

立法會
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Panel on Welfare Services

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

**Minutes of the 3rd meeting
held on Thursday, 17 February 2005 at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Dr Hon Fernando CHEUNG Chiu-hung (Chairman)
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Frederick FUNG Kin-kee, JP
Hon Alan LEONG Kah-kit, SC

Member absent : Hon LEUNG Kwok-hung

Public Officers attending : Items II to IV

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

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Miss WONG Ming-lok
Assistant Secretary for Health, Welfare and Food (Elderly
Services and Social Security) 4

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

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

Ms Marion CHAN
Senior Statistician (Price),
Census and Statistics Department

**Deputation
by invitation** : Item III

The Hong Kong Council of Social Service

Dr WONG Hung
Researcher, Basic Needs Study

Mr CHUA Hoi-wai
Business Director, Policy Research and Advocacy

Ms Mariana CHAN
Chief Officer, Policy Research and Advocacy

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

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

Miss Maggie CHIU
Legislative Assistant (2) 4

I. Items for discussion at the next meeting

Members noted a list of issues for discussion, drawn up by the Secretariat, tabled at the meeting.

2. Members agreed to discuss the issue of residence requirements for Comprehensive Social Security Assistance (CSSA) at the next meeting. The date of the meeting would be set by the Secretariat after consulting members and the Administration.

II. Household Expenditure Survey on CSSA households
(LC Paper No. CB(2)845/04-05(01))

3. At the invitation of the Chairman, Senior Statistician (Price), Census and Statistics Department (SS(P), C&SD)) conducted a powerpoint presentation on the Household Expenditure Survey (HES) on CSSA households.

4. Mr Fred LI raised the following questions -

- (a) whether a sample size of 1 600 CSSA households for the HES on CSSA households was adequate, given that the total number of CSSA cases was around 295 850;
- (b) whether the distribution of the different categories of CSSA households selected for the survey was proportionate to that of all CSSA cases; and
- (c) whether a three-month reference period was sufficient to capture infrequently-purchased items and whether the survey would take into account that many CSSA households were given items like old

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furniture and used electrical appliances by their friends/relatives free of charge or picked up these discarded items on the streets. If the answer was in the negative, it was doubtful whether the survey could accurately reflect whether the standard rates could adequately meet the needs of CSSA households.

5. SS(P),C&SD responded as follows -

- (a) the accuracy of an HES on CSSA households was not determined by whether the sample size constituted a certain percentage of the population being surveyed, but by the absolute sample size and whether the sampling errors associated with that sample size were small. Similar sample sizes of around 1 600 households had been used for the past HESs on CSSA households and the sampling errors were all within an acceptable range. As a point of reference, the sample size of the five-yearly HES to collect up-to-date information on the expenditure patterns of non-CSSA households in Hong Kong was around 6 000 households;
- (b) the 1 600 households for the survey was selected randomly from various geographical areas and various categories of households by the Social Welfare Department (SWD) based on its administrative records. While 100-odd households were selected for each of the 10 plus categories of households, for instance, the elderly, the disabled and the able-bodied, the expenditure pattern of each category of households would first be weighted according to its proportion to the overall CSSA households before coming up with a collective expenditure pattern of CSSA households;
- (c) the reason why a three-month reference period was used to capture expenses on items like furniture and electrical appliances, which were spent on a less frequent basis, was not to cause too much inconvenience to the households selected for the survey. A one-year reference period had been used in the past, and the findings revealed that the data collected were not much different from the data collected when a three-month reference period was used; and
- (d) in line with past practice, the survey would not request the households concerned to record those items which were given to them as gifts or which they picked up from the streets. Despite such, comparison could be made between the expenditure patterns of CSSA households and the non-CSSA lowest expenditure groups to ascertain whether and to what extent the consumption requirement of the former households on furniture and electrical appliances was

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under-captured. For instance, the percentage of money spent by CSSA households on durable goods was 3%, as compared to 4.96% for households covered by the Consumer Price Index (CPI) (A).

6. Responding to the Chairman's enquiry as to whether comparisons had been made to the expenditure patterns of CSSA households vis-a-vis those of the lowest 10%, 15% and 20% of the non-CSSA lowest expenditure groups, SS(P),C&SD said that based on her understanding, such comparisons had been conducted by SWD.

