and
- (c) The Administration should re-consider the feasibility of introducing OPS, in view of the growing ageing population.

Alliance Concerning CSSA (the Alliance)
(LC Paper No. CB(2)294/02-03(11))

17. Introducing the submission, representatives of the Alliance opposed using the decline in the SSAIP as a reason for reducing the CSSA standard rates, as it was revealed in the findings of a survey conducted by the Alliance that the prices of many essential items had actually increased during the deflationary period. In the light of this, the Alliance urged the Administration to freeze the CSSA standard rates and set up an independent body to conduct a comprehensive review of the social security system to ensure a fair adjustment mechanism for CSSA standard rates. The Alliance also requested the Administration to establish a statutory minimum wage and a poverty line to ensure one's basic needs could be met, and to introduce an OPS. To reduce the wide disparity between the rich and the poor, the Administration should review its taxation policy to increase revenue instead of resorting to cut financial assistance to the needy to address the deficit problem.

Discussion

18. Mr LEE Cheuk-yan said that it was unreasonable for the Administration to say that there was room for adjusting the CSSA standard rates downwards because CSSA recipients were better off than non-CSSA people from the lowest 20% income group, having regard to the fact that the latter could also barely make ends meet under the current economic situation. Mr LEE shared the deputations' views that the Administration should refrain from reducing the CSSA standard rates, but should instead render some financial assistance to people from the lower-income groups to tide them over this difficult time and establish a statutory minimum wage.

19. Miss CHAN Yuen-han said that the Administration should not try to gain public support for reducing the CSSA standard rates by conveying a wrong message to the public that people on CSSA were lazy people, as over 80% of the

CSSA recipients, namely, the elderly, the disabled and single parents, were the neediest people in the community. To effectively help the able-bodied CSSA recipients to leave the safety net, Miss CHAN said that the Administration should implement the re-employment assistance scheme proposed by the Hong Kong Federation of Trade Unions.

20. Dr David CHU said that it was not right for the Administration to cut CSSA spending to address the deficit problem, as public assistance was in greater demand than ever before during the current economic downturn. Moreover, it would be very difficult for people on CSSA to cut down on their living expenses further. In his view, the Administration should cut civil service pay, say, by 11% for the senior ranks, and infrastructure spending to address the deficit problem. Dr CHU further said that reviving the economy was the only way to solve the deficit problem at root. Another reason why he could not support reducing the CSSA standard rates was that it was still unclear whether the purchasing power of CSSA recipients had significantly increased as a result of deflation.

21. Mr WONG Sing-chi said that the Democratic Party opposed reduction in the CSSA payment rates based on the decline in the SSAIP. Mr WONG pointed out that if this was done, CSSA recipients would only have the means to survive but would not have the means to equip themselves to become self-reliant and/or take part in social activities to integrate themselves with the society. This would be detrimental to their self-development, especially to children and youngsters. This situation would be aggravated by the tendency for non-governmental organisations to charge higher fees for their programmes/activities to achieve full-cost recovery, as a result of the implementation of the lump sum grant and of the need to achieve a saving of 1.8% in operating expenditure for 2003-04 and an additional 1% each year from 2004-05 to 2006-07. Mr WONG concurred with the deputations that the Administration should establish a baseline below which the CSSA standard payments should not be allowed to fall to ensure that the basic and special needs of the financially vulnerable could be met.

22. Mr Fred LI and Mr LEUNG Yiu-chung echoed similar views expressed by members in opposing reduction in the CSSA standard rates. Mr LEUNG further urged the Administration to work with the concerned groups to come up with a new mechanism to determine the CSSA standard rates. Mr Frederick FUNG agreed with Mr LEUNG's suggestion.

23. Mrs Sophie LEUNG said that there was a need to review the existing CSSA standard rates and make adjustment, where justified, having regard to the fact that there was no sign of an early recovery of the economy and the huge Government deficit.

24. Professor CHOW said that the purchasing power of CSSA recipients should not be undermined if the standard rates were reduced by 11.1% according to deflation. According to the findings of the review of the CSSA Scheme conducted in 1995, the standard rates for all CSSA groups exceeded the basic needs (BN) budgets, except for able-bodied adults.

25. Professor CHOW further said that in examining whether the levels of CSSA payments could meet the basic needs of CSSA recipients, the Steering Group set up to review the CSSA Scheme (SG) constructed basic baskets of commodities and services representing the basic needs for food and non-food household expenditure for various categories of CSSA clients. The food items and their costs were determined for each age group on the advice of a government dietician and by applying the average retail prices of the lowest 50% price range provided by the Census and Statistics Department (C&SD). For most of the non-food items, the quantity and the consumption life span were estimated by the SG and then costed by reference to the retail prices of the lowest 50% price range. For items such as fuel, light and transport, the expenditure pattern of the lowest 5% non-CSSA income group was adopted. The cost of the basket was then compared with the relevant CSSA standard rates plus monthly apportionment of the annual long term supplement (LTS). The SG cross-checked the BN budgets against the basic needs requirement as perceived by CSSA clients obtained from a small sample of CSSA clients to ensure that the former represented a close approximation of the latter.

The Administration's response

26. DSW gave a summary response to views expressed at the meeting as follows -

- (a) The combined effect of the upward adjustment up to 1998-99 based on forecast price increases and the continued deflation since then was an over-adjustment of CSSA standard rates of 12.4%. To maintain their originally intended purchasing power, the current CSSA standard rates could be reduced by 11.1%. The deflation applicable to the adjustment of CSSA standard rates was measured by SSAIP compiled by C&SD in a methodical manner, supported by Household Expenditure Survey conducted once every five years to reflect the latest expenditure pattern of CSSA households;
- (b) As a matter of policy, a distinction was always drawn between able-bodied recipients required and expected to work from those not required to work such as family carers. This policy was clearly recorded in the Finance Committee paper considered on 12 April

1996 which contained the Administration's recommendation that in raising the standard rates of able-bodied adults based on the 1995 Review to meet basic needs, able-bodied adults only had their rates increased by \$300 per month while others not expected to work had a \$600 increase;

- (c) There was no question of the current discussion on adjustment of CSSA standard rates being premised on factors such as the downward trend of wages and rising unemployment rate. The issue was one of deflation and adjustments to return the buying power to their originally intended level;
- (d) Reduction in the CSSA standard rates was not intended to address the deficit problem, as savings arising from any deflationary adjustments were intended to remain in the CSSA Scheme to help more people in need of public assistance. Moreover, the Financial Secretary had said that a reduction of 1.8% in operating expenditure for 2003-04 for all government departments would not apply to social security expenditure;
- (e) If the current CSSA standard rates were not adjusted downwards by 11.1% and taking account of the anticipated increase in demand, the total CSSA expenditure for 2003-04 could increase from the existing \$16 billion to \$18 billion next year given the economic situation and ageing of the population; and
- (f) Drastic measures were being suggested from time to time by some quarters in the community if CSSA expenditure went out of control. These would include changing the residency requirement for the CSSA Scheme, time-limiting the CSSA benefits and setting a ceiling on CSSA expenditure.

DSW further said that she planned to shortly submit to members a series of reports on the effectiveness of the various initiatives, such as the SFS Scheme, to help the unemployed CSSA recipients to find jobs.

IV. Financial assistance for older persons (LC Paper No. CB(2)294/02-03(15))

27. As the discussion of agenda item III had used up the scheduled time for item IV, the Chairman suggested and members agreed to defer the discussion of this item to the next meeting.

V. Any other business

28. There being no other business, the meeting ended at 1:15 pm.

Council Business Division 2
Legislative Council Secretariat
6 December 2002