

立法會
Legislative Council

LC Paper No. CB(2)2812/07-08
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

**Minutes of special meeting
held on Thursday, 8 May 2008, at 4:30 pm
in Conference Room A 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 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
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Mrs Anson CHAN, GBM, JP

Public Officers attending : Item I

Mr Stephen SUI
Commissioner for Rehabilitation
Labour and Welfare Bureau

Mrs Cecilia YUEN
Assistant Director of Social Welfare
(Rehabilitation and Medical Social Services)

Mr FONG Kai-leung
Chief Social Work Officer
(Rehabilitation and Medical Social Services) 2
Social Welfare Department

Items II and III

Mr Stephen Fisher, JP
Director of Social Welfare

Item II

Mr FUNG Pak-yan
Deputy Director of Social Welfare (Services)

Ms Betty HO
Principal Assistant Secretary for Labour and Welfare
(Welfare) 3

Mr FU Tsun-hung
Chief Social Work Officer (Elderly) 1
Social Welfare Department

Item III

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

Mr Tony YIP
Assistant Secretary for Labour and Welfare (Welfare) 4B

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

Mr NG Wai-kuen
Chief Social Security Officer 1
Social Welfare Department

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

Ms Agnes LO Kit-mui
Assistant Commissioner for Census and Statistics
(Economic Statistics) 1

Miss Gloria MA Wai-sze
Statistician (Price Analysis and Research)
Census and Statistics Department

**Deputations
by invitation** : Item I

The Hong Kong Joint Council of Parents of the Mentally Handicapped

Mr William CHANG
Honorable President

Mr LO Kin-ping
Executive Member (Service and Advocacy)

Department of Social Work and Social Administration,
The University of Hong Kong

Ms Phyllis WONG King-shui
Fieldwork Supervisor

The Hong Kong Council of Social Service

Mr KUO Chun-chuen
Acting Rehabilitation Chief Officer

Concord Mutual-Aid Club Alliance

Mr HUI Wai-chun
Executive Officer

Mr CHAN Kwok-shing
Member

The Direction Association for the Handicapped

Mr LAW Wai-cheung

Item II

The Against Elderly Abuse of Hong Kong

Ms Kennex YUE
Chief Executive Director

Mr FOO Wai-lok
Consultant (Elderly Services)

Social Welfare Organizations Employees Union

Mr LIU Wai-ying
Vice Chairman

The Hong Kong Council of Social Service

Mr Samuel NGAI
Chairman, Specialized Committee on Elderly Service

Ms Nancy WONG
Convenor of Network on Home-based Service

Mr Stanley YEUNG
Convenor of Network on Home-based Service

Ms Grace CHAN
Chief Officer (Elderly Service)

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. Licensing of residential care homes for people with disabilities**
[LC Paper Nos. CB(2)1798/07-08(01) to (02) and CB(2)1882/07-08(01) to (03)]

Assistant Director of Social Welfare (Rehabilitation and Medical Social Services) (ADSW(RM)) said that subsequent to the Panel meeting on 11 June 2007, the Administration had taken additional measures to support private and self-financed residential care homes for the disabled (RCHDs) to enhance their service quality, knowledge and skills. Regarding the progress of the Voluntary Registration Scheme (VRS), ADSW(RM) said that of the 40 private RCHDs known to the Social Welfare Department (SWD), six had successfully joined the Scheme. In preparation for the introduction of a licensing scheme to regulate the operation of RCHDs, a Working Group on

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RCHDs comprising various stakeholders was formed in July 2007 to review the existing "Code of Practice for Residential Care Homes for Persons with Disabilities" (the Code of Practice). In the course of reviewing the Code of Practice, the Administration had conducted a survey of RCHDs, and the findings were set out in the Administration's paper. ADSW(RM) further said that the Administration aimed to introduce a Residential Care Homes (Persons with Disabilities) Bill to the Legislative Council (LegCo) in the 2008-2009 following discussion with the relevant stakeholders, including the Panel. The Administration would take into account the views gathered in the consultations and deliberations of the Working Group when drawing up the legislative requirements.

2. Pointing out that only six private RCHDs had joined VRS successfully, The Chairman expressed grave concern about the service quality of private RCHDs.

