

立法會
Legislative Council

LC Paper No. CB(2)2182/06-07
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

**Minutes of special meeting
held on Friday, 30 March 2007, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon CHAN Yuen-han, JP (Chairman)
Dr Hon Fernando CHEUNG Chiu-hung (Deputy Chairman)
Hon LEE Cheuk-yan
Hon Bernard CHAN, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
- Members absent** : Hon Albert HO Chun-yan
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Dr Hon YEUNG Sum
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Alan LEONG Kah-kit, SC
- Member attending** : Hon KWONG Chi-kin
- Public Officers attending** : Items I and II
Ms Carol YIP
Deputy Secretary for Health, Welfare and Food
(Elderly Services and Social Security)

Mr Paul TANG, JP
Director of Social Welfare

Mr WU Kin-sing
Chief Social Security Officer (Social Security) 1
Social Welfare Department

Mr NG Wai-kuen
Chief Social Security Officer (Social Security) 2
Social Welfare Department

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 4

Staff in attendance : Mr Chris LAI
Senior Council Secretary (2) 7

Miss Maggie CHIU
Legislative Assistant (2) 4

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I. Review of the disregarded earnings under the Comprehensive Social Security Allowance Scheme

[LC Paper No. CB(2)1305/06-07(01)]

Deputy Secretary for Health, Welfare and Food (Elderly Services and Social Security) (DS/HWF(ES)) briefed members on the outcome of the review of the scope for disregarded earnings (DE) under the Comprehensive Social Security Assistance (CSSA) Scheme, and the proposals to raise the "no-deduction limit" for DE from \$600 to \$800 and relax the criteria for allowing CSSA recipients to be eligible for DE from not less than three months on CSSA to not less than two months, as detailed in the Administration's paper. The recurrent financial implications for the whole package of the proposals was estimated to be about \$30 million, with 19 800 recipients benefitting from the proposed arrangements.

2. Mr Tommy CHEUNG said that while Members belonging to the Liberal Party did not object to the Administration's proposals, they considered that the maximum level of DE should be raised further to provide greater incentive for employable CSSA recipients to work.

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3. Regarding the proposal to maintain the maximum level of DE, DS/HWF(ES) explained that at the end of March 2006, only 52% of the employable CSSA recipients in paid employment earned a monthly income which was sufficient to allow them to enjoy the maximum level of monthly DE of \$2,500. There was no evidence suggesting an unmet demand for higher rates of DE. The Administration did not see a case for further raising the level of the maximum amount of monthly DE. It considered that the current recommendations had struck a reasonable balance between providing CSSA recipients with more financial incentives through the provision of DE to find jobs on the one hand, and maintaining DE at a level which would not attract entrance to the CSSA net unless persons were in genuine need or which would delay the exit of employable recipients from the system on the other.

4. Mr Tommy CHEUNG considered the Administration's explanation unacceptable. He remained of the view that raising the maximum level of DE would encourage more employable CSSA recipients to work.

5. Ms LI Fung-ying expressed concern about the effectiveness of the DE arrangements in encouraging the employable CSSA recipients to find employment and become financially better off. Ms LI requested the Administration to provide information on the changes in the number of CSSA unemployment cases and low-income cases as well as the number of CSSA households who had left the CSSA net through the provision of DE since 2003.

6. Director of Social Welfare (DSW) responded that there had been a steady decline in CSSA unemployment cases from 51 372 in September 2003 to 36 887 in February 2007. The number of low-income CSSA cases increased from some 13 000 in 2004 to 18 000 in May 2006. It was, however, difficult to segregate the effect of the DE arrangements from other contributory factors, such as the improved economy, the more favourable labour market conditions, and the strengthening of other measures under the Support for Self-reliance (SFS) Scheme to help unemployed CSSA recipients move into work. DSW said that providing employment assistance was proven effective in helping the unemployed CSSA recipients move from welfare to self-reliance. As such, the Administration would continue its efforts to assist the able-bodied unemployed CSSA recipients to become self-reliant.

7. Ms LI Fung-ying said that the provision of DE was to encourage able-bodied CSSA recipients to move from welfare to self-reliance, instead of transferring the CSSA recipients from the unemployed category to the low-income category under the CSSA Scheme. DSW said that the overall monthly income of CSSA families with an employed member had increased through the provision of DE.

