

立法會
Legislative Council

LC Paper No. CB(2)670/10-11
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 8 November 2010, at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon CHEUNG Kwok-che (Chairman)
Hon WONG Sing-chi (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip

Members absent : Hon Ronny TONG Ka-wah, SC
Hon Paul CHAN Mo-po, MH, JP
Dr Hon Samson TAM Wai-ho, JP

Member attending : Hon WONG Kwok-hing, MH

**Public Officers : Item IV
attending**

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

Items IV and V

Ms Irene YOUNG, JP
Deputy Secretary for Labour and Welfare (2)

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

Mr CHAN Wing-hoi
Chief Social Security Officer (Social Security) 2
Social Welfare Department

Item V

Ms Cecilia CHAN Mei-ping
Senior Statistician (Social Welfare)
Social Welfare Department

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

**Staff in
attendance** : Ms Yvonne YU
Senior Council Secretary (2) 5

Miss Karen LAI
Council Secretary (2) 4

Miss Maggie CHIU
Legislative Assistant (2) 4

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I. Confirmation of minutes
[LC Paper No. CB(2)141/10-11]

The minutes of the meeting held on 14 October 2010 were confirmed.

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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)184/10-11(01) to (02)]

3. Members agreed to discuss the following two items proposed by the Administration at the next regular meeting on 13 December 2010 -

(a) Government's response and proposed follow-up action to Equal Opportunities Commission's Formal Investigation Report on Accessibility in Publicly Accessible Premises; and

(b) Extension of one supernumerary Administrative Officer Staff Grade C post in the Poverty Team of Labour and Welfare Bureau for three years.

IV. Permissible limit of absence from Hong Kong for Old Age Allowance

[LC Paper Nos. CB(2)180/10-11(01) and CB(2)184/10-11(03)]

4. At the invitation of the Chairman, Secretary for Labour and Welfare ("SLW") briefed members on the key findings of the review on the permissible limit of absence from Hong Kong ("absence limit") for Old Age Allowance ("OAA"), and the proposed relaxation of the absence limit from 240 days to 305 days and corresponding reduction of the minimum residence period from 90 to 60 days, as detailed in the Administration's paper. The new arrangement would also apply to recipients of Disability Allowance which was also under the Social Security Allowance ("SSA") Scheme.

5. SLW said that the Administration was aware that there were calls in the community for removing the minimum residence period for OAA recipients, but the proposal would need to be studied in the light of the policy implications. Specifically, as OAA, which was non-contributory and largely non-means-tested, was funded entirely by general revenue, the

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current policy required that OAA recipients must regard Hong Kong as their place of residence, though they could be away from Hong Kong up to a certain period every year. The minimum residence period of 60 days was set having regard to the definition of "Mobile Resident" captured in the "Hong Kong Resident Population" compiled by the Census and Statistics Department ("C&SD").

6. SLW further said that the Administration would further consider the way forward from three perspectives. Firstly, as the existing policy on residence requirements under the social security schemes was being challenged by way of judicial review ("JR"), the Administration would consider the way forward when the situation became clearer. Secondly, there was a proposal in the community to introduce a maintenance allowance for elders who chose to retire on the Mainland, and the Administration was also aware that some of the senior citizens in Hong Kong might want to retire in Guangdong. In this regard, it would embark on a feasibility study to examine the merit of introducing a maintenance allowance for elders who chose to retire on the Mainland, and legal, financial and technical issues involved. Lastly, the Steering Committee on Population Policy ("Steering Committee"), chaired by the Chief Secretary for Administration, had been closely monitoring the latest population projections and co-ordinating the efforts of various bureaux to formulate related measures. As announced in the 2010-2011 Policy Address, one of the topics which the Steering Committee would study is the ways to facilitate and support the elderly people in Hong Kong to settle on the Mainland after retirement if they wished.