Meeting with deputations

The Hong Kong Joint Council of Parents of the Mentally Handicapped

3. Mr LO King-ping considered the progress of VRS and the introduction of the licensing scheme for RCHDs too slow. Noting that consultation on the Code of Practice had been completed, Mr LO urged the Administration to provide a concrete legislative timetable for introducing the licensing scheme. He held the view that the Administration should introduce measures to monitor and enhance the quality of services in private RCHDs not on the VRS list pending the introduction of the licensing scheme.

Department of Social Work and Social Administration, The University of Hong Kong

[LC Paper No. CB(2)1882/07-08(01)]

4. Ms Phyllis WONG considered that the objective of a licensing scheme for RCHDs was to safeguard the well-being of persons with disabilities (PWDs). As regards the revision of the Code of Practice, Ms WONG considered that children with disabilities aged between six and 15 should be admitted into RCHDs specifically for teenagers having regard to their development and educational needs. In addition, the minimum standard of service for RCHDs under the licensing scheme should not be lower than those stipulated in the existing Code of Practice. Ms WONG said that a steering committee comprising different stakeholders should be set up to enhance monitoring of the standards of private RCHDs pending the introduction of a licensing scheme.

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*The Hong Kong Council of Social Service
[LC Paper No. CB(2)1882/07-08(02)]*

5. Mr KUO Chun-chuen presented the joint submission of the Hong Kong Council of Social Service (HKCSS) and Hong Kong Joint Council for People with Disabilities, which was tabled at the meeting. While supporting the introduction of a licensing scheme to regulate the operation of RCHDs, Mr KUO expressed disappointment at the slow progress of VRS and the licensing scheme. He urged the Administration to conduct surprise visits to private RCHDs not on the VRS list and enhance the community rehabilitation and support services to PWDs residing in private RCHDs. He considered that as residents of private RCHDs were mostly adults, special arrangements for children and teenagers should be made in accordance with their development needs. Given that some private RCHDs might not be able to meet the licensing requirements, Mr KUO urged the Administration to make necessary arrangements for residents currently residing in these RCHDs. He added that the Administration should formulate a long-term plan to address the residential care needs of PWDs.

*Concord Mutual-Aid Club Alliance
[LC Paper No. CB(2)1882/07-08(03)]*

6. Mr CHAN Kwok-shing expressed concern about the follow-up actions taken by SWD if irregularities had been identified during visits to private RCHDs. Pointing out that some private homes might not be able to meet the licensing requirements, Mr CHAN urged the Administration to provide assistance to these private RCHDs to meet the requirements and make necessary arrangements for the residents currently residing therein.

7. Mr HUI Wai-chun added that apart from stepping up the monitoring and inspection of private RCHDs, the Administration should help enhance the community rehabilitation and support services to PWDs residing in private RCHDs. In addition, the Administration should draw up a long-term plan to address the residential and rehabilitation service needs of PWDs.

The Direction Association for the Handicapped

8. Mr LAW Wai-cheung considered that the objective of the implementation of a licensing scheme was to regulate the operation of private RCHDs. He expressed concern about the lack of social workers in private RCHDs to provide counselling services to the residents. Mr LAW suggested that apart from the introduction of the licensing scheme, the Administration should allocate more resources to improve the caring capability and enhance the staffing of private RCHDs, especially social workers. He urged the Administration to encourage the participation of PWDs in monitoring the operation of private RCHDs.

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The Administration's response

9. Responding to the depositions, Commissioner for Rehabilitation (C for R) said that the Administration acknowledged the concerns about the progress of the introduction of the licensing scheme for RCHDs. He said that SWD was revising the Code of Practice having regard to the comments and feedbacks from the sector and stakeholders. The Administration would consult the relevant parties on the finalized revised Code of Practice. C for R said that the Administration was in parallel working on the drafting of the legislative proposal, and it aimed to introduce the relevant bill into LegCo in the 2008-2009 session.

