

立法會
Legislative Council

LC Paper No. CB(2)720/07-08
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 10 December 2007, at 10:45 am
in the Chamber of the Legislative Council Building

- Members present** : Dr Hon Fernando CHEUNG Chiu-hung (Chairman)
Hon CHAN Yuen-han, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon YEUNG Sum, JP
Hon LI Fung-ying, BBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
- Members absent** : Hon Albert HO Chun-yan
Hon TAM Yiu-chung, GBS, JP
- Members attending** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Mrs Anson CHAN, GBM, JP
- Public Officers attending and invited participants** : Item IV
Miss Eliza LEE
Deputy Secretary for Labour and Welfare (Welfare) 1

Ms Irene YOUNG
Principal Assistant Secretary for Labour and Welfare (Welfare) 1

Mrs Grace NG
Project Management Officer
Labour and Welfare Bureau

Mr YEUNG Ka-sing, SBS, JP
Chairman of the Community Investment and Inclusion Fund
Committee

Ms CHAU Chuen-heung, MH, JP
Member of the Community Investment and Inclusion Fund
Committee

Mr WONG Chung-hang
Worker of project funded by the
Community Investment and Inclusion Fund

Ms HUNG Kit
Participant of project funded by the
Community Investment and Inclusion Fund

Mr CHAU Yui-chi
Worker of project funded by the
Community Investment and Inclusion Fund

Miss CHAN Mei-yu
Participant of project funded by the
Community Investment and Inclusion Fund

Item V

Mr Matthew CHEUNG Kin-chung, GBS, JP
Secretary for Labour and Welfare

Ms Carol YIP, JP
Deputy Secretary for Labour and Welfare (Welfare) 2

Ms Nancy LAW, JP
Deputy Director of Social Welfare (Administration)

Ms LEUNG Kwai-ling
Principal Social Work Officer (Social Security)
Social Welfare Department

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

Mr Kenneth NG Wing-cheung
Senior Statistician (Social Welfare)
Social Welfare Department

**Deputations
by invitation** : Item V

The Against Elderly Abuse of Hong Kong

Ms Kennex YUE
Chief Executive Director

Society for Community Organization

Miss FOK Tin-man
Community Organizer

The Hong Kong Council of Social Service

Mr CHUA Hoi-wai
Business Director
Policy Advocacy & International Networks

Elderly Rights League

Mr KWOK Chi-yin
Elderly Representative

Mr NG Siu-wing
Elderly Representative

Rights Concern for Elderly Alliances

Mr OR Jee-king
Committee Member

Democratic Alliance for the Betterment and Progress of
Hong Kong

Mr Ben CHAN Han-pan
Welfare Services Policy Deputy Spokesperson

Elderly Welfare Group

Mr WONG Tze-sam

The Hong Kong Society for the Aged – Senior Council

Mr KWAN Yek-chee
Regional Secretary

Mr Benjamin LEE Pun
Quality and Research Officer

The Chinese Grey Power

Mr KO Bill

Mr WONG Sing-yu

Labour Rights Commune

Ms TANG Lin-tai

Mr WONG Chi-kwan

Social Policies Committee, The Hong Kong Federation of
Trade Unions

Mr Ryan MOK
Member

Mr Jacky KAN
Member

Concerning CSSA Alliance

Mr LEE Tai-shing
Community Organizer

Joint Alliance for Universal Retirement Protection

Mr LI Chun-wai
Organizer

Neighbourhood and Worker's Service Centre

Mr CHUNG Hau-ping

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. Confirmation of minutes

[LC Paper Nos. CB(2)494/07-08 and CB(2)521/07-08]

The minutes of the meetings held on 30 October and 12 November 2007 were confirmed.

II. Information paper(s) issued since the last meeting

2. Members noted that no information paper had been issued since the last meeting.

III. Items for discussion at the next meeting

[LC Paper Nos. CB(2)495/07-08(01) and (02)]

3. Members agreed to discuss the following items at the next meeting on 14 January 2008 at 10:45 am –

(a) Measures to assist the Tin Shui Wai community; and

(b) Child Development Fund.