7. Pointing out that most elders who chose to retire on the Mainland relied on OAA for a living, Mr WONG Kwok-hing considered it unacceptable that only some 2 000 elders would benefit from the new arrangement. In the absence of a universal retirement protection scheme, the proposed arrangement was too meagre for those elderly retiring on the Mainland. Mr WONG said that the minimum residence period of 60 days in a payment year had imposed undue difficulties on those elders residing on the Mainland, as they no longer had a place to live in Hong Kong. He appealed to the Administration for setting up offices at the border control points such that OAA recipients concerned would be regarded as having returned to Hong Kong after reporting to these offices, i.e. without the need to stay overnight in Hong Kong.

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8. SLW said that the Administration attached great importance to the well-being of our elders. He was mindful that the proposed arrangement fell short of members' expectations but appealed to members for their understanding, given the constraints for further relaxing the absence limits right away. SLW advised that of some 90 000 elderly residing on the Mainland, some 40 000 were existing OAA recipients and as such they should have a residence in Hong Kong at present. In any case, the new arrangement would provide greater flexibility for all SSA recipients in travelling out of Hong Kong as desired. SLW drew members' attention to the fact that although the existing policy on residence requirements was being challenged by way of JR, the Administration still put forward the new arrangement. This fully demonstrated the Administration's sincerity in facilitating senior citizens' retirement on the Mainland as far as practicable. Subject to members' support, the Administration would seek the approval of the Finance Committee ("FC") in December 2010, with a view to implementing the new arrangement in February 2011.

9. Mr LEE Cheuk-yan disagreed with SLW's point of view. He considered that in the absence of a universal retirement protection scheme, some poor elders had to rely on OAA and retire on the Mainland in order to lead a lower cost of living. Removing all restrictions on absence from Hong Kong for OAA would encourage more elderly to retire on the Mainland, and this would in effect reduce the expenses on Comprehensive Social Security Assistance ("CSSA"). Mr LEE said that should it consider necessary to prevent fraudulent cases of not reporting the death of OAA recipients, the Administration might consider requiring those OAA recipients resided on the Mainland to stay in Hong Kong for one week in a payment year to satisfy the relevant administrative arrangements. Mr LEE further said that in the light of the strong calls from the community for the introduction of a universal retirement protection scheme, he strongly urged the Administration to embark on the preparation work.

10. SLW reiterated that the proposed relaxation of the minimum residence period was a pragmatic step forward within the existing policy framework. The minimum residence period of 60 days was set having regard to the definition of "Mobile Resident" captured in the "Hong Kong Resident Population" compiled by C&SD. SLW said that the Administration had to be cautious that removing all restrictions on absence from Hong Kong for OAA would mean basically making OAA fully portable to all places outside Hong Kong. On the introduction of a maintenance allowance, SLW said that the Administration kept an open

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mind and would study the feasibility of such a proposal having regard to the legal, financial and technical issues involved. SLW added that the Administration would study the way forward in the light of the court's ruling on the relevant JR case(s), the findings of the study on the feasibility of introducing of a maintenance allowance, and the recommendations of the Steering Committee on ways to facilitate and support the elderly people in Hong Kong to settle in the Mainland after retirement.

11. Mr WONG Kwok-kin said that the elderly people were gravely disappointed to learn that the Administration refused to remove all restrictions on the absence from Hong Kong for OAA. To his understanding, the prospective JR case related to the residence requirement before the application of OAA. The Administration should not make use of the JR case as an excuse to delay the review of further relaxing the minimum residence requirement. It was also unfair to impose a residence requirement on OAA recipients who were permanent residents. Mr WONG further said that while he did not object to the proposed study on the feasibility of introducing a maintenance allowance for elders who chose to retire on the Mainland, the Administration should take immediate action to ease the burden of those elders who were not eligible for OAA because they were unable to meet the minimum residence period as they did not have a place to live in Hong Kong. In view of the above, he called on the Administration to review the basis for calculating a residence day so that taking a day return journey would be counted as staying in Hong Kong for one residence day.

12. With reference to the definition of "Mobile Resident", Mr WONG said that mobile residents meant those permanent residents who had stayed in Hong Kong for at least one month but less than three months during the six months before or after the reference time point. He enquired why the Administration set the minimum residence period at 60 days, instead of 30 days or one month.