7. Ms LI Fung-ying queried whether the HES on CSSA households could accurately reflect the expenditure patterns of CSSA households during an inflationary/deflationary situation. Referring to Annex B to the Administration's paper which set out the major goods and services consumed by CSSA recipients, Ms LI asked why the average monthly expenditure on transport by family member recipients was not significantly higher than that by single person recipients.

8. Director of Social Welfare (DSW) responded that the purpose of the HES on CSSA households was to collect up-to-date information on the expenditure patterns of CSSA households for updating the expenditure weights used for compiling the Social Security Assistance Index of Prices (SSAIP). To ensure that the CSSA standard rates could meet the basic needs of recipients, the SSAIP which was compiled monthly according to the price movements of the goods and services covered under the CSSA standard rates concerned, was used as reference to adjust the CSSA standard rates. SS(P),C&SD supplemented that unless there was a significant change in the expenditure patterns of CSSA households, the SSAIP was a good reference which SWD could use in making adjustments to CSSA standard rates.

9. As to why the average monthly expenditure on transport by family member recipients was not significantly higher than that by single person recipients, SS(P),C&SD explained that this was because the average monthly expenditure of family member recipients shown in Annex B to the Administration's paper was on a "per capita" basis. This could further explain why for those items like housing where there would be greater economies of scale in household consumption, the difference in the average monthly per capita expenditure between single person recipients and family member recipients was greater.

10. Mr LEE Cheuk-yan noted from Annex B to the Administration's paper that the average monthly expenditure of single person recipients and family member recipients were \$3,339 and \$2,570 respectively. In the light of this, Mr LEE asked about the average CSSA standard rates for these two groups of recipients.

11. Senior Statistician (Social Welfare), SWD advised that the average

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monthly CSSA payment of a single person and a four-member household was \$3,424 and \$9,005 respectively. If a single person was an elderly person, the average monthly CSSA payment was \$3,639. For a two-member family who were both elderly, the average amount of CSSA payment was about \$5,800.

12. Mr LEE Cheuk-yan remarked that if the average monthly payment to an elderly single person recipient was \$3,639, this showed that giving out an average of \$3,424 per month to an able-bodied recipient was too low, having regard to the fact that the latter had to incur costs when seeking employment. Mr LEE further said that the average monthly CSSA payment of \$9,005 to a four-member household was also too low, having regard to the fact that the average monthly expenditure of each family member recipient was \$2,570 or \$10,280 for a family of four.

13. DSW pointed out that it was not appropriate to compare the existing average monthly CSSA payments with the average monthly expenditure of CSSA households set out in Annex B to the Administration's paper as the latter was based on October 1999 to September 2000 prices. Moreover, it should be pointed out that the existing standards had been adjusted downward due to the deflationary situation in recent years. DSW further said that a subsidy could be granted to CSSA recipients to meet expenses related to job seeking, such as travelling expenses incurred for job interviews, under the Intensive Employment Assistance Projects.

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14. At the request of the Chairman, DSW undertook to provide the average monthly CSSA payments that CSSA recipients received during the period from October 1999 to September 2000.

15. The Chairman noted from paragraph 3 of Annex A to the Administration's paper that the SSAIP comprised three components, namely, (a) a basket of goods and services covered by the index; (b) a weighting system i.e. relative importance of individual items of goods and services; and (c) monthly average retail prices of individual items of goods and services. Also, according to paragraph 6 of the same Annex, the monthly average retail prices of individual items of goods and services used in compiling the SSAIP were based on the price data collected for the CPI(A). As households covered by the CPI(A) were in the lowest 50% income group and CSSA households generally belonged to the 10% to 15% lowest income group, the Chairman queried the appropriateness of using the price data collected for the CPI(A) as one of the components for compiling the SSAIP. The Chairman asked whether consideration could be given to using the price data of those items of goods and services purchased by households in the lowest 10% to 20% income groups instead.