10. ADSW(RM) made the following points –

- (a) the Administration would consider the suggestion of separating residents aged 6 to below 15 from those aged 15 or above in RCHDs having regard to their specific needs;
- (b) extensive consultation had been conducted on the review of the existing Code of Practice and requirements of the future licensing scheme. The Working Group on RCHDs had convened six meetings and organised two consultation sessions to gather views from the rehabilitation sector and stakeholders. The proposed average floor area per resident of 6.5 square metres was generally accepted by the parties consulted;
- (c) additional measures had been introduced to monitor the standards of private RCHDs on the VRS list and support private and self-financing RCHDs to enhance their service quality;
- (d) residents of private RCHDs having welfare needs might seek assistance from the Integrated Family Service Centres and Medical Social Services Units stationed in public hospitals. For those residents of private RCHDs attending special schools, their welfare needs would be taken care of by social workers stationed at the schools; and
- (e) as at December 2007, there were 10 700 subsidised residential care places for PWDs. An additional 1 400 places had been provided in the past five years. Additional funding had been obtained in 2007-2008 and 2008-2009 for providing 490 additional places in each year. The Administration would continue to bid for additional resources to increase the supply of subsidised residential care places.

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Discussion

11. Considering that a licensing scheme for RCHDs had been long overdue, Dr YEUNG Sum expressed disappointment that the relevant bill would only be introduced into LegCo in the next session. He held the view that children with disabilities aged below 15 should be provided with residential care services at designated RCHDs to meet their special educational and rehabilitation needs, and that the average floor area per resident of RCHDs should not be lower than the standards stipulated in the existing Code of Practice. Pointing out that only six private RCHDs had joined VRS successfully, Dr YEUNG expressed concern about the transitional arrangement for those private RCHDs which could not meet the relevant requirements. He suggested that Government loans should be provided to private homes to carry out improvement works and to take necessary measures to satisfy the stipulated requirements. In addition, consideration should be given to buying places from private RCHDs to shorten the waiting time for subsidised residential care places for PWDs after the introduction of the licensing scheme.

12. C for R responded that the Administration had attached great importance to the well-being of PWDs. He said that the Administration would consider suitable measures to assist private RCHDs to improve the service quality and to provide necessary assistance for residents of private RCHDs not meeting the licensing requirements.

13. ADSW(RM) added that the Administration would consider actively the suggestion of separating residents aged 6 to below 15 from those aged 15 or above in RCHDs having regard to their specific needs. She said that the proposed average floor area per resident of 6.5 square metres would be the minimum statutory requirement. ADSW(RM) further said that private RCHDs would be advised to take necessary measures to satisfy the stipulated requirements under the Code of Practice prior to the introduction of the licensing scheme, and a grace period would be provided for them after the statutory requirements came into force.

14. Noting that only six private RCHDs had joined VRS and 10 had withdrawn their applications, Mr LEE Cheuk-yan considered that VRS was a failure. He expressed disappointment at the unsatisfactory progress of the licensing scheme for RCHDs. In the absence of a licensing scheme and statutory service requirements, Mr LEE raised doubt about the effectiveness of conducting visits to private RCHDs in a bid to enhance their service quality. As the bill for the licensing scheme would be introduced in 2008-2009, he considered that the Administration should take measures to assist private RCHDs not on the VRS list to comply with the licensing requirements and identify suitable premises to continue their operation if necessary.

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15. Chief Social Work Officer (Rehabilitation and Medical Social Services)2 (CSWO(RM)2) responded that the Registration Office of Private Residential Care Homes for Persons with Disabilities of SWD would conduct unscheduled quarterly visits to private RCHDs registered under VRS. The Registration Office would also conduct quarterly visits to private homes not on the VRS list and all self-financed RCHDs run by non-governmental organisations (NGOs), with a view to giving them guidance and advice as appropriate. CSWO(RM)2 said that the Registration Office would conduct follow-up visits on the irregularities found and refer cases involving non-compliance with building and fire safety requirements to the relevant departments for follow up.

16. ADSW(RM) added that the respective enrolment rates of the six private RCHDs on the VRS list and those which had not joined VRS were about 80% and 60%. She believed that joining VRS would help boost the enrolment rate. ADSW(RM) said that SWD had published a booklet and pamphlets for the reference of PWDs and their families on tips for selecting a suitable private RCHD. She said that PWDs and their families were also advised to visit the private RCHDs in person before selecting a suitable one for admission.

17. Dr KWOK ka-ki expressed disappointment at the small number of private RCHDs that had joined VRS successfully. He said that it was the Government's responsibility to provide subsidised residential care services for PWDs. Given that there were inadequate subsidised RCHDs, the Administration should provide support to private RCHDs not on the VRS list to enhance their service quality. Dr KWOK asked about the concrete measures taken by the Administration and the resources allocated to improve the service quality of private RCHDs, as well as the timetable for providing additional subsidised places.