13. SLW said that to his knowledge, some members of the public had applied or indicated their wish to apply for legal aid to lodge JR cases on the residence requirements under the social security schemes. It would be prudent for the Administration to consider the way forward only when the situation became clearer. SLW further said that the "Mobile Resident" concept adopted by C&SD referred to those Hong Kong permanent residents who had stayed in Hong Kong for at least one month but less than three months during the six months before or after the reference time point,

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regardless of whether or not they were in Hong Kong at the reference time point. As OAA payment was made on a yearly basis, the minimum residence period was also set in respect of a payment year, at 60 days as now proposed. This would provide more flexibility to OAA recipients as compared to a minimum residence period of 30 days for each six-month period.

14. Mr TAM Yiu-chung enquired about the estimated number of elders who would be eligible for OAA if the absence limit was further relaxed. In response, SLW said that all SSA recipients could benefit, but the benefit to about 2 000 elders, who would no longer have their full-year SSA reduced for reason of not satisfying the existing 90-day residence requirement, would be particularly significant. However, it was difficult to estimate how many non-OAA recipients would make new applications.

15. Mr TAM Yiu-chung pointed out that nearly half of the 90 000 elders currently staying on the Mainland had not applied for OAA. This was mainly attributed to the one-year-continuous residence requirement before the application for OAA. In his view, further relaxing the absence limit would not induce an influx of new applications given that these elders still could not meet the pre-application residence requirement.

16. SLW said that the Administration would be cautious in considering whether to relax the pre-application residence requirement for OAA in the light of resource implications. Given that over 660 000 Hong Kong residents had migrated to places outside Hong Kong, a relaxation of the pre-application residence requirement for OAA would mean basically making OAA fully portable to all places outside Hong Kong. SLW stressed that the new arrangement would already enable OAA recipients to enjoy greater flexibility in travelling out of Hong Kong.

17. Dr PAN Pey-chyou said that although the Administration decided to increase the absence limit for OAA from 240 days to 305 days in a payment year, the new arrangement was far from adequate to meet the needs of the poor elders. To enable more elders to be eligible for OAA, he urged the Administration to consider further increasing the absence limit. Dr PAN further said that in view of the practical difficulties encountered by elders who had resided on the Mainland to find a place in Hong Kong to live for a period of 60 days, the Administration should consider relaxing the requirement of staying overnight for the purpose of calculating a residence day.

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18. SLW advised that under the new arrangement, some 40 000 existing OAA recipients would enjoy greater flexibility in travelling out of Hong Kong for different reasons such as retirement on the Mainland. SLW further said that as the existing policy on absence limits was being challenged by way of JR, the Administration would consider the way forward on such restrictions when the situation became clearer. Meanwhile, the Steering Committee would examine ways to facilitate senior citizens to retire on the Mainland if they wished.

19. Mr Albert CHAN expressed dissatisfaction at the Administration's insistence to impose residence requirements on OAA recipients. Pointing out that voters of the Chief Executive election and functional constituencies were not subject to similar residence requirements, he considered it absurd and unfair for the Administration to impose residence requirements under the social security schemes. In his view, the Administration should remove all restrictions on absence from Hong Kong for OAA.

20. Mr LEUNG Yiu-chung said that many elders chose to reside on the Mainland for a lower cost of living and family reasons. While acknowledging that the minimum residence period of 60 days was set having regard to the definition of "Mobile Resident" adopted by C&SD in compiling statistical reports, Mr LEUNG queried the Administration's rationale for setting arbitrarily 60 days as the minimum residence period in support of the requirement to regard Hong Kong as a place of residence. He wondered whether there was still room for increasing the absence limit if no amendment were to be proposed to the definition of "Mobile Resident".

21. SLW reiterated that OAA, which was non-contributory, was funded entirely by public revenue. It was Government's responsibility to ensure the proper use of public fund. Under the existing policy, OAA recipients should be Hong Kong permanent residents who regarded Hong Kong as their place of residence. SLW said that the Administration was mindful of the calls from Members and the community on the matter, and it would carefully consider the way forward.

