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Panel on Welfare Services

**Subcommittee on review of the
Comprehensive Social Security Assistance Scheme**

**Minutes of the 1st meeting
held on Friday, 17 December 2004 at 8:30 am
in Conference Room B of the Legislative Council Building**

Members present : Dr Hon Fernando CHEUNG Chiu-hung (Chairman)
Hon LEE Cheuk-yan
Hon CHAN Yuen-han, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP

Members absent : Hon Fred LI Wah-ming, JP
Hon Frederick FUNG Kin-kee, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung

Public Officers attending : Item III

Ms Salina YAN
Deputy Secretary for Health, Welfare and Food
(Elderly Services and Social Security)

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

Mr Paul TANG, JP
Director of Social Welfare

Mrs Agnes Allcock, JP
Deputy Director of Social Welfare (Administration)

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

Mr CHENG Chok-man
Chief Social Security Officer (Social Security) 1
Social Welfare Department

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

Miss YEUNG Kok-wah
Chief Social Security Officer (Social Security) 4
Social Welfare Department

Mr Kenneth NG
Senior Statistician (Social Welfare)
Social Welfare Department

Clerk in attendance : Ms Doris CHAN
Chief Council Secretary (2) 4

Staff in attendance : Miss Mary SO
Senior Council Secretary (2) 8

I. Election of Chairman

Dr Fernando CHEUNG was elected Chairman of the Subcommittee.

II. Proposed terms of reference

(LC Paper No. CB(2)437/04-05(01))

2. Members had no comments on the proposed terms of reference set out in the above paper prepared by the Secretariat. The agreed terms of reference would be submitted to the Panel on Welfare Services (the Panel) for endorsement.

III. Meeting with the Administration

(LC Paper Nos. CB(2)145/04-05(03) to (04) and CB(2)460/04-05(01))

3. Members noted a submission from the New Arrival Women League tabled at the meeting.

4. Responding to the Chairman's enquiry on the scope of the review of the Comprehensive Social Security Assistance (CSSA) Scheme by the Administration, Deputy Secretary for Health, Welfare and Food (DSHWF) said that the CSSA system was kept under constant review in response to the community's aspirations and the changing circumstances of the society. Notably, the CSSA standard rates were reviewed annually to take account of price changes with reference to the movement of the Social Security Assistance Index of Prices (SSAIP). In addition to the annual adjustment, a household survey for CSSA households was conducted every five years. The aim was to update the SSAIP in the light of the relative importance of individual items of goods and services consumed by CSSA households, to ensure that the index could more accurately reflect the expenditure pattern of CSSA households and the impact of price changes on the purchasing power represented by the CSSA standard rates. The Census and Statistics Department (C&SD) was currently conducting another household expenditure survey for 2004-05, the preliminary results of which were expected to be available in late 2005.

5. DSHWF further said that in view of the fast growth in cases involving able-bodied adults over the past years, specific reviews were being conducted on the following areas to identify ways to better help able-bodied recipients to move into work -

- (a) an evaluation of the intensive employment assistance projects implemented since October 2003 to help employable CSSA recipients and the "near-CSSA" unemployed move into work;
- (b) a review of existing CSSA arrangements and related services for single parent families on CSSA; and

- (c) a review of the provision of disregarded earnings (DE) under the CSSA Scheme.

The findings of the first two reviews were expected to be available within the first half of 2005, while the findings of the third review were expected to be available in mid 2005. A working group had been set up under the Social Welfare Advisory Committee to follow up the findings.

6. The Chairman further enquired whether there would an overall report on the review of the CSSA Scheme after the surveys/reviews mentioned in paragraphs 4 and 5 above were completed.

7. Director of Social Welfare (DSW) responded that the Administration considered it more pragmatic to presently focus efforts on helping able-bodied recipients move into work. This, however, would not prevent the Administration from conducting reviews on other aspects of the CSSA system later on.

8. Mr TAM Yiu-chung asked whether consideration could be given to providing separate safety net to unemployed able-bodied adults, as this group of recipients, unlike the elderly and the disabled, were only temporarily out of work and could move towards self-reliance if assistance better able to meet their needs were provided to them.

9. DSW responded that the CSSA Scheme was devised to provide a safety net of last resort to broad categories of people who could not support themselves financially and able-bodied individuals were required to participate in the Support for Self-reliance (SFS) Scheme to actively look for jobs and to take part in community work to raise awareness of the need to re-establish self-reliance and understand the importance of employment. DSW further said that there was the suggestion from some quarters in the community that jobs, in lieu of financial assistance, should be given to unemployed able-bodied adults. DSW, however, pointed out that such an arrangement would not only require careful examination as CSSA was provided on a household basis if the applicant was living with his/her family members but also a sufficient supply of jobs. Such a matter could not be decided by the Social Welfare Department (SWD) and/or the Health, Welfare and Food Bureau (HWFB) alone.