18. ADSW(RM) said that the Administration was fully aware of the concerns about the service quality of RCHDs. In this connection, the Administration would make the best endeavour to expedite the introduction of a bill for the licensing scheme to regulate the operation of all RCHDs in the 2008-2009 session.

19. C for R added that as outlined in the 2007 Rehabilitation Programme Plan, a three pronged approach would be adopted to encourage participation from different sectors and to provide diversified residential care services for PWDs. C for R said that apart from the provision of such services through subvented RCHDs operated by NGOs and encouraging them to operate self-financing RCHDs, the Administration would introduce a licensing scheme to monitor the service quality of all RCHDs including the private ones.

20. Dr KWOK Ka-ki and Ms LI Fung-ying took the view that publishing a booklet and pamphlets on the tips for selecting a suitable private RCHD would be of little use to improve the service quality of private RCHDs. Ms LI said

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that most PWDs stayed in private RCHDs simply because they had no other options. She urged the Administration to introduce measures to assist private RCHDs to comply with the licensing requirements, and make necessary arrangements for residents currently living in private homes which would discontinue operation for not being able to meet the licensing requirements.

21. Expressing similar views, Miss CHAN Yuen-han was disappointed at the lack of sincerity on the part of the Government to safeguard the well-being of PWDs. Given that only six private RCHDs had joined VRS, Miss CHAN expressed concern about the service quality of the remaining private RCHDs that were unable to meet the relevant requirements. Given that some PWDs were unable to make plight known to others and it would take time for Members to scrutinise the relevant bill even if the latter would be introduced in the next session as scheduled, the Administration should take actions to enhance the service quality of private RCHDs in parallel with the introduction of a licensing scheme.

22. C for R responded that the Administration would take into account the views gathered in the consultations when reviewing the Code of Practice. In tandem with the introduction of the licensing scheme, the Administration would take measures to support private and self-financed RCHDs to enhance their service quality. C for R said that of the some 30 private RCHDs which had not joined VRS, some would be able to meet the required standards after carrying out improvement works.

23. Mr LEUNG Kwok-hung considered that the poor service quality in some private RCHDs was largely due to inadequate resources. He urged the Administration to provide more resources to improve the service quality of private RCHDs. Mr LEUNG held the view that the Administration should not lower the minimum standard of service for RCHDs in order to allow more private RCHDs to meet the standards. Pointing out that the average floor area per resident of public rental housing (PRH) flats was 7 square metres, Mr LEUNG said that the average floor area per resident in RCHDs should not be set at 6.5 square metres.

24. In closing the discussion, the Chairman suggested that the Panel should write to the Chief Secretary for Administration conveying members' views to expedite the introduction of a licensing scheme to regulate the operation of RCHDs. He said that pending the introduction of the licensing scheme, the Administration should allocate more resources for stepping up the monitoring and inspection of private RCHDs and make necessary arrangements for those residents who were currently living in private RCHDs which might not be able to meet the licensing requirements. In addition, a steering committee comprising representatives from the relevant stakeholders should be set up to foster the preparatory work for introducing the licensing scheme. Members agreed.

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II. Impact of inflation on the provision of meal service

[LC Paper Nos. CB(2)1798/07-08(03), CB(2)1850/07-08(01) to (02) and CB(2)1882/07-08(04) to (05)]

25. Director of Social Welfare (DSW) said that the Administration had put in place adjustment and monitoring mechanisms for the provision of meal service by subvented NGOs. He elaborated that meal service provided by subvented NGOs was funded by way of the Lump Sum Grant (LSG) which had included two elements, i.e. Personal Emolument (PE) and Other Charges (OC). The OC portion covered expenditures on food, transport, utilities, programme expenses, etc and would be adjusted annually in line with the Government-wide Price Adjustment Factor. Both the PE and OC portions had been adjusted upwards in 2007-2008 in accordance with the existing mechanisms. For services covered by contracts, the service fees would be adjusted annually with reference to the Composite Consumer Price Index (CCPI). In other words, the increase in food cost would be reflected in the annual adjustment.