8. Mr TAM Yiu-chung said that the Democratic Alliance for the Betterment

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and Progress of Hong Kong took the view that the maximum level of monthly DE should be raised to \$3,500 to provide greater incentive for CSSA recipients to find jobs. Mr TAM considered that if able-bodied CSSA recipients remained in the CSSA net for a long period, they would lose incentive to find employment. While expressing support for the Administration's proposal to relax some DE arrangements, Mr TAM was disappointed at the Administration's proposal of maintaining the maximum level of monthly DE.

9. DS/HWF(ES) responded that the maximum level of monthly DE had been raised by some 40% from \$1,805 to \$2,500 in 2003. It was envisaged that more families would enter the welfare rolls if the maximum level of monthly DE was raised further to \$3,500. Moreover, higher rates of DE would mean that CSSA families with an employed member would receive a monthly income higher than the low-income families. DS/HWF(ES) said that the DE arrangements were only one of the measures introduced to encourage and assist employable CSSA recipients to move into work. The Social Welfare Department had adopted a multi-pronged "welfare-to-work" approach to assist the able-bodied unemployed CSSA recipients to become self-reliant. DS/HWF(ES) added that while the DE arrangements allowed CSSA recipients who worked to be financially better off than those relying entirely on welfare, the level of DE should be maintained at a level which would not attract those without a genuine need to enter the CSSA net or which would delay the exit of recipients from the system.

10. Mr LEE Cheuk-yan considered that the Administration's proposal to raise the "no-deduction" limit from \$600 to \$800 was groundless. Citing the New Dawn Project as an example, he said that single-parent CSSA recipients were required to be under employment for not less than 32 hours a month. If the "no-deduction" limit was set at \$800, the hourly rate of jobs for the purpose of the Project would be \$25. Given that the hourly wage for part-time domestic helpers ranged from \$40 to \$50, the proposal of raising the limit to \$800 was on the low side. He strongly urged the Administration to consider raising the "no-deduction" limit from \$600 to \$1,000. Mr LEE added that to his understanding, if the "no-deduction" limit was increased to \$800, a CSSA recipient receiving monthly earnings of \$4,200 or above would reach the maximum level of DE, as against \$4,400 under the current arrangements. In this connection, there was a strong case for raising the maximum level of DE correspondingly. Mr LEE also queried the rationale for relaxing the "no DE for the first three months" rule to two months. In his view, the rule should be abolished.

11. DS/HWF(ES) reiterated that the "no-deduction" limit was to provide an incentive for the able-bodied unemployed CSSA recipients to find work. This should not be mixed up with the amount of income received by a CSSA recipient under the DE arrangements. She agreed that if the "no-deduction" limit was raised to \$800, a CSSA recipient in paid employment with a monthly income of

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\$4,200 would reach the maximum level of DE, i.e. \$2,500, but this would actually mean that more CSSA recipients in paid employment could enjoy the maximum level of DE earlier than before. On the suggestion of abolishing the "no DE for the three months" rule, DS/HWF(ES) said that the rule was introduced to deter those who would have sufficient means to meet their basic needs from gaining entry into the welfare system. As abolishing the rule altogether might result in those who were not eligible for assistance under the current arrangement becoming eligible, the Administration considered that the no DE rule should not be abolished.

12. As regards the New Dawn Project, DS/HWF(ES) said that about 28% of the participants were able to secure paid employment, and the initial results were satisfactory. The Administration would review the implementation of the Project with a view to providing more appropriate services for employable single parents and child carers; it would report to the Panel on the review findings. DSW added that under the New Dawn Project, the reason for requiring single-parent CSSA recipients to seek employment was to help them achieve self-reliance. Single parents and family carers would not be penalised if they made genuine efforts in seeking employment.

13. Mr LEE Cheuk-yan expressed disappointment that the Administration had failed to take into account the views expressed by members on the DE arrangements. Mr LEE held the view that the arrangement of maintaining the maximum level of DE at \$2,500 would provide disincentive for CSSA recipients to take up higher-paid jobs. He strongly urged the Administration to consider raising the maximum level of DE. It was unacceptable for CSSA recipients who relied entirely on welfare to be financially better off than those who worked as a result of the revised DE arrangements. The Chairman concurred.