10. Mr TAM Yiu-chung hoped that the Administration, in its review of the CSSA Scheme, could consider providing financial assistance to people who were temporarily out of work but whose assets exceeded the prescribed asset limits under the CSSA Scheme. Mr TAM also hoped that SWD could disregard the Mainland property held by the elderly applicants in assessing their eligibility for CSSA, as such property was often not saleable.

11. DSW responded that as the CSSA Scheme was entirely financed by public revenue, it was incumbent upon SWD to count all properties held by the applicants to determine their eligibility for CSSA. DSW, however, pointed out that if the property, regardless of where it was located, was proven to be not saleable, there was provision for SWD not to count such property as an asset for the purpose of assessing an applicant's eligibility for CSSA. Assistant Director of Social Welfare supplemented that the Ombudsman had asked DSW in her Investigation Report on Prevention of Abuse of CSSA released in December 2003 to step up efforts to prevent fraud and abuse, and hence the need for SWD to value properties held by CSSA applicants carefully.

12. Ms LI Fung-ying said that the piecemeal approach adopted by SWD in reviewing the CSSA Scheme would not help to better respond to the priorities and challenges of the day. For instance, although raising the DE would provide greater incentive for the unemployed CSSA recipients to find and stay on a job, this would have the effect of driving down the wages of the low-income group. As a result, the latter would replace the former to rely on public assistance. In the light of this, Ms LI said that the Administration should conduct a comprehensive review of the CSSA Scheme, including evaluating the impact of the various initiatives to help unemployed CSSA recipients to become self-supporting on the low-income group not on CSSA and the adequacy of the existing standard payment rates in meeting the basic needs of the recipients. The Chairman concurred. Ms LI also said that she agreed with Mr TAM's view that financial assistance should be provided to the unemployed to help them meet their imminent needs, without subjecting them to the cumbersome application process for CSSA, having regard to the facts that their financial problems would be solved if they found work and/or that their assets might exceed the prescribed asset limits for CSSA.

13. DSW responded that the Administration considered that the existing CSSA Scheme could provide an adequate safety net of last resort for those who could not support themselves, albeit there was room for improvement. To this end, reviews mentioned in paragraph 5 above would be the priorities for 2005. Whether other aspects of the CSSA system should be reviewed in 2006 would be considered in due course.

14. Mr LEE Cheuk-yan asked whether it was the Administration's policy that the CSSA standard payment rates should be adequate to meet the basic needs of the needy; if so, whether a review to ensure that would be conducted.

15. DSHWF responded that the CSSA standard payment rates were meant to meet the normal day-to-day basic needs of the recipients. The mechanism for

adjusting these rates, mentioned in paragraph 4 above, was put in place to ensure such. DSHWF pointed out that apart from providing cash assistance, CSSA recipients were waived from paying all public hospital fees and charges and were given special grants such as rent allowance and school grants. SWD had also put in place a wide range of welfare services other than social security services to help needy individuals and their families, such as counselling and guidance services, community care services, residential care placement, schooling and temporary shelter assistance, etc. All those in need including low-income earners and CSSA recipients had access to receive these services by direct approach, on referral basis or outreaching network of the Department. DSHWF further said that to her knowledge a number of organisations, such as the Hong Kong Council of Social Service, were conducting a review of the CSSA standard payments. The Administration would be happy to consider the findings of these reviews when they became available.

16. Mr LEE Cheuk-yan remarked that it was not good enough for the Administration to say that it would consider the findings of the reviews of the CSSA standard payment rates conducted by outside bodies. In his view, the Administration should conduct a comprehensive review of the CSSA Scheme. Mr LEE further said that the household expenditure survey for CSSA households could not find out whether the CSSA standard payment rates could meet the basic needs of the recipients, as such a survey could merely find out how the expenditure pattern of CSSA households had changed over the past five years. The Chairman also called upon the Administration to do the same, as the last comprehensive review of the CSSA Scheme from which the current standard payment rates took their basis was conducted some time ago in 1996.

17. DSHWF pointed out that to ensure the adequacy of the CSSA standard payment rates to meet the basic needs of the recipients, the Administration would update the weighing system of the SSAIP on the basis of the findings of the 2004-05 household expenditure survey for CSSA households to ensure that the index could accurately reflect the expenditure pattern of CSSA recipients. DSHWF further said that apart from making sure that the CSSA standard payment rates could meet the basic needs of the recipients, due regard would need to be given to setting the rates at a level comparable to the household income of the low-income groups not on CSSA. DSW supplemented that not only was there no ceiling set for social security spending, the percentage of Government spending on social service compared to the amount of direct tax was high compared to many developed countries.

18. Mr LEE Cheuk-yan commented that the Administration should not set the CSSA standard payment rates at a level comparable to the lowest 25th percentile of the population at the expense of not making sure that these rates could meet the

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basic needs of the recipients. In the light of this, Mr LEE said that the Subcommittee should expeditiously follow-up with the Administration on reviewing the basis for setting the current CSSA standard payment rates. The Chairman agreed and further requested the Administration to brief members on the household expenditure survey for CSSA households. DSW agreed to provide more information in this regard after the meeting.