26. DSW further said that under the LSG subvention system, NGOs could flexibly deploy their subventions to meet the changing service demands for services and activities related to their Funding and Service Agreements (FSAs). To relieve the financial difficulties encountered by subvented NGOs, the Administration had introduced a number of interim facilitating measures, including a one-off grant of \$200 million from the Lotteries Fund and an additional \$200 million recurrent funding to NGOs on LSG from 2008-2009 onwards to help them strengthen their central administrative capacity for greater accountability and effective delivery of welfare services, which represented about 3% of the baseline allocation. NGOs could make use of the additional funding to enhance the quality of their subvented services including meal service.

27. Referring to a newspaper cutting tabled at the meeting, DSW said that SWD so far had not received any complaints concerning the provision of meal service as reported. DSW advised that expenditure on food items constituted about 10% of the operating costs of RCHEs. In other words, if the increase in food prices in the past few months was 10%, the increase in RCHEs' operating costs would be about 1%. NGOs on LSG should be able to maintain the service quality of meal service in face of rising food cost, given the additional funding allocated to them. DSW added that the Administration had put in place monitoring system to ensure that the quality of subvented meal service would fully comply with the requirements. DSW appealed to the elderly residents and their family members to report to SWD any non-compliance of RCHEs with the service requirements on the provision of meal service.

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28. Pointing out that some residents and family members were reluctant to lodge complaints against RCHEs for various reasons, the Chairman considered that it was the Administration's responsibility to follow up the suspected cases of malpractice of individual RCHEs. DSW responded that SWD would conduct investigations on the suspected cases involving malpractice of RCHEs.

Meeting with deputations

The Against Elderly Abuse of Hong Kong
[LC Paper No. CB(2)1882/07-08(04)]

29. Mr FOO Wai-lok expressed concern that as a result of rising food prices, some private RCHEs had reduced expenses on food items and provided inferior food to residents. He considered that the Administration should review the funding for meal service.

30. Ms Kennex YUE said that many subvented NGOs were facing financial difficulties as a result of high inflation, and some had to apply for charity funds to finance the rising operating costs. To her knowledge, some NGOs providing home-based services had reduced expenses on food items and were therefore unable to meet the requirements stipulated in the service contracts. Ms YUE considered that the Administration should provide additional funding to NGOs in the light of sharp increases in food cost.

Social Welfare Organizations Employees Union
[LC Paper No. CB(2)1850/07-08(01)]

31. Mr LIU Wai-ying said that since the introduction of the LSG subvention system, some NGOs had exercised stringent control over food cost or reduced the expenses on food items in order to save up for the LSG Reserves. As a result of rising food cost, the quality of meal service was compromised. He urged the Administration to provide special meal service allowance for NGOs to meet the rising food cost and enhance monitoring on the use of the subvention or contract service fees by NGOs.

The Hong Kong Council of Social Service
[LC Paper Nos. CB(2)1850/07-08(02) and CB(2)1882/07-08(05)]

32. Ms Grace CHAN presented the views of HKCSS, the Specialized Committee on Elderly Service and the Network on Home-based Service. Ms CHAN said that HKCSS had conducted a survey in April 2008 on the impact of inflation on the provision of subvented meal service. The survey findings showed that the average food cost per meal was about \$10.2. As compared with 2006-2007, there was a 10% increase in the food cost in 2007-2008. However, the annual adjustment for OC portion was 1.4%. As such, on top of various

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cost-saving measures such as bulk purchase, some NGOs had used their own reserves to subsidise the rising food cost so as to maintain the quality of meal services. Ms CHAN considered that the Administration should review the current funding adjustment mechanisms. In the meantime, the Administration should provide special allowance to NGOs taking into account the effect of the rise in food cost.

Discussion

33. Responding to the deputations' views and concerns, DSW said that NGOs on LSG and service providers could deploy flexibly their subventions or contract service fees for meeting changing service demands. Given that the increase in food cost had been reflected in the adjustments to the OC portion of the LSG subventions and contract service fees, and additional recurrent funding had been provided for NGOs on LSG from 2008-2009 onwards, the Administration did not consider it necessary to adjust the subventions or contract service fees in the light of the price fluctuation of individual expenditure items such as food.