14. DS/HWF(ES) stressed that the Administration had examined carefully the possible options to improve the DE arrangements. The current proposals would provide CSSA recipients with more financial incentives through the provision of DE to find jobs and remain in employment.

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15. The Chairman requested and DS/HWF(ES) agreed to provide information after the meeting on the financial implications for further raising the "no-deduction" limit and the maximum level of monthly DE to \$1,000 and \$3,500 respectively.

16. Mr LEUNG Kwok-hung expressed dissatisfaction and considered that the welfare systems in Hong Kong were outdated and lagged behind those in overseas countries. He said that in the light of its improving financial position, the Government should utilise effectively the fiscal surplus and step up efforts to help CSSA recipients move towards self-reliance.

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17. Dr Fernando CHEUNG said that while he saw no reason for opposing the Administration's proposals, he considered that the Administration should further relax the DE arrangements, including relaxing the no DE rule to one month to facilitate CSSA recipients to seek employment as early as possible. Dr CHEUNG further said that to facilitate CSSA recipients to move into work and leave the CSSA net eventually, the Administration should help the CSSA recipients build and accumulate asset. He pointed out that in some overseas countries, welfare recipients would be provided with housing and medical subsidies for a specified period after they had secured paid jobs so that they could sustain their living and build up their own assets before leaving the welfare systems. Similar practices should be adopted in Hong Kong. The provision of DE was one of the means to encourage employable CSSA recipients to find jobs and remain in employment.

18. DSW responded that in addition to the CSSA Scheme, which provided a safety net of last resort for those in genuine need to meet their basic needs, the Government provided subsidies for low-income earners in many aspects including housing, education, health and welfare. DSW said that the process of moving into work was attributed to many factors, including financial incentives and the labour market conditions. The strengthening of measures under the SFS Scheme also played a significant role in helping unemployed CSSA recipients move into work. DSW added that the Commission on Poverty had discussed the outcome of the DE review and supported the recommendations put forward by the Administration.

19. Pointing out the severity of the working poor phenomenon, the Chairman said that the Administration should provide more incentives for the employable CSSA recipients to find better paid jobs. The existing DE arrangements could not provide adequate assistance for CSSA recipients to leave the system; it only sought to transfer the unemployed CSSA cases to the low-income cases.

20. DSW hoped that through developing a working habit, CSSA recipients would ultimately be self-reliant and leave the CSSA net. As he had explained earlier, the decline in CSSA unemployment cases resulted from many factors such as the improved economy and more favourable labour market conditions. In the circumstances, the Administration considered that there was no case for further relaxing the DE arrangements.

21. To facilitate members' understanding of the effectiveness of the changes to the DE arrangements since 2003, Dr CHEUNG asked about the details of review findings, the rationale for the recommendations and the financial implications for further relaxing the DE arrangements. DSW agreed to provide the information after the meeting.

22. Responding to Mr LEE Cheuk-yan, DS/HWF(ES) said that the estimated

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recurrent financial implications for raising the "no-deduction" limit from \$600 to \$800 would be about \$23 million, and \$6 million for relaxing the "no DE for the first three months" rule to two months. No breakdown of the number of recipients who could benefit from the various proposals was available.

23. Dr Fernando CHEUNG held the view that instead of using public money to provide welfare assistance for the needy to maintain a basic livelihood, the Administration should consider seriously relaxing the DE arrangements with a view to helping the CSSA recipients to leave the CSSA net ultimately. Therefore, the suggestions of further raising the "no-deduction" limit to \$1,000 and the maximum level of DE to \$3,500 deserved more in-depth study.

24. Mr LEE Cheuk-yan suggested that the Panel should hold another meeting to further discuss with the Administration the review of the DE arrangements before the funding proposal was submitted to the Finance Committee (FC). The Chairman suggested that the Panel would further discuss the matter at the next regular meeting scheduled for 12 April 2007. Members agreed. The Chairman reminded the Administration to provide written response to the issues raised by members at the meeting.

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II. Provision of one additional month of Comprehensive Social Security Assistance standard rates/Old Age Allowance/Disability Allowance
[LC Paper No. CB(2)1305/06-07(02)]

25. Mr Tommy CHEUNG said that Members belonging to the Liberal Party did not object to the Administration's proposed one-off measure in 2007-2008 to provide one additional month of standard rate payment for CSSA recipients and one additional month of allowance for Social Security Allowance (SSA) recipients.