22. Mr WONG Sing-chi said that it was infeasible for those elders to stay in Hong Kong for 60 days in order to receive a full-year OAA payment. This explained why many elders residing on the Mainland had not applied for OAA. In his view, the Administration should accede to the strong calls from the elderly for removing the residence requirements for OAA albeit the JR case underway. Mr WONG asked about the

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corresponding actions to be taken by the Administration should the court rule not in favour of the Government in the JR case.

23. In response, SLW said that while in general the Administration considered it not appropriate to carry out a review of a policy before the conclusion of relevant JR cases on the policy concerned, in the case of OAA it had taken a step forward by putting forward the new arrangement in response to the community's calls. The Administration would decide on the way forward in the light of the court ruling as appropriate. He pointed out that it was worth noting that some elders had chosen to return to Hong Kong for medical treatments and healthcare services after residing on Mainland for a couple of years. It was therefore considered that the provision of OAA alone could not resolve the problems faced by elders if they chose to retire on the Mainland. SLW further said that in view of the ageing population and the projections that Hong Kong's population would become more mobile in future, the Steering Committee was tasked to examine ways to facilitate and support the elderly people to settle in the Mainland after retirement if they wished.

24. Mr LEUNG Kwok-hung said that most elders decided to retire on the Mainland simply because of the lower cost of living. He opined that the elderly people still had to travel in and out of Hong Kong even if the minimum residence period was reduced from 90 days to 60 days. To save elders' efforts in doing so, the Administration should consider increasing the amount of OAA by \$1,000 so that elders could choose to stay in Hong Kong.

25. Mr Alan LEONG said that instead of relying on CSSA, some poor elders chose to retire on the Mainland with an income support from the monthly OAA payment. This had helped reduce the expenses on CSSA. Mr LEONG further said that the Civic Party supported the implementation of the universal retirement protection scheme. Given that the universal retirement protection scheme had yet to be implemented, the Government should review its overall policy on OAA without delay in order for the elderly to enjoy their twilight years in the Mainland if they wished. While understanding the policy intent of imposing an absence limit on OAA recipients, Mr LEONG considered it not necessary for the Administration to conduct a review on the absence limit for OAA only after the JR case had concluded as it was Government's responsibility, and not the court, to formulate and refine policies. It was an opportune time for a review of OAA policy having regard to circumstantial changes.

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26. Mr IP Wai-ming said that the Administration should take heed of the strong views of the community and remove the restrictions on absence from Hong Kong for OAA. If so, there would be no question for the court to rule on the residence requirements. In the meantime, the Administration should consider dispensing with the requirement to stay overnight for the purpose of calculating days of residence in Hong Kong, and further reducing the minimum residence period so that OAA recipients would enjoy greater flexibility in travelling out of Hong Kong.

27. Deputy Director of Social Welfare (Administration) said that the present method of calculating absence and residence days was applicable to all OAA recipients, irrespective of their place of residence, and whether they were leaving or returning to Hong Kong. This was an equitable arrangement. Leaving or returning to Hong Kong within the same calendar day before midnight would not constitute a day of residence in or absence from Hong Kong respectively. A day of residence or absence would arise if an elder had left or returned to Hong Kong on the calendar day after the date of their return to or departure from Hong Kong respectively, i.e. passing midnight. It was worth noting that members' proposal to alter the present arrangement would reduce the flexibility for those recipients who resided in Hong Kong in travelling out of Hong Kong on a day return journey. As regards the proposal to further increase the absence limit, SLW assured members that this would be looked into after the relevant JR case was concluded.

28. Notwithstanding that the Administration would embark on a feasibility study to examine the merit of introducing a maintenance allowance for elders who chose to retire on the Mainland, Mr WONG Kwok-hing considered the study unnecessary as the proposal had already been made clearly by the community. He was gravely concerned about the implementation details of the proposal.

29. SLW said that the Administration was striving to complete in about a year's time the feasibility study on the introduction of a maintenance allowance for elders who chose to retire on the Mainland, and would release the findings as early as practicable. The Chairman said that the Panel would follow up the matter in due course.