4. Miss CHAN Yuen-han expressed concern about the timing for the Administration to brief the Panel on the proposed establishment of the Family Council, given that the Administration had already announced the appointment of members to the Family Council in December 2007.

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5. Deputy Secretary for Labour and Welfare (Welfare)1 (DSLW(W)1) said that while the Secretary for Labour and Welfare (SLW) was one of the ex-officio members of the Family Council, it was the Home Affairs Bureau (HAB) which was responsible for the establishment of the Family Council and related issues. To her knowledge, HAB planned to report the progress of the establishment of the Family Council to the Panel in the first quarter of 2008. She suggested that the Clerk might liaise with HAB as to when the latter would revert to the Panel.

6. Mr LEE Cheuk-yan pointed out that the Administration would seek the approval of the Finance Committee (FC) on 14 December 2007 to increase by 2.8% the standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the rates of Disability Allowance under the Social Security Allowance (SSA) Scheme. Expressing concern that the proposed increase of 2.8% fell far short of catching up with the upsurge in prices of consumer goods in the past few months, Mr LEE said that the Panel should further discuss the Administration's proposal before the forthcoming FC meeting. Dr YEUNG Sum made a similar request.

7. The Chairman suggested that members might raise the issue with SLW when he attended the meeting for discussion of agenda item V - Review of the Old Age Allowance (OAA). Members agreed.

8. Members also agreed to the Administration's proposals to delete items 23 and 24 from the Panel's list of outstanding items for discussion, i.e. "Establishing formal arrangements on adoption with the Mainland" and "Incorporating the posts of programme assistant, youth ambassador, peer counsellor and other similar temporary frontline posts into the staff establishment of the subvented organisations providing welfare services".

IV. Progress of the Community Investment and Inclusion Fund

[LC Paper Nos. CB(2)495/07-08(03) and (04)]

9. With the aid of powerpoint presentation, DSLW(W)1 and Project Management Officer, Labour and Welfare Bureau (PMO/LWB) briefed members on the latest position of the Community Investment and Inclusion Fund (CIIF) and highlighted the positive outcomes of the Fund, as detailed in the Administration's paper (LC Paper No. CB(2)495/07-08 (03)).

10. Mr YEUNG Ka-sing, Chairman of CIIF Committee, introduced the Fund's strategic focus for the next phase of development. He said that having regard to the need to strengthen family resilience and promote mutual help in Tin Shui Wai, the CIIF Committee was seriously considering ways to encourage and support

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local groups to come up with project proposals to strengthen family values and neighbourhood mutual support in the district.

11. Miss CHAN Mei-yu, who was one of the participants of the "Red Apprenticeship" project under CIIF, told members that after joining the project, she was able to restore confidence and enhance her employability.

12. Citing the Tung Chung Sunny Community Programme funded by CIIF as an example, Ms CHAU Chuen-heung, Member of CIIF Committee, said that the project had successfully mobilized cross-sectoral partnerships and created mutual help networks among the 400 families in need. Employment opportunities for the disadvantaged were also created in Tung Chung.

13. Dr YEUNG Sum considered that the Co-operative Societies Ordinance (Cap. 33) was outdated, and had posed barriers to successful applicants who had set up co-operative type social enterprises (SEs) to continue with the work of the CIIF projects after the expiry of the funding period. He said that the Administration should review the Ordinance and provide a clear definition of SEs, so as to facilitate the formation and operation of co-operatives and SEs.

14. While recognizing CIIF's contributions in promoting tripartite partnerships and co-operatives, Miss CHAN Yuen-han said that some CIIF projects were similar to other initiatives funded by the Government, such as the Partnership Fund for the Disadvantaged. She also considered that some CIIF projects which contained an employment related component would overlap with the Intensive Employment Assistance Projects to help employable CSSA recipients and near-CSSA unemployed move into work. Miss CHAN considered that it was an opportune time for the Administration to review various schemes and ensure that there was no service duplication between CIIF projects and other Government funded projects. Should CIIF projects fail to be self-sustained after the expiry of the funding support, consideration should also be given to taking further actions to facilitate the formation and operation of co-operative type SE under CIIF.