34. Mr LEE Cheuk-yan enquired about the concrete measures taken by SWD to monitor the quality of subvented meal service.

35. DSW explained that in monitoring the services provided by RCHEs, SWD would conduct inspection of the premises including kitchens to ensure that the operators fully complied with the service requirements which covered the quality of meal service. SWD would also monitor the RCHEs' performance through visits, on-site assessments and complaint investigations. The elderly residents could make complaints to SWD staff about the quality of meal services during their visits. He stressed that SWD would conduct investigations on complaints once received. To facilitate investigations, he appealed to the residents and their family members to lodge complaints against malpractice of RCHEs including the delivery of meal service.

36. Mr LEE Cheuk-yan expressed concern how the service quality of meal service in RCHEs was monitored as some residents might not dare to complain the food quality. DSW said that for RCHEs funded by LSG subventions, the menus for the elderly residents were in general approved by a qualified dietitian, although RCHEs might change the food items from time to time in the light of food supply and prices.

37. Miss CHAN Yuen-han said that many NGOs encountered difficulties in maintaining the service quality of meal service in face of rising food cost. She urged the Administration to assess the impact of inflation on the provision of subvented meal service and take concrete measures to assist the service providers to address the problem. Miss CHAN invited the deputations to give views on their difficulties in providing meal service at times of high inflation.

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38. Responding to Miss CHAN, Mr Samuel NGAI of HKCSS said that to ease the inflationary pressure on the provision of meal service and to keep up the quality of meal service, most NGOs on LSG had deployed other operating expenses to top up the increasing cost for these services. Although NGOs on LSG could deploy flexibly resources to meet the changing service demands, the operators were unable to do so simply because they did not have spare resources. Most NGOs were facing financial difficulties following the implementation of LSG subvention system. The allocation of additional recurrent funding could not help solve the financial problems. He urged the Administration to introduce measures to alleviate the financial problems encountered by subvented NGOs especially at times of high inflation.

39. Responding to Mr LEUNG Kwok-hung, DSW said that the Administration would take punitive actions against RCHes for non-compliance with the service requirements by virtue of the Residential Care Homes (Elderly Persons) Ordinance (Cap 459).

40. Mr LEUNG Kwok-hung considered that the financial problems faced by some NGOs rooted in the implementation of the LSG subvention system. He said that NGOs on LSG were inclined to adopt conservative financial management and to reduce the operating expenses, such as food cost, to save up for the LSG Reserves. The Administration should enhance monitoring of the use of subventions by NGOs. In the light of the sharp increase in food prices, Mr LEUNG urged the Administration to provide additional funding to ease the inflationary pressure on NGOs.

41. DSW responded that the Administration was fully aware of the inflationary pressure on the subvented welfare sector. As the Administration had introduced a series of interim facilitating measures to provide additional resources to NGOs on LSG, they could deploy the resources flexibly for meeting changing service demands. DSW said that SWD had not received any substantiated complaints against the quality of subvented meal service.

42. Mr LEE Cheuk-yan took the view that the introduction of the interim facilitating measures to NGOs on LSG intended to relieve their financial difficulties arising from the reduction of 9.3% in subventions as a result of the Enhanced Productivity Programme (EPP) and Efficiency Savings (ES) adjustments in the past years. Pointing out that the annual adjustment to the OC portion of LSG subventions was 1.4% only, the adjustment had not adequately taken into account the impact of rise in food cost on the provision of meal service. In his view, the Administration should, as a special measure, provide additional resources for subvented meal services. The Administration should also take the opportunity to review the relative weighting of food items in the compilation of CCPI in the light of sharp increases in food prices in the past few months.

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43. DSW responded that EPP and ES were implemented across the public sector, and not limited to the subvented welfare sector. The provision of additional recurrent resources was to enhance the quality of welfare services in response to the strong call from the welfare sector. NGOs could flexibly deploy their subventions for services and activities related to their FSAs, which included meal service. As for services covered by contracts, the service fees would be adjusted annually with reference to CCPI compiled by the Census and Statistics Department. The annual adjustment of the service fees would take into account CCPI in the past year. In other words, the next annual adjustment of the service fees would take into account the change in food cost and appropriate adjustment to the service fees would be effected in the following year.

44. Miss CHAN Yuen-han said that the crux of the problem was insufficient resources for NGOs to maintain the service quality of meal service in face of rising food cost. She considered that the Administration should increase the subvention for NGOs.