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30. Mr LEE Cheuk-yan remained unconvinced of the rationale to make reference to the concept of "Mobile Resident" and set the minimum residence period of 60 days for OAA recipients. To avoid making OAA fully portable to all places outside Hong Kong, Mr LEE suggested that the Administration could simply stipulate explicitly that the portable arrangement was applicable to OAA recipients whose nationality was Chinese.

31. SLW explained that OAA was payable to Hong Kong permanent residents; whether they were Chinese nationals was irrelevant. Moreover, it was not easy to ascertain the nationalities of Hong Kong permanent residents based on records at immigration check points as they could use their Hong Kong Identity Cards to enter and leave Hong Kong.

32. In closing, the Chairman said that members raised no objection to the funding proposal relating to further increase the absence limit for OAA, although there were views that the absence limit should be further increased.

V. Annual adjustment of payment rates under the Comprehensive Social Security Assistance Scheme and the Social Security Allowance Scheme

[LC Paper Nos. CB(2)184/10-11(04) and CB(2)184/10-11(05)]

33. Deputy Secretary for Labour and Welfare (2) ("DS(W)2") briefed members on the latest position of the 12-month moving average of the Social Security Assistance Index of Prices ("SSAIP") from October 2009 to September 2010. The figure registered an accumulative increase of 3% from that in the period from November 2007 to October 2008; and the Administration would adopt the SSAIP figure from November 2009 to October 2010 in the funding proposals on the adjustment of standard payment rates under the Comprehensive Social Security Assistance ("CSSA") Scheme and rates of allowances under the Social Security Allowance ("SSA") Scheme to the Finance Committee ("FC") for approval in December 2010. DS(W)2 added that in line with an increase in the flat-rate grant under the School Textbook Assistance Scheme ("STAS") as announced in the 2010-2011 Policy Address, the Administration would also seek the approval of FC to similarly increase the annual flat-rate grant for selected items of school-related expenses ("SRE") payable to full-time students at primary and secondary levels on CSSA by \$592. Subject to FC's approval, the proposed adjustments to standard payment rates under

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the CSSA Scheme and rates of allowances under the SSA Scheme would take effect from 1 February 2011, and the adjustment of the flat-rate grant for selected items of SRE would take effect in the 2011-2012 school year.

34. Mr WONG Sing-chi asked whether the Administration would assess the impact of recent rise in inflation on the CSSA households as a result of the introduction of the Quantitative Easing 2 ("QE2") measures by the United States ("US") Government, and if so, what actions would be taken by the Administration. Mr WONG expressed concern that the levels of maximum rent allowance ("MRA") under the CSSA Scheme were inadequate to cover the actual rent paid by CSSA households living in private housing in the light of the recent upsurge in rental. Consequently, CSSA recipients had to cut expenses on other necessities to meet the additional rentals. Pointing out that the Government Property Agency had adjusted upwards the rental for Government Properties leased for use as residential care homes for the elderly, Mr WONG considered that the Administration should review the levels of MRA and the adjustment mechanism for rent allowance under the CSSA Scheme.

35. DS(W)2 responded that starting from 2005, the Administration had adopted the existing annual mechanism for adjustment of the standard payment rates of CSSA on the basis of movements of SSAIP for the past 12 months (i.e. from 1 November of a year to 31 October of the following year). The Administration would consider seeking approval for any inflationary adjustments to the CSSA standard payment rates ahead of the annual adjustment cycle where necessary. She drew members' attention to the fact that FC approved in June 2008 the increase in CSSA standard payment rates by 4.4% ahead of the annual adjustment cycle. Coupled with the annual adjustment, CSSA payment rates for the year of 2008 recorded an increase of about 9%.