15. Mr LEUNG Kwok-hung considered that SE development should not be confined to small-scale CIIF projects at the district level, as they were far from adequate to create job opportunities for the unemployed. A long-term policy should be formulated to facilitate SE development in Hong Kong, including the provision of a definition of SE, the provision of seed money and enhancement of SE's abilities in bidding government service contracts.

16. Responding to members, DSLW(W)1 said that the primary objective of CIIF was to develop social capital and promote mutual help in the community, and in that regard, SE was only one of the possible developments in this direction. DSLW(W)1 further said that since the subject of SE was currently under the

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policy purview of HAB, she would convey members' views to HAB for consideration.

17. Mr YEUNG Ka-sing added that the CIIF Committee had maintained close contact with the Committees of other programmes such as the Enhancing Self-Reliance Through District Partnership Programme to identify ways to enhance support for successful applicants who wished to set up SEs to continue with the work of the CIIF projects.

18. Ms LI Fung-ying noted that as of October 2007, a total of 147 project proposals had been approved under CIIF. She enquired about the number of projects which could be sustained after the expiry of the funding period, and the reasons for their success. Miss CHAN Yuen-han also asked for the number of projects which failed to sustain, and the difficulties faced by the project operators.

19. DSLW(W)1 responded that sustainability, including the ability of the project team to finance and manage the project on its own after the CIIF funding period, was one of the major considerations of the CIIF Committee in supporting a project proposal. As such, project teams were required to indicate their plan for sustainability from the start. She said that some CIIF projects continued to operate in the form of co-operatives or SEs after the expiry of the funding period.

20. PMO/LWB added that CIIF projects had made positive and sustainable impacts in their hosting communities. Examples included transforming roles and enhancing capacity of service recipients, emerging indigenous models in social capital building, and enhancing partnership across sectors. She said that of the 147 approved CIIF projects, some 40 projects had ceased to receive funding from CIIF. About 60% of them could be sustained on their own. Their successful experience would shed light on how to further the objectives of CIIF. The Administration would provide the information requested by Ms LI Fung-ying and Miss CHAN Yuen-han after the meeting.

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21. Mr LEE Cheuk-yan welcomed the positive outcomes of the Fund. He asked whether consideration would be given to turning successful CIIF projects, for example, after-school child care services, into regular welfare services and providing recurrent subvention to these projects.

22. DSLW(W)1 responded that CIIF projects could flexibly provide neighbourhood-based community services which best suited the needs of the local community, e.g. neighbourhood-based child care services. PMO/LWB added that the Fund was planning further actions to extend the impact of CIIF beyond the individual projects, such as encouraging the participating agencies to apply social capital concept and good practices to their regular welfare services where appropriate.

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23. The Chairman, whilst recognizing the positive outcomes reported, expressed concern about the slow pace of disbursement of CIIF, as after five years of operation, the total funding granted to the approved projects under the Fund was only about \$110 million as of October 2007. He said that the pace of disbursement of the Fund should be expedited, and an independent study should be conducted to assess the effectiveness of CIIF in promoting social capital building in the community.

24. DSLW(W)1 responded that since social capital was a relatively new concept within the local context, it had taken some time for the prospective applicants to take in the new concept, and translate it into concrete project proposals. DSLW(W)1 said that while the CIIF Committee would step up its efforts to encourage more applications for and expedite the pace of disbursement of the Fund, it was equally important to uphold the principle of prudent use of public funds when assessing applications. PMO/LWB supplemented that the Administration had commissioned a consortium comprising academics from five local universities to assess the effectiveness of the CIIF projects. The study was completed in 2006 and affirmed the effectiveness of the social capital building strategies promoted by the CIIF. Another evaluation study will be carried out in 2008.

25. Mr YEUNG Ka-sing added that in the first year of operation, the CIIF Committee had concentrated its efforts in promoting the social capital concept and providing assistance to prospective applicants in applying for the Fund. With the efforts put in by the Committee, the proportion of successful projects had increased. Mr YEUNG said that as the prime objectives of the Fund were to promote mutual help and develop community support networks by mobilising community resources and volunteer efforts, the most effective CIIF projects generally would not involve a huge amount of funding.