45. The Chairman envisaged that the inflation problem would be worsening. The quality of subvented meal service would be compromised if no additional resources were provided to the service providers. As a result, the well-being of the disadvantaged would be affected adversely. He took a strong view that the Administration should review the funding adjustment mechanisms for meal service. He added that the Administration should enhance monitoring of the provision of subvented meal service.

46. DSW said that the current adjustment mechanisms of funding, including both LSG subventions and contract service fees, had taken into account the changes in food cost. Meal service providers were required to maintain the service quality of meal service in face of rising food cost. He reiterated that the Administration had introduced a number of interim facilitating measures to ease the financial problems faced by NGOs on LSG. Individual operators who encountered problems in complying with the service requirements could discuss with SWD. Assistance and support would be provided to individual operators having regard to their actual circumstances.

47. Representatives of HKCSS made the following supplementary points –

- (a) Mr Samuel NGAI considered that as the impact of rising food cost on the provision of subvented meal service was not unique to individual operators, instead of providing assistance to individual NGOs, the Administration should come up with specific measures to ease the financial difficulties faced by NGOs;

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- (b) Mr Stanley YEUNG said that under the existing adjustment mechanism for contract meal service fees, the change in food cost would only be reflected until the next adjustment cycle. While NGOs on LSG could deploy flexibly the subventions for services and activities related to their FSAs, there was limited room for NGOs to deploy resources for some expenditure items, such as rent and utilities. Hence, the interim facilitating measures provided to NGOs could not help relieve the financial problems faced by NGOs brought by inflation; and
- (c) Ms Nancy WONG said that food cost constituted 30% to 40% of the total operating cost of NGOs providing home-based meal service at times of high inflation. There was no room for NGOs to adopt cost saving measures during the inflationary period or to deploy their resources.

48. In summing up, the Chairman said that the Administration should review the current adjustment mechanism for contract meal service fees and consider adopting an inflation forecast methodology for adjusting the fees in face of rising food prices. He said that the Administration should, in consultation with service users and the operators, take immediate measures to ease the financial difficulties encountered by the operators. The Chairman requested and the Administration agreed to keep the Panel informed of the progress.

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III. Further discussion on review of rent allowance under the Comprehensive Social Security Assistance Scheme
[LC Paper Nos. CB(2)1535/07-08(03) and CB(2)1798/07-08(04)]

49. Deputy Secretary for Labour and Welfare (Welfare)2 (DSLW(W)2) briefed members on the Administration's paper which provided supplementary information on the rent allowance under the Comprehensive Social Security Assistance (CSSA) Scheme and its response to concerns raised by members at the meeting on 14 April 2008. DSLW(W)2 said that as requested, the Administration had simulated a rent index for CSSA households. It was observed that when comparing the 12-month moving average of the Consumer Price Index (A) private housing rent ended March 2008 with that during the period from April 2001 to March 2002 on which the level of the existing maximum levels of rent allowance (MRA) was set, there was room for a downward adjustment of 8.5%. On the other hand, when the 12-month moving average of the simulated CSSA rent index ended March 2008 was compared with that during the period from April 2001 to March 2002, the room for a downward adjustment of MRA was 10.2%.

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50. Mr LEE Cheuk-yan noted with concern that 24 672 CSSA cases were paying actual rent exceeding MRA in the past year, and most of the cases involved singleton, elderly and disabled recipients. Having regard to the special needs of these CSSA recipients, Mr LEE and the Chairman urged the Administration to reimburse the rent allowance according to the actual rent paid by the CSSA households.

51. DSLW(W)2 said that the Administration had examined some of the cases with a view to better understanding the reasons for CSSA households living in PRH flats who had to pay rent higher than MRA. SWD found that some CSSA recipients continued to stay in the more spacious PRH flat after the permanent departure or death of their family members or co-tenant. As a result, they had to pay rent higher than MRA. DSLW(W)2 further said that as explained at the last meeting, the Administration was mindful that it would not be prudent to use public money to guarantee that MRA would be increased in accordance with the actual rent paid by CSSA households in the private housing rental market. She added that individuals or families with genuine and pressing housing needs might apply to SWD for allocation of PRH flats under compassionate rehousing.

52. Pointing out that over one-half of the CSSA cases with actual rent exceeding MRA were singleton living in private housing, Mr LEE Cheuk-yan expressed concern that the rent allowance for singleton CSSA recipients was inadequate to meet the rising rental for private housing. The Chairman added that providing the CSSA recipients with the actual rent paid would not give rise to more eligible recipients.