36. As regards the rent allowance, DS(W)2 said that MRA under the CSSA Scheme was adjusted in accordance with movements of the Consumer Price Index (A) ("CPI(A)") rent index for private housing compiled by the Census and Statistics Department ("C&SD") which tracked the lower-end private housing rental market. Having considered the then economic condition, MRA had been frozen since 2003 despite the continuation of deflation until 2005 and there being room for downward adjustment of MRA. Noting that the latest rent index was close to the 2003 index levels, the Administration would closely monitor movements of the rent index and propose adjustments to MRA where necessary.

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37. Mr WONG Kwok-hing asked whether the Government would conduct a comprehensive review on the items of goods and services to be covered under SSAIP so as to reflect the present day expenditure pattern of CSSA households. Pointing out that the standard payment rates of CSSA were adjusted in accordance with the SSAIP movements of the previous year, Mr WONG was concerned that the CSSA recipients had to catch up with the inflation, especially the soaring food prices consequent upon the appreciation of Renminbi exchange rates. He strongly urged the Administration to take appropriate actions to maintain the purchasing power of the CSSA recipients.

38. DS(W)2 explained that SSAIP was compiled by C&SD on a monthly basis to measure inflation according to the expenditure pattern of CSSA households. On top of regular monitoring movements of SSAIP, the Administration was conducting the latest round of the Household Expenditure Survey ("HES") on CSSA Households to update the relative weighting of individual items of goods and services covered by SSAIP. She believed that the latest expenditure pattern of CSSA households would be reflected in the survey findings. Deputy Director of Social Welfare (Administration) ("DDSW(A)") supplemented that Social Welfare Department ("SWD") was compiling the findings of HES on CSSA Households. The work was expected to be completed around October 2011.

39. Mr WONG Kwok-hing sought clarification as to why the proposed increase in flat-rate grant for SRE covered only full-time students on CSSA, instead of children from low-income families as announced in the Policy Address. DS(W)2 clarified that as announced in the Policy Address, the Government would increase the flat-rate grant under STAS administered by the Student Financial Assistance Agency. To better assist CSSA households to meet SRE, the Administration proposed to similarly increase the annual flat-rate grant for selected items of SRE payable to full-time students at primary and secondary levels on CSSA.

40. Ms LI Fung-ying expressed concern that the proposed increase of the standard payment rates by 3% was far from adequate for the CSSA recipients to catch up with the expenses on daily necessities at times of high inflation. She was concerned how the Administration would ensure that the livelihood of CSSA households would not be adversely affected during inflationary period. Ms LI pointed out that those CSSA

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households living in private housing had to cut their food expenses so as to top up the difference in the actual rental and the rent allowance because of the rapid increase in private housing rentals. She wondered whether the Government would consider introducing short-term and relief measures to ease the pressure of high inflation and rentals on CSSA households.

41. DS(W)2 advised that the proposed increase in the standard payment rates of the CSSA Scheme and rates of allowances under the SSA Scheme was made in accordance with the established mechanism which had been working effectively. She explained that prior to the introduction of the existing adjustment mechanism, social security payments were adjusted based on a projected rate of inflation. However, when there was a significant over-estimation, the differences would be taken into account in calculating the adjustment for the following year. It would be difficult for CSSA and SSA recipients to adjust to a significant downward adjustment of payment rates to make up for the over-estimation in previous year(s). After thorough deliberations, the existing methodology for adjusting the CSSA and SSA payment rates was adopted in 2005. On rent allowance, DS(W)2 said that it was Government's housing policy to provide public rental housing for those who could not afford private housing. Currently, the average waiting time for allocation of public rental housing flats was 1.9 years. Individuals or families in genuine or pressing housing needs and having medical/social ground(s) might apply for allocation of public rental housing under compassionate rehousing. This apart, SWD would provide other forms of assistance to those with housing need as appropriate.

42. Mr LEE Chuek-yan envisaged that an increase of 3% in the standard payment rates of CSSA was too meagre to cope with the anticipated inflation. He urged the Administration to make a commitment in making adjustment to the standard payment rates ahead of the normal schedule if inflation was persistently high. Pointing out that the last review of the CSSA Scheme was conducted more than 10 years ago, Mr LEE took the view that the Administration should conduct a comprehensive review of the CSSA Scheme with a view to updating the basic needs items to be included in SSAIP. Mr LEE said that MRA under the CSSA Scheme had been frozen since 2003, it was an opportune time for the Administration to review the adjustment mechanism of rent allowance for CSSA households. In his view, the Administration should take into account the rental movements by districts and assess the impact of recent rise in rental on CSSA households.

