

The Legislative Council Meeting on 17 November 2010
Motion on “Reviewing the coverage of the safety net”

Progress Report

At the Legislative Council (LegCo) Meeting held on 17 November 2010, the motion on “Reviewing the coverage of the safety net” moved by Hon Miriam LAU Kin-yeek and amended by Hon LEE Cheuk-yan, Hon IP Wai-ming, Hon James TO Kun-sun, Hon Ronny TONG Ka-wah, Hon CHEUNG Kwok-che, Hon CHAN Kin-por and Hon Frederick FUNG Kin-kee was carried. The wording of the motion is at Annex. This is a report on the follow-up action taken by the Administration.

Social security

2. Having regard to the latest changes of the Social Security Assistance Index of Prices, the Social Welfare Department increased the standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the rates of allowances under the Social Security Allowance Scheme by 3.4% with effect from 1 February 2011. Furthermore, to help ease the impact of inflation and rising prices on people’s livelihood, the Financial Secretary (FS) announced in his 2011-12 Budget that an extra one-month allowance would be provided to recipients of CSSA, Old Age Allowance (OAA) and Disability Allowance (DA). If high inflation persists, the Administration will consider adjusting the standard payment rates under the CSSA Scheme ahead of the next adjustment cycle.

3. Recognising the wishes of some elders to spend more time outside Hong Kong without affecting their OAA payment, the Administration substantially relaxed the permissible limit of absence from Hong Kong for OAA and DA from 240 to 305 days in a payment year with effect from February 2011. Furthermore, we are examining the merits and feasibility of introducing a maintenance allowance for elders who choose to retire on the Mainland, including the legal, financial and technical issues involved.

Employment assistance

4. By the end of February 2011, 50 863 middle-aged job seekers had secured employment under the Employment Programme for the Middle-aged administered by the Labour Department (LD). In December 2010, LD launched a two-year Pilot Employment Navigator Programme, providing a total of 22 000 places, to help the unemployed secure employment. Participants will receive customised employment counselling services and will be granted a cash incentive if they subsequently secure and stay in a job. In tandem, the Employees Retraining Board plans to provide 130 000 training places in 2011-12, with more than 500 courses covering a total of 27 industries, suitable for people of different ages and with different skills.

5. LD's Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme targets young people's needs. The 2010/11 Programme Year started in September 2010, and by the end of February 2011, LD had received more than 7 500 applications. To strengthen the assistance to young people with special employment difficulties, LD also launched a special employment project "Actions S5" in July 2010 to offer 12 months' on-the-job training and internship to participants through non-governmental organisations (NGOs). The project will operate for two years. In the 2010/11 academic year, the Vocational Training Council continues to provide about 3 300 training places under its apprenticeship programmes.

Long-term development of social welfare

6. The Administration has commissioned the Social Welfare Advisory Committee (SWAC) to study the long-term development planning for social welfare in Hong Kong. Having concluded consultation in mid-2010 and thoroughly reviewed the views collected during the consultation period, SWAC is currently preparing a report. Upon receipt of SWAC's report, the Administration will thoroughly analyse and study its recommendations and report to the Panel on Welfare Services of the Legislative Council as soon as possible.

Healthcare services

7. Taking into consideration the latest scientific evidence and

medical technology development, the FS announced in 2011-12 Budget that the Hospital Authority will enhance the efficacy of treating nine diseases by incorporating more drugs into the Hospital Authority Drug Formulary. It is estimated that 52 000 patients will benefit from this initiative each year.

Developing social enterprises

8. In his 2011-12 Budget, the FS announced that \$150 million has been earmarked to sustain the operation of the Enhancing Self-Reliance Through District Partnership Programme over the next five years. The maximum funding period is extended from two years to three years, and the eligibility requirements are relaxed on a pilot basis to cover non-profit making organisations which are not exempted from tax under the Inland Revenue Ordinance. The Government will also introduce an award scheme and a series of structured training programme to foster a social enterprise (SE) spirit and nurture talent in this field, and launch a “Be a Friend to SE” Campaign to further encourage private enterprises to provide support to SEs. Moreover, the Home Affairs Bureau will organise a Social Enterprise Fair to promote socially responsible consumption.