26. Mr TAM Yiu-chung expressed support for the Administration's proposal. He asked about the timetable for submitting the funding proposal to FC for approval and disbursing the additional allowance to the recipients.

27. DSW responded that the Administration planned to submit the proposal to FC in April 2007. Subject to FC's approval, the additional allowance would likely be disbursed to CSSA and SSA recipients in May or June 2007.

28. While welcoming the Administration's proposal, Mr LEE Cheuk-yan cast doubt about the long-term effectiveness of the one-off measure. He said that the CSSA standard rates had not been reviewed for more than 10 years and the payments could barely support the basic livelihood of the recipients. In the absence of a universal retirement protection scheme, needy elders not on CSSA were in financial hardship as they had to rely on the meagre amount of Old Age

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Allowance (OAA) for a living. Mr LEE considered that the Administration should conduct a comprehensive review of the adequacy of standard payment rates of CSSA and SSA to meet the basic needs of the recipients.

29. DS/HWF(ES) responded that the CSSA standard rates were reviewed annually to reflect more accurately the impact of price changes faced by the CSSA recipients. The standard rates would be adjusted according to the movement of the Social Security Adjustment Price Index (SSAIP) compiled by the Census and Statistics Department.

30. DSW added that unlike the CSSA Scheme, the provision of OAA and Disability Allowance (DA) under the SSA Scheme was largely non-means-tested. He pointed out that there had been no downward adjustment to OAA, despite the persistent drop in SSAIP in the past few years. The Administration considered that OAA and DA had provided some form of financial assistance for needy elders and severely disabled persons, and there was no need for a comprehensive review of the standard rates.

31. Dr Fernando CHEUNG said that he did not see any reasons for opposing the Administration's proposed one-off measure. Echoing Mr LEE Cheuk-yan's suggestion of conducting a comprehensive review of the CSSA standard rates, Dr CHEUNG said that the standard rates were determined based on the review of the CSSA Scheme conducted 10 years ago. The basic needs referred to in the review were outdated. For example, expenses for internet were not involved in the last decade. Dr CHEUNG further said that according to a study conducted by the Hong Kong Council of Social Service (HKCSS), the CSSA standard rates were largely inadequate to meet the basic needs of the recipients.

32. DSW responded that the Administration had studied and provided a response to the research conducted by HKCSS. Some of the basic needs put forward by HKCSS were indeed development needs. He said that in addition to the regular monitoring on the changes of SSAIP, the weighting system of SSAIP was updated once every five years on the basis of the findings of the Household Expenditure Survey on CSSA households. The latest round of survey was conducted in 2004-2005. According to the findings, the average CSSA monthly payment was higher than the average monthly CSSA household expenditure. As such, the Administration did not see the need to conduct a review of the adequacy of the CSSA standard rates at the moment. On the use of the internet by children on CSSA, DSW said that free internet services were provided in some children and youth centres, and computers were available on loan for needy children in some schools.

33. Dr Fernando CHEUNG said that the updating of the weighting system of SSAIP related to the relative importance of individual items of goods and services consumed by CSSA recipients. The exercise did not update the basic

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needs items to be included in SSAIP, and this should by no means be regarded as a review of the adequacy of the CSSA standard rates.

34. DS/HWF(ES) said that as CSSA was a cash assistance, the recipients could choose to spend the allowance on goods and services according to their own needs. She reiterated that the Administration considered the CSSA standard payment rates sufficient to meet the recipients' basic needs. Apart from the CSSA Scheme, a wide range of welfare assistance and support had been provided for CSSA recipients to meet their special needs.

35. The Chairman expressed concern about the widening gap between the poor and the rich, particularly the hardship faced by children from a disadvantaged background and poor elders. She was of the view that the Administration should review the welfare support and assistance for these needy children and elders expeditiously.

36. In closing, the Chairman said that members generally expressed support for the Administration's proposal. However, some members were concerned about the long-term effectiveness of the proposed one-off measure to assist the CSSA recipients, and they urged the Administration to conduct a comprehensive review of the adequacy of the CSSA standard rates.

III. Any other business

37. There being no other business, the meeting ended at 12:30 pm.

Council Business Division 2
Legislative Council Secretariat
15 June 2007