16. SS(P),C&SD responded that there was no information on the exact price

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range of products bought by households in different income groups. Of the three CPIs, namely, CPI(A), CPI(B) and CPI(C), the price data which were collected for the CPI(A) was considered the most appropriate for use in determining the movements of average retail prices of items of goods and services covered by the SSAIP. This was because CPI(A) covered some 50% of the households in Hong Kong in the relatively low expenditure range, as opposed to CPI(B) and CPI(C) which covered some 30% and 10% of the population in Hong Kong in the medium and relatively high expenditure ranges respectively. It should also be pointed out that what went in to compile the SSAIP was not the retail prices per se of individual items of goods and services covered by the index, but their price movements. SS(P),C&SD further said that the prices of different varieties of a product often moved in the same direction, namely, upwards or downwards. For instance, during a deflationary period, goods in the higher and lower price ranges both fell; the percentage of drop in the retail prices of varieties in the lower price range sometimes even exceeded those in the higher price range.

17. In closing, the Chairman requested the Administration to provide the information mentioned in paragraph 14 above and more details on the hidden expenditure of CSSA households which could not be captured by the survey as pointed out by Mr Fred LI in paragraph 4(c) above.

III. Response to the basic needs study by the Hong Kong Council of Social Service

(LC Paper Nos. CB(2)539/04-05(03) and CB(2)845/04-05(02) and (03))

18. Deputy Secretary for Health, Welfare and Food (Elderly Services and Social Security) (DSHWF(ES&SS)) introduced the Administration's paper (LC Paper No. CB(2)845/04-05(02)) which set out the Administration's initial response to the Basic Needs Study conducted by the Hong Kong Council of Social Service (HKCSS).

19. Mr CHUA Hoi-wai and Dr WONG Hung took members through HKCSS' response to the Administration's initial response to the Basic Needs Study conducted by HKCSS, details of which were set out in HKCSS' submission tabled at the meeting.

20. The Chairman declared that he was on the steering group formed by HKCSS to study the basic needs of the people of Hong Kong.

21. Mr Frederick FUNG noted that according to the Administration, basic need items such as newspapers and telephone were already covered under the CSSA standard rate, which was disputed by HKCSS. To better facilitate members' deliberation on the requests raised by HKCSS in their Basic Needs Study,

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Mr FUNG requested the Administration to provide information on the basket of goods and services representing the basic needs of CSSA recipients which the Administration had drawn up in the 1996 review of the CSSA Scheme. Although CSSA recipients were given free medical service from public clinics and hospitals (including western and Chinese medical consultations and medicine), Mr FUNG pointed out that as at to date there were only three public clinics offering Chinese medicine service. In the light of this, Mr FUNG requested SWD to consider reimbursing CSSA recipients their actual costs incurred for seeking treatment from private Chinese medicine practitioners, including bone-setters.

22. DSHWF(ES&SS) responded that the Administration had not abandoned the basic needs approach adopted in the 1996 review of the CSSA Scheme. The CSSA Scheme had been and would continue to be a safety net of last resort to the needy for meeting their basic and special needs. DSW supplemented that the basic needs of the individuals and families were already met through a range of different standard rates for individuals, supplements for families of different circumstances, and special grants addressing the special needs of children, elderly, those who were disabled and ill, and families. Moreover, all CSSA recipients also received free medical service at public hospitals and clinics, in addition to support in public housing, free education, etc. Hence, the Administration believed that the existing rates and grants, with their regular review mechanism, could meet the basic needs of CSSA families. In exceptional cases, additional assistance could be provided.

23. DSW further said that it was also necessary to differentiate whether a particular need was a basic or developmental need. Taking the examples of computers and extra-curricular activities, he considered that these needs were better met through schools instead of giving out more money to CSSA families with children. To this end, a recurrent amount of \$75 million had been earmarked for the Education and Manpower Bureau to provide school-based after school learning and other support services for needy students. DSW also pointed out that in trying to establish the basic needs of the financially vulnerable, due regard must be given to the income and expenditure of the lower income groups in order to maintain a balance between caring for the needy and not demotivating people to be self-reliant.

24. Mr Frederick FUNG expressed opposition to classifying basic needs items like computers and extra-curricular activities as developmental needs. Mr FUNG further said that if the Administration claimed that items like newspapers, telephone and eye glasses were already covered in the CSSA standard rates, the Administration should provide evidence that these items were included in the standard rates following the review of these rates in 1996 when the basic needs approach was adopted.