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43. DS(W)2 responded that the Administration would closely monitor movements of SSAIP and other economic indicators, and propose additional adjustments, if so warranted, ahead of the normal adjustment cycle. As to whether the standard payment rates of CSSA were adequate to meet the basic needs of the recipients, DS(W)2 said that as explained earlier, the Administration was studying the expenditure pattern of CSSA households on commodities and services covered by SSAIP based on the information collected from the latest round of HES on CSSA Households.

44. DS(W)2 further said that MRA had been frozen since 2003 despite the continuation of deflationary period until 2005. While there had been upward movements of the CPI(A) rent index for private housing starting from 2005, the increase in private rent was still lower than the cumulative drop in the previous years. DDSW(A) supplemented that subsequent to the 15.8% reduction in June 2003, the CPI(A) rent index for private housing continued its fall and recorded a further downward adjustment by 13.1% and 17.3% in March 2004 and March 2005 respectively before rising. However, no further corresponding downward adjustment to MRA had been made since 2003. The latest rent index remained 0.6% lower than the 2003 level. DS(W)2 assured members that the Administration was mindful of the upward movement of the rent index and would monitor closely the latest situation.

45. The Chairman drew members' attention to the fact that the rent allowance was payable to CSSA recipients living in private housing on a reimbursable basis, and thereby CSSA recipients had to meet the additional rental expenses on their own accord only if the actual rent paid by them exceeded MRA.

46. Mr Albert HO said that the rent allowance was determined based on the rent index which measured the average market rental in the past 12 months. Given that tenancy agreements would normally valid for 18 to 24 months, the rent index sought to reflect the past trend only. He took the view that the Administration should review the adjustment mechanism for rent allowance so as to better reflect the prevailing market situation.

47. DDSW(A) responded that MRA was adjusted in accordance with the 12-month moving average of the CPI(A) rent index for private housing, which covered all types of residential leases, i.e. new, renewal and existing ones.

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48. Mr IP Wai-ming said that in the light of members' concern about the adequacy of rent allowance for CSSA households to meet the rising rental expenses and the impact of high inflation on CSSA households, the Administration should draw up a concrete timetable to examine critically the expenditure pattern of CSSA households and review the adjustment mechanism accordingly. Mr IP held the view that the Panel should further discuss the subject. At the request of Mr IP, DS(W)2 agreed to provide further information on the components and adjustment mechanism of SSAIP, as well as the adjustment mechanism of MRA.

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49. Mr Frederick FUNG noted with concern that a rapid price increase of foodstuffs imported from the Mainland was recorded as a result of appreciation of Renminbi exchange rates. He asked whether the relative weighting of daily necessities under SSAIP would be adjusted accordingly. Pointing out that rentals in urban area and the New Territories varied, Mr FUNG urged the Administration to make reference from the Housing Authority in adopting different rental levels for public rental housing located in urban area and the New Territories and set different levels of MRA for CSSA households in accordance with the market rental of private housing in individual districts.

50. DS(W)2 explained that standard payment rates of CSSA were adjusted according to the annual adjustment mechanism. This apart, the relative weighting of commodities and services covered under SSAIP was updated every five years on the basis of the findings of HES on CSSA Households to ensure that up-to-date expenditure patterns of CSSA households were accurately reflected in the compilation of SSAIP. As mentioned earlier, the Administration was studying the information collected from the latest HES for CSSA Households, and the results were expected to be available around October next year. DS(W)2 considered it not appropriate to set different levels of MRA by districts having regard to the fact that rent levels within the same district might vary wildly due to factors such as location and interior conditions of the premises. Moreover, CSSA recipients were free to choose where to live according to their own needs and wishes.