Meeting the needs of specific groups

Students from low-income families

9. In the 2010/11 school year, school-based grants amounting to about \$65 million have been disbursed, under the School-based After-school Learning and Support Programme implemented by the Education Bureau, to 849 public sector schools and schools under the Direct Subsidy Scheme, benefitting up to 163 100 students. As regards community-based projects, funding of about \$110 million has been approved for 309 projects organised by NGOs, benefitting about 68 600 students.

10. In his 2011-12 Budget, the FS announced that \$110 million has been earmarked to launch a three-year pilot programme to provide after-school homework guidance for primary school students from low-income families through collaboration with local tertiary institutions.

Elders

11. In his 2011-12 Budget, the FS announced that the Administration would allocate additional recurrent funding of over \$200 million to increase about 1 700 community care service places and about 1 300 subsidised residential care places for the elderly. Besides, the Administration will also allocate additional recurrent funding of \$40 million to raise the purchase prices of EA1 places under the Enhanced Bought Place Scheme, and require the elderly homes concerned to arrange physiotherapy treatment and rehabilitation training for their residents.

12. At the same time, the Administration will provide additional recurrent funding of \$148 million to regularise the Integrated Discharge Support Programme for Elderly Patients and extend its coverage from the current three districts (i.e. Kwun Tong, Kwai Tsing and Tuen Mun) to all districts within 2011-12. The number of elders served per year is expected to increase from the current 8 000 to 33 000.

Persons with Disabilities

13. In his 2011-12 Budget, the FS announced that the Administration would raise the monthly rates of Community Living Supplement under CSSA payable to severely disabled recipients from the existing \$120 to \$250, and extend its coverage to benefit recipients with disabilities at non-severe level, recipients in ill-health and elderly recipients. The total number of beneficiaries is about 190 000 and the full-year expenditure is about \$590 million.

Retirement protection

14. The Central Policy Unit (CPU) is studying the sustainability of the present model of retirement protection for Hong Kong. During the process, CPU will make reference to opinions in the community, and tap the views of academics, professionals, think tanks and interested parties as appropriate through established channels.

Supply of public housing

15. In the five-year period starting from 2010-11, the forecast

production of new public rental housing (PRH) flats is about 75 000 flats. The new PRH flat production forecast for 2011-12 and 2012-13 is some 11 200 flats and 16 700 flats respectively, of which about 84% will be built in the urban areas. Together with the PRH flats to be recovered, it is estimated that this production level should allow the Hong Kong Housing Authority to meet its objective of maintaining the average waiting time for general PRH applicants at around three years.

Labour and Welfare Bureau
Food and Health Bureau
Home Affairs Bureau
Education Bureau
Central Policy Unit
Transport and Housing Bureau

April 2011

(Translation)

Motion on
“Reviewing the coverage of the safety net”
moved by Hon Miriam LAU Kin-ye
at the Legislative Council meeting commencing
on Wednesday, 17 November 2010

Motion as amended by Hon LEE Cheuk-yan, Hon IP Wai-ming, Hon James TO Kun-sun, Hon Ronny TONG Ka-wah, Hon CHEUNG Kwok-che, Hon CHAN Kin-por and Hon Frederick FUNG Kin-kee

That, this Council opines that ‘rich Government but poor people’ is one of the deep-rooted conflicts in Hong Kong, and as the Government has adopted a conservative fiscal policy for years, surpluses exceeding the expected levels were often recorded in the past; in addition, since the Exchange Fund had recorded a huge profit of \$74.1 billion in the third quarter of this year, the accumulated surplus for the first nine months of the year increased by \$42 billion, and given the substantial proceeds from land auctions this year, the chance of the Treasury continuing to be ‘flooded by cash’ has become much greater, yet not only are some grassroots unable to enjoy the fruit of economic development, but they are also unable to benefit from the social security system, resulting in cases of ‘falling through the net’; in this connection, this Council proposes that the Administration should identify loopholes in the existing safety net, appropriately extend the safety net to cover more grassroots of different types, and strengthen the support to assist grassroots in climbing up the social ladder and sharing the fruit of economic development, thereby easing class conflicts and promoting social harmony; the relevant measures should include:

- (a) to strengthen the support for the working poor, including removing the stigma attached to the low-income recipients of Comprehensive Social Security Assistance (‘CSSA’), lower the threshold of application, and provide such recipients with a ‘low-income living supplement’, so as to alleviate their conditions of poverty; in the long run, the Government should establish a system of ‘Negative Income Tax’, so as to benefit a greater number of working-poor households;
- (b) to set up savings accounts for CSSA recipients with job income, and deposit into such accounts the whole or part of the amounts deducted from their CSSA for reasons of ‘assessable income’, so that when such recipients get out of the CSSA net due to income improvements or as a result of their accounts having accumulated a prescribed amount, they can have a substantial amount of savings, so as to increase their sense of financial security and reduce their chances of falling back into the CSSA net;

- (c) to comprehensively strengthen the in-service training for the middle-aged, increase the number of retraining places, and raise the subsidies for continuing education;
- (d) through promoting the local community economy, developing the six industries with competitive edge and positively supporting the development of social enterprises, to create more jobs suitable for grassroots workers;
- (e) to comprehensively strengthen child care and after-school care services to enable parents of low-income families to work without worries, and proactively cater for the needs of grassroots children, including providing additional subsidies for extracurricular activities;
- (f) to actively assist poor families living in cage homes or cubicle apartments in improving their living environment;
- (g) to strengthen the employment counselling services for young people waiting for employment;
- (h) to further relax the absence limit in respect of Old Age Allowance and CSSA for the elderly, increase the amount of Elderly Healthcare Vouchers to at least \$1,000 a year, and provide needy elderly persons with a living supplement, so as to improve the life of the elderly in their twilight years;
- (i) to immediately study the establishment of a universal retirement protection system, so as to provide instant benefits to all elderly persons in Hong Kong; and
- (j) to expeditiously increase the number of residential care places for the elderly and provide them with elderly care vouchers, so as to enable elderly persons waiting for residential care services to choose those elderly services that suit them, and provide allowances to carers of elderly persons in the communities;
- (k) focusing on the unemployed and poor people, the Government should formulate a poverty line, so as to get a grasp of the poverty situation in Hong Kong, and provide the unemployed with unemployment assistance, with a view to assisting them in coping with their financial difficulties;
- (l) through promoting the local cultural economy, to maintain the competitive edge of the four existing major economic pillars;
- (m) to formulate a timetable for completely abolishing cage homes;
- (n) to put in place a modern apprenticeship system;

- (o) to increase the amount of Disability Allowance received by indigent persons with disabilities, so that persons with disabilities living in the community can afford appropriate care and assistance; and
- (p) to expand the coverage of Samaritan Fund, and follow the example of 'Medifund' in Singapore to offer ultimate support to persons who are unable to pay medical charges, so that they can receive timely and necessary treatment; and
- (q) to introduce more generous measures for persons living in cage homes, cubicle apartments or en suite units to assist them in securing public rental housing allocation more expeditiously;
- (r) to abolish the system of requiring children to sign a 'declaration of not providing support to parents' (commonly known as a 'bad son statement'), so that elderly persons with financial difficulties who live with their children may also apply for CSSA independently and have support and security in their twilight years; and
- (s) to reinstate the mode of formulating long-term social welfare planning every five years, so that social welfare services can be effectively delivered to really benefit needy persons;
- (t) to establish an emergency unemployment relief fund to provide the unemployed with transitional financial assistance;
- (u) to expedite the construction of public rental housing units;
- (v) to establish a chronic disease allowance as a supplement to needy chronic patients for purchasing medicine, medical supplies and auxiliary aids and employing home care workers, etc.; and
- (w) to establish a long-term care allowance to provide assistance for elderly persons requiring long-term care in purchasing residential care and day care services, or providing subsidies to their carers; and
- (x) when establishing a universal retirement protection system, to also set making up for the inadequacies of the Mandatory Provident Fund Scheme as an objective; and
- (y) to re-establish the Commission on Poverty to formulate indicators on the population of the poor.