19. Miss CHAN Yuen-yan expressed views similar to other members and further said that more efforts should be made by the Administration at the central level to help low-income earners and the unemployed. Consideration should also be given to re-considering the feasibility of establishing an old age pension scheme in view of the growing ageing population, and aborting the policy that elderly persons living with their families could not apply CSSA on their own. Miss CHAN also urged the Administration to publish a white paper on the development of Hong Kong's social welfare policies for the next decade, which was raised by the Panel in the last legislative session.

20. DSHWF responded that SWD and HWFB had all along been in contact with other policy bureaux/Government departments to discuss ways of helping the unemployed and low-income CSSA recipients. For instance, DSW regularly exchanged views with the Permanent Secretary for Economic Development and Labour (Labour) on ways to better help the unemployed and low-income CSSA recipients, and the Economic and Employment Council chaired by the Financial Secretary with membership comprising Legislative Council Members, representatives from the academic, business and labour sectors and seven directors of bureaux had been briefed on the progress and effectiveness of the employment assistance measures taken by SWD under the SFS Scheme in helping the unemployed CSSA recipients to achieve self-reliance. It was SWD's intention to brief the Economic and Employment Council again once the findings of the evaluation of the intensive employment assistance projects implemented since October 2003 were available. On providing financial support to older persons, DSHWF said that a study was being undertaken by the Administration in collaboration with the Central Policy Unit, the Mandatory Provident Fund Authority and other bodies to find out how the existing social security arrangements for the elderly could better adopt the three-pillar approach developed by the World Bank for providing an all-round retirement protection to elders. As regards publishing a white paper on the development of Hong Kong's social welfare policies for the next decade, DSHWF said that the Administration had recently formulated a draft strategic framework on social welfare. A large-scale workshop to solicit views of the welfare sector and other concerned groups on the draft strategic framework had been held this past September. The Administration would further revise the draft strategic framework having regard to the views expressed before deciding on the way forward.

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Admin 21. The Chairman requested the Administration to provide information on when the findings of the review of the existing social security arrangements for the elderly would be available and the timing for conducting public consultation on the new proposal(s) arising from the review, if any. The Chairman disagreed that developing a strategic framework on social welfare could replace the need for publishing a white paper on the development of Hong Kong's social welfare policies. The Chairman also could not agree that the workshop to solicit the views of welfare sector and other concerned groups on the draft strategic framework had wide representation, as he was not even aware of the existence of such a workshop. Miss CHAN Yuen-han echoed similar views, and further requested the Administration to provide details of the draft strategic framework on social welfare and public feedback on the draft strategic framework. Admin Mr LEE Cheuk-yan suggested that such information should be forwarded to the Panel for consideration.

22. Mr LEE Cheuk-yan, Miss CHAN Yuen-han and the Chairman were of the view that the Administration should reinstate grants for glasses for children on CSSA, having regard to a motion passed by the Subcommittee to study the subject of combating poverty on 9 December 2004 urging for the same.

23. The Administration responded as follows -

- (a) it was the Administration's policy that no children should be deprived of education or medical care due to a lack of means. The existing CSSA Scheme had taken care of the special needs of children, including providing them with a higher standard rate than able-bodied adults, as well as special grants related to studies such as school fees, meal allowance, subsidy for transport expenses and subsidy for examination fees; and
- (b) for individual families who might have difficulties in purchasing glasses for their children, extra assistance would be provided to them. DSW would exercise his discretion under the CSSA Scheme to assist children in need of purchasing glasses having regard to the situation of each family. CSSA families who had difficulty in purchasing glasses for their children could approach their caseworkers in the Social Security Field Unit. If schools came across any students who were in financial difficulty and were in need of glasses, they might also refer them to SWD for follow-up.

24. Mr LEE Cheuk-yan, Miss CHAN Yuen-han and the Chairman remained of the view that the Administration should reinstate grants for glasses for children on

CSSA, having regard to the fact that having good eye sight was an essential need. The Chairman further requested the Administration to provide the estimated cost of reinstating the special grant for glasses for children on CSSA, saying that it might not be cost-effective to consider each request on a discretionary basis, given the additional administrative cost likely to be involved.

25. Deputy Director of Social Welfare (Administration) responded that on the assumption that each pair of glasses cost about \$500, the estimated additional expenditure could be as high as \$33 million per annum if the special grant for glasses for children on CSSA was reinstated.

26. In closing, members agreed to hold the next meeting on 11 January 2005 at 10:45 am to discuss the basic needs of children and to invite deputations to give views on the subject. Members further agreed to invite C&SD to brief members on the household expenditure survey for CSSA households in February 2005 and to discuss the issue of helping unemployed CSSA recipients to move towards self-reliance in March 2005.

(Post-meeting note : The next meeting to be held on 11 January 2005 at 10:45 am was rescheduled for 10 January 2005 at 2:30 pm.)

27. There being no other business, the meeting ended at 10:30 am.

Council Business Division 2
Legislative Council Secretariat
6 January 2005