26. Mrs Sophie LEUNG supported the suggestions of further promoting public awareness of the social capital concept and studying the viability of turning some successful CIIF projects into regular welfare services. She suggested that SWD should pro-actively work with the CIIF Secretariat in applying CIIF concepts to its welfare services.

27. DSLW(W)1 advised that the CIIF Committee was considering ways to facilitate the application of social capital concepts to regular welfare services and extend the successful CIIF models to other districts where appropriate. The CIIF Committee had also stepped up efforts in promoting the good practices of successful CIIF projects to maximise their impact.

28. In closing, the Chairman said that while members in general appreciated the positive impact of CIIF, the Administration and the CIIF Committee should

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broaden the project scope and target groups, and expedite the approving process for the Fund when planning the next phase of development.

V. Review of the Old Age Allowance

[LC Paper Nos. CB(2)254/07-08(09), CB(2)541/07-08(01) and CB(2)577/07-08(01) to (08)]

29. The Chairman said that the Panel discussed the subject at the last meeting on 12 November 2007, and members agreed that a further meeting should be held to receive views from deputations and to continue discussion with the Administration.

Views of deputations

30. The Chairman welcomed the deputations to the meeting. The views of deputations are summarised as follows.

The Against Elderly Abuse of Hong Kong
[LC Paper No. CB(2)577/07-08(01)]

31. Ms Kennex YUE expressed dissatisfaction at the Administration's failure to honour the former Chief Executive (CE)'s pledge to increase the monthly OAA payment to \$1,000. She urged the Administration to increase the OAA rates, review the adjustment mechanism for OAA payment, remove the income and asset limits for elders aged between 65 and 69 for applying for OAA, and implement a universal retirement protection scheme.

Society for Community Organization

32. Miss FOK Tin-man raised concern about the widening income disparity between the rich and the poor and the rising number of poor elderly households in Hong Kong. Miss FOK said that the Administration should implement a universal old age pension scheme (OPS) to provide financial assistance to poor elders not on CSSA. The asset limit for applying for CSSA by elders should be increased to \$120,000 so that elders who possessed meagre savings which gave them a sense of financial security could also be eligible for applying for CSSA.

The Hong Kong Council of Social Service
[LC Paper No. CB(2)577/07-08(02)]

33. Mr CHUA Hoi-wai said that in the absence of a universal retirement protection scheme and the stringent eligibility criteria for CSSA, poor elders not on CSSA had relied on OAA for a living. He was concerned about the slow progress of the Central Policy Unit's study on "Sustainability of the Three Pillars

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of Retirement Protection in Hong Kong". Mr CHUA further said that the Administration should relax the eligibility criteria for CSSA, especially the requirement for elders to apply for CSSA on a household basis. He added that all elders should be provided with public medical services at half-price.

Elderly Rights League

34. Mr KWOK Chi-yin said that since most elders were low-income earners when they were young, they could hardly accumulate adequate savings to prepare for their retirement and had to rely on OAA to meet their basic living. Pointing out that the OAA rates were determined about 10 years ago and were outdated, Mr KWOK said that the rates should be increased in the light of the current cost of living.

Rights Concern for Elderly Alliances
[LC Paper No. CB(2)541/07-08(01)]

35. Mr OR Jee-king said that the recent sharp increase in food prices and heavy medical expenses had further aggravated the financial difficulties faced by the poor elders. Mr OR urged the Administration to increase the monthly OAA payment to provide greater financial assistance to needy elders not on CSSA.

Democratic Alliance for the Betterment and Progress of Hong Kong

36. Mr Ben CHAN was disappointed at the absence of concrete measures in the Policy Address to assist the poor elders. He said that many needy elders were facing financial difficulties and could not apply for CSSA due to the stringent eligibility criteria. Mr CHAN said that the Democratic Alliance for Betterment and Progress of Hong Kong supported the proposal to increase the OAA rates. The permissible annual absence limit from Hong Kong for OAA should be further relaxed to allow eligible elders to stay in the Mainland for a longer period of time.