53. DSLW(W)2 said that MRA covered the actual rent paid by about 87% of CSSA cases receiving rent allowance, and about 50% of the CSSA recipients living in private housing were able to use their rent allowance to cover the actual rent paid. The situation was largely the same in the past three years. DSLW(W)2 further said that some CSSA recipients preferred to live in urban areas where the rental was generally higher, and therefore had to pay rent higher than MRA. DSLW(W)2 pointed out that the CSSA Scheme provided a safety net to meet the basic needs of the recipients. While acknowledging the different needs of CSSA recipients, the Administration had to be cautious that increasing the rent allowance in accordance with the actual rent paid by CSSA households might induce an increase in the rentals for private housing. The Administration should ensure the prudent use of public money to help those in need.

54. The Chairman and Mr LEE Cheuk-yan expressed doubt about the compassionate rehousing arrangement in meeting the imminent housing needs of the CSSA households who were paying rent higher than MRA. Moreover, it would be difficult, if not impossible, for the singleton elderly to integrate into the new community if they were forced to move to PRH flats in other districts under compassionate rehousing. Mr LEUNG Kwok-hung shared a similar view.

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55. Miss CHAN Yuen-han expressed concern that some CSSA households were living in dilapidated private housing and had to use their CSSA standard rate payments to meet part of the rental. She considered that the eligibility criteria for compassionate rehousing were too stringent. Miss CHAN strongly urged the Administration to address the inflationary pressure faced by the disadvantaged.

56. DSLW(W)2 responded that the Government had announced a number of measures in the 2008-2009 Budget to alleviate the inflationary pressure on the low-income group, such as the \$1,800 electricity charge subsidy for each residential account and relaxation of the eligibility criteria for the pilot Transport Support Scheme. The Administration would provide one additional month of the CSSA standard payment rates to CSSA recipients, one additional month of allowance to the Disability Allowance recipients and a one-off grant of \$3,000 to the Old Age Allowance recipients. To ease the impact of rising prices on the CSSA households, the Administration also proposed to adjust the CSSA standard payment rates ahead of the normal schedule this year.

57. Mr LEUNG Kwok-hung expressed dissatisfaction at the Administration's failure to relieve the inflationary pressure on the low-income group given the improving fiscal position of the Government. He considered that the Budget initiatives were mostly one-off measures which failed to provide a long-term solution to the problems faced by the disadvantaged.

58. The Chairman pointed out that nearly 80% of the CSSA cases who had to pay rent higher than MRA were elderly, disabled, single parent or unemployed recipients. He strongly urged the Administration to grant discretion to approve rent allowance to cover the actual rent paid with a view to providing assistance for the disadvantaged groups. Mr LEE Cheuk-yan raised concern about the financial hardship faced by new-arrival single parents who did not meet the residence requirements and had to rely on their children's CSSA payments for a living. As these new arrival families were not eligible for application for PRH flats under compassionate rehousing, they should be granted with discretion to receive rent allowance higher than MRA.

59. DSW responded that if the CSSA recipients living in private housing had been recommended for compassionate rehousing or admission to a subvented home for the elderly, DSW had the discretion to approve a rent allowance higher than MRA to cover the actual rent paid. DSLW(W)2 added that CSSA recipients in need might seek assistance from SWD, and the Administration would provide them with appropriate assistance according to the circumstances and needs of individual cases.

Action

60. The Chairman held the view that DSW should exercise discretion to approve a rent allowance higher than MRA to cover the actual rent paid by those CSSA households with genuine and pressing housing needs, even though they did not meet the eligibility criteria for compassionate rehousing or admission to a subvented home for the elderly.

61. DSLW(W)2 reiterated that apart from providing rent allowance, the Administration would render appropriate assistance to CSSA recipients having regard to the needs of individual cases. As regards the suggestion of granting a rent allowance higher than MRA to only those CSSA households with genuine and pressing housing needs to cover the actual rent paid, DSLW(W)2 said that the Administration would look into whether the suggestion could fit into the existing CSSA policy. The Chairman requested the Administration to provide a written response as soon as practicable.

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IV. Any other business

62. There being no other business, the meeting ended at 7:38 pm.

Council Business Division 2
Legislative Council Secretariat
24 September 2008