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25. DSW responded that the basket of goods and services covered by the SSAIP already included newspapers, telephone services and optical goods, as set out in Annex B to the Administration's paper (LC Paper No. CB(2)845/04-05(01)). The Chairman remarked that even so, the crux of the problem was that the existing standard rates were not enough to pay for these items. The Chairman requested the Administration to provide details of its 1996 review of the CSSA Scheme with regard to the basic needs of different categories of recipients, such as the elderly, the disabled and the able-bodied, and how these needs were covered by the respective standard rates set after the 1996 review.

26. Mr LEE Cheuk-yan asked the Administration whether it was willing to discuss with the public on which items should be classified as basic needs for the purpose of inclusion in the CSSA standard rates.

27. DSW responded that the Administration stood ready to discuss with HKCSS its final report on basic needs study to be published. DSW however pointed out that determining which items should be classified as basic need items was invariably subjective. On the other hand, the Administration would continue its regular review of the CSSA payments by making reference to the latest five-yearly HES on CSSA households conducted by C&SD, and to keep in view the relativity between the CSSA payments to households and those of the non-CSSA low income groups.

28. DSW further pointed out that, as mentioned earlier at the meeting, it might not be appropriate for the CSSA Scheme alone to address all needs and aspirations through direct financial payment. The CSSA Scheme was the safety net of the last resort, and other needs could be met through targeted services. Although items like computers and extra-curricular activities were considered developmental needs, the existing CSSA Scheme had taken care of the special needs of children by 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 fee. Nevertheless, in trying to establish the basic needs of the financially vulnerable, due regard must be given to the income and expenditure of the lower income groups in order to maintain a balance between caring for the needy and not demotivating people to be self-reliant. Adjusting the standard rates for three-member and four-member households downwards in 1999 after the 1998 review of the CSSA Scheme was a case in point.

29. Mr LEE Cheuk-yan said that the Administration should not set the CSSA standard rates at the levels which were comparable to and not better than the income of the low income groups not on CSSA, as to do so would have the effect of encouraging people from the low income groups to apply for CSSA. In his view, the Administration should focus on whether the CSSA standard rates could

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meet the basic needs of the people of Hong Kong. Dr WONG Hung echoed Mr LEE's views, and further said that the establishment of standard rates to meet the basic needs of the needy could also help towards establishing a statutory minimum wage to provide minimum social protection to the general public as advocated by the International Labour Organization. Dr WONG further said that to merely use the HES on CSSA households and the SSAIP to set the CSSA standard rates could not accurately reflect whether the rates could meet the basic needs of the recipients, as the expenditure patterns of CSSA households were bound by what the amount they received under the CSSA Scheme.

30. DSW clarified that apart from using the regular review mechanism mentioned by Dr WONG in paragraph 29 above, comparisons were also made between the CSSA payments to the CSSA households and those of the low income households not on CSSA.

31. The Chairman asked whether consideration could be given to reviewing the components involved in setting the CSSA standard rates in 1996, if what the Administration said that it had never deviated from adopting a basic needs approach in providing financial assistance to the needy was true. The Chairman pointed out that if the base figures could no longer cover all the basic need items, to merely adjust the standard rates according to the SSAIP would not be adequate. The Chairman further pointed out that to use the expenditure patterns of low income groups not on CSSA as a reference to adjust the standard rates was also not desirable, as the income of the latter might not be adequate to meet their basic needs.

32. DSHWF(ES&SS) reiterated that the existing CSSA rates and grants, with their regular review mechanism, could meet the basic needs of CSSA families. In exceptional cases, additional assistance could be provided. DSHWF(ES&SS) further said that although no major review of the CSSA Scheme was conducted since 1996, reviews on specific aspect of the Scheme had been carried out in 1998 which resulted in an increase of payments to the elderly, amongst others.

33. In closing, the Chairman suggested to continue discussion on the basic needs for setting the CSSA standard rates after the final report on basic needs study conducted by HKCSS was published. Members agreed.

IV. Specific reviews being undertaken by the Administration
(LC Paper No. CB(2)845/04-05(04))

34. Members noted the Administration's paper which outlined the progress of the reviews being undertaken by the Administration on specific aspects of the CSSA Scheme with the aim to help able-bodied recipients achieve self-reliance,

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and did not raise any query.

35. There being no other business, the meeting ended at 10:38 am.

Council Business Division 2
Legislative Council Secretariat
16 March 2005