Elderly Welfare Group
[LC Paper No. CB(2)577/07-08(03)]

37. Mr WONG Tze-sam said that poor elders not on CSSA had to rely on OAA for a living, and could barely meet their living expenses, including food and medicine. Mr WONG considered that the requirement for elders to apply for CSSA on a household basis should be abolished. In addition, the medical fee waiver mechanism should be extended to all elders to enable them to receive timely treatment.

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The Hong Kong Society for the Aged – Senior Council

38. Mr KWAN Yek-chee said that the OAA payment was unable to meet the basic needs of poor elders not on CSSA. He said that the Administration should take immediate actions to increase the OAA rates. A universal retirement protection scheme should be implemented expeditiously to address the increasing severity of the problem of elderly in poverty in Hong Kong.

The Chinese Grey Power

[LC Paper No. CB(2)577/07-08(04)]

39. Mr KO Bill said that many elders were low-income workers who could hardly accumulate adequate savings to prepare for their retirement. They were also unable to benefit from the Mandatory Provident Fund (MPF) Scheme which was only introduced in the last decade. These elders could only rely on OAA for a living if their children could not or did not want to support them financially and refused to apply for CSSA on a household basis. To alleviate the financial difficulties faced by these elders, Mr KO considered that the Administration should increase the OAA rates and provide public medical services to poor elders at half-price.

Labour Rights Commune

[LC Paper No. CB(2)577/07-08(05)]

40. Mr WONG Chi-kwan said that the MPF Scheme failed to provide adequate retirement protection for the current generation of elders. To address the inadequacies of the MPF Scheme, a universal retirement protection scheme should be implemented expeditiously. As most elders were suffering from chronic illnesses, medical treatment at public hospitals and clinics should be provided to all elders aged 65 or above at half-price.

Social Policies Committee, The Hong Kong Federation of Trade Unions

41. Mr Ryan MOK said that many poor elders were not eligible for CSSA because of the stringent eligibility criteria, in particular, the asset limit. They were also unable to benefit from the MPF Scheme. Mr MOK was disappointed at the absence of concrete measures in the Policy Address to strengthen assistance to these elders.

42. Mr Jacky KAN suggested that given the improving Government's fiscal position, part of the Government reserve should be set aside for establishing a fund to address the problem of elderly in poverty. The interest generated from the fund could be used to finance an upward adjustment to the OAA rates.

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Concerning CSSA Alliance
[LC Paper No. CB(2)577/07-08(06)]

43. Mr LEE Tai-shing considered that given the improving fiscal position of the Government and sharp increases in food prices in the past few months, the proposed upward adjustment of 2.8% to the standard payment rates of CSSA and SSA rates was too meagre. He said that the Administration should review the basic needs items to be included in the Social Security Assistance Index of Prices (SSAIP) in the light of the current standard of living, such as internet expenses and Chinese medicine expenses.

Joint Alliance for Universal Retirement Protection
[LC Paper No. CB(2)577/07-08(07)]

44. Mr LI Chun-wai said that a survey conducted by The University of Hong Kong indicated that most respondents agreed that a universal OPS should be launched to provide basic financial protection to all elders in Hong Kong. He was dissatisfied that despite motions having been passed by the Council and the Panel urging for the introduction of a universal OPS, the Administration had failed to accede to members' request. Mr LI said that the Administration should increase the OAA rates immediately. An inter-departmental task group should be set up to implement a universal OPS.

Neighbourhood and Worker's Service Centre

45. Mr CHUNG hau-ping said that it was the Administration's responsibility to honour the former CE's pledge to increase the monthly OAA payment to \$1,000. He said that many poor elders could not apply for CSSA because of the stringent eligibility criteria. Mr CHUNG urged the Administration to relax the eligibility criteria for CSSA and implement a universal retirement protection scheme.

46. Members noted that the Social Affairs Committee of the Federation of Hong Kong & Kowloon Labour Unions had provided a written submission (LC Paper No. CB(2)577/07-08(08)) but had not sent representatives to the meeting.

Discussion

Review of OAA

47. Responding to the deputations' views and concern, SLW said that the Administration was actively soliciting views and exploring ways on how to provide more targeted assistance to the elders genuinely in need. He said that OAA payment, which was non-contributory and largely non-means-tested, was not meant to be an income support for the elderly to meet their basic needs.