51. Mr TAM Yiu-chung urged the Government to take heed of members' views and consider reviewing the adjustment mechanism for MRA in a bid to ensure that the rent allowance payable to CSSA households would not be lower than the actual rent paid by them. In anticipation of a rapid rise in

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inflation, Mr TAM asked whether the Administration would put in place a mechanism to adjust the standard payment rates of CSSA, say, at half-yearly interval if there was persistently high inflation.

52. DS(W)2 reiterated that the Administration would closely monitor the rental movements. As regards the adjustment methodology for CSSA standard payment rates, DS(W)2 elaborated that having regard to the impact of seasonal factors on the prices of consumer goods, the 12-month moving average SSAIP would form a better basis for determining levels of the standard payment rates. The Administration would consider seeking approval for additional inflationary adjustments to the standard payment rates ahead of the annual adjustment cycle if movements of SSAIP and other economic indicators pointed to persistently high inflation. DS(W)2 drew members' attention to the fact that the Administration had made additional inflationary adjustments to the standard payment rates in 2008. The Administration considered that the existing mechanism provided greater flexibility in making adjustment to the standard payment rates where necessary. DS(W)2 added that the latest 12-month moving average of SSAIP up to October 2010 would be available by the end of November 2010 and be provided in the rate adjustment proposal to FC in December 2010.

53. To better understand the impact of high inflation and rental on CSSA households, Mr LEUNG Kwok-hung said that deputations should be invited to give views on the matter. In his view, the rent index and SSAIP could not fully reflect the prevailing market rental for private housing and actual expenditure patterns of CSSA households. Mr LEUNG called on the Administration to conduct a comprehensive review on the up-to-date expenditure patterns of the CSSA recipients such that their expenditure patterns were accurately reflected when making adjustment to the standard payment rates and rent allowance.

54. DS(W)2 reiterated that standard payment rates and MRA under the CSSA Scheme were adjusted in accordance with movements of SSAIP and the CPI(A) rent index for private housing respectively.

[To allow sufficient time for discussion, the Chairman directed that the meeting be extended for 15 minutes to end at 1:00 pm.]

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55. Mr Alan LEONG said that a projected increase of 3% in the standard payment rates could not catch up with the anticipated high inflation resulted from the QE2 measures of the US Government. In his view, it would be prudent for the Administration to assess the impacts of high inflation on the CSSA households and draw up measures as appropriate. Mr LEONG cited that according to the figures compiled by the Hong Kong Council of Social Service ("HKCSS"), the rent index for private housing recorded an increase of 11.2% between 2003 and 2009. It was also pointed out that the actual rent paid by over 50% of CSSA recipients living in private housing exceeded MRA. Mr LEONG asked whether the Administration would consider the proposal put forward by HKCSS for reviews of adjustment mechanism for rent allowance and the methodology for compiling the rent index. Notably, MRA should be determined based on the actual rent for private housing paid by CSSA households in the past 12 months, followed by making an adjustment to MRA half-yearly.

56. DS(W)2 said that the CPI (A) rent index was compiled by C&SD based on the average rental movement of private housing. As explained earlier, MRA had been frozen since 2003 despite the continuation of a downward trend in the index in subsequent years before rising again in recent years. DS(W)2 further said that 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. Apart from applying for public rental housing, individuals or families in genuine and pressing housing problems and having medical/social ground(s) might apply to SWD for recommendation of allocation of public rental housing flats under compassionate rehousing. Referrals to singleton hostels and other welfare assistance would be made by SWD as appropriate. DS(W)2 assured members that the Administration would closely monitor the situation and propose adjustment to MRA as necessary.

57. Expressing grave concern about the impact of the anticipated inflation on the grassroots, Dr PAN Pey-chyou appealed to the Administration for monitoring closely the situation. Instead of making reference to the 2003 index level, the Government should be mindful of the rapid rise in private housing rental in considering whether MRA should be adjusted upwards. To ease the impact of the rising private housing rentals on CSSA households, Dr PAN urged the Administration to consider concrete ways to address the imminent housing needs of CSSA households

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who were not eligible for public rental housing. Dr PAN held the