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Noting that some poor elders regarded OAA as a main income source, the Administration was considering carefully specific measures to provide assistance and support for those elders in financial hardship and the policy implications of these measures. The Administration would keep an open mind on the proposals put forward by Members and the community and would take into account the views carefully before making a decision.

48. Dr YEUNG Sum said that OAA had in fact become a form of income support for those poor elders who did not apply for CSSA for various reasons. He was disappointed that the Administration had not come up with concrete proposals to address the problems faced by these poor elders. Dr YEUNG urged the Administration to increase expeditiously the OAA rates to \$1,000 per month and remove the requirement for elders to apply for CSSA on a household basis.

49. Mr LEE Cheuk-yan, Mr Frederick FUNG, Ms LI Fung-ying and Mr LEUNG Kwok-hung expressed dissatisfaction at the Administration's failure to accede to members' repeated requests for increasing the OAA rates. They urged the Administration to honour the former CE's pledge by raising the monthly rate of OAA to \$1,000. Mr LEE was disappointed that instead of coming up with new initiatives to assist the poor elders, the Policy Address had announced tax relief measures which would benefit the rich more than the poor. He said that the Administration should increase the asset limit for the elderly CSSA applicants to \$120,000 and implement a universal OPS.

50. Mr Frederick FUNG raised concern about the slow progress of the study on the financial sustainability of the existing three pillars of retirement protection undertaken by the Central Policy Unit.

51. Noting from paragraph 5 of the Administration's paper that there still existed room for a downward adjustment of the OAA rates by 7.6%, Ms LI Fung-ying was of the view that the Administration's statement was heartless. She said that new initiatives should be introduced to provide further assistance to poor elders who had to rely on OAA for a living.

52. Mrs Sophie LEUNG expressed reservations about increasing the monthly OAA rates simply on the ground of improvement to the fiscal position of the Government. She said that instead of revising the rates of OAA to help the poor elders, the Administration should examine the overall policy on the provision of welfare services for needy elders. Given the far-reaching implication, Mrs LEUNG considered it imprudent to implement a universal retirement protection scheme without studying the feasibility of the proposals thoroughly.

53. Miss CHAN Yuen-han said that the Administration should accede to the strong calls from elders for an increase in the OAA rates. She considered that

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on top of OAA, additional financial assistance should be provided to poor elders. Regarding Mrs Sophie LEUNG's concern about the implementation of a universal retirement protection scheme, Miss CHAN said that lengthy discussion on the subject had been held by Members on various occasions. The proposal on the universal retirement protection scheme was worked out by actuaries and considered viable. Mr LEE Cheuk-yan and Mr LEUNG Kwok-hung expressed similar views.

54. Mr LEE Cheuk-yan moved the following motion which was seconded by Mr Frederick FUNG –

"本事務委員會強烈要求政府當局：

- (一) 立即增加高齡津貼至1,000元；
- (二) 提高長者申請綜合社會保障援助(下稱"綜援")的資產限額至12萬元，並容許與家人同住的貧窮長者獨立申請綜援；及
- (三) 設立跨部門專責小組，落實全民養老金制度。"

(Translation)

"That this Panel strongly requests the Administration to :

- (a) immediately increase the Old Age Allowance to \$1,000;
- (b) raise the asset limit for the application of the Comprehensive Social Security Assistance (CSSA) by the elderly to \$120,000 and allow independent application for CSSA by the poor elderly who live with their families; and
- (c) establish an inter-departmental task group to implement a universal old age pension system."

55. The Chairman put the motion to vote. All eight members present at the meeting voted for the motion unanimously. The Chairman declared that the motion was carried. He said that the Administration should take immediate action to accede to members' request for raising the OAA payment.

56. SLW stressed that the Administration would keep an open mind and would continue to listen to public views on how to provide more targeted assistance to the needy elders.

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Annual adjustment of standard payment rates under the CSSA Scheme and the Disability Allowance (DA) rates

57. Mr Frederick FUNG considered that the funding proposal to increase the standard payment rates of CSSA and DA rates by 2.8% based on the latest 12-month moving average of SSAIP was unable to reflect the latest price changes. In his view, the existing adjustment mechanism had failed to make timely adjustment to the standard payment rates of CSSA and SSA rates at times of high inflation. Mr LEUNG Kwok-hung echoed Mr FUNG's views.

58. SLW responded that the proposed upward adjustment of 2.8% to the standard payment rates of CSSA and DA rates was made in accordance with the existing adjustment mechanism which had worked effectively over the years. He said that at the last Panel meeting, the Administration had explained that taking into account the time required to seek FC's approval and make necessary adjustments to the computer records of the recipients, the new rates could not be implemented any earlier than February 2008 under the current adjustment cycle. SLW was concerned that if FC's approval for the current proposal could not be obtained by December 2007, upward adjustment to the standard payment rates of CSSA and SSA rates could not be made in a timely manner.

59. In the light of the adverse impact on the livelihood of CSSA recipients if the adjustment to the CSSA payment was delayed, the Chairman said that, instead of opposing the funding proposal, members might wish to urge the Administration to undertake making inflationary adjustments to the standard payment rates of CSSA and DA rates ahead of the annual cycle.

60. Mr LEE Cheuk-yan was worried that the Administration would renege its promise after obtaining FC's approval. He strongly urged the Administration to undertake to review the annual adjustment to the standard payment rates of CSSA and SSA rates by April/May 2008.

61. Dr YEUNG Sum expressed reservations about objecting to the Administration's funding proposal, as further delay in making upward adjustments to the standard payment rates of CSSA and DA rates would adversely affect the livelihood of the recipients. He, however, agreed that given the persistent high inflation, the Administration should make upward adjustments to the standard payment rates of CSSA ahead of the next annual adjustment cycle. In the meantime, the Administration should make an one-off additional payment of OAA to ease the financial difficulties faced by the poor elderly.

62. Mr LEUNG Kwok-hung urged the Administration to review the standard payment rates of CSSA and SSA rates and make upward adjustments to these rates immediately after the Lunar New Year.

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63. Miss CHAN Yuen-han expressed grave concern about the impact of sharp increase in food prices on the livelihood of CSSA households. She commented that the Administration's current proposal had put members in a dilemma. While members considered that an increase of 2.8% to the standard payment rates of CSSA and DA rates was too meagre at times of high inflation, they had no choice but to support the proposal as any further delay in increasing the allowances would affect adversely the livelihood of the recipients. Miss CHAN said that the Administration should undertake to review the standard payment rates of CSSA and SSA rates by February 2008.

64. Expressing similar views, Mr Frederick FUNG urged the Administration to revert to the Panel on the latest SSAIP figure and make upward adjustments to the standard payment rates of CSSA and DA rates in April 2008, i.e. about six months after the commencement of the current annual adjustment cycle.

65. The Chairman was of the view that the Administration should revert to the Panel on the review of the standard payment rates of CSSA and SSA rates, and the plan to review the adjustment mechanism before the introduction of the Appropriation Bill 2008. Dr YEUNG Sum concurred with the Chairman.

66. Responding to members, SLW reiterated that the proposal to increase the standard payment rates of CSSA and DA rates by 2.8% was based on the established adjustment mechanism. As regards members' concern about the inflated food prices, SLW explained that since food represented 37% of all items of goods and services consumed by CSSA recipients and was appropriately included in the SSAIP, the latest SSAIP figure would reflect the price changes in food items in the past few months. SLW stressed that the Administration would continue to monitor closely the SSAIP movement, and consideration would be given to seeking FC's approval for making adjustments to the standard payment rates of CSSA ahead of the next annual adjustment cycle if movement in SSAIP and other economic indicators pointed to persistent high inflation. As regards the adjustment mechanism for CSSA, the Administration considered that it had been working effectively for a long time and should be maintained.

67. In closing, the Chairman said that members were dissatisfied at the Administration's refusal to review the adjustment mechanism for CSSA. He said that discussion on the subject matter should be followed up by the Panel at a future meeting. Members agreed.

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VI. Any other business

68. There being no other business, the meeting ended at 1:16 pm.

Council Business Division 2
Legislative Council Secretariat
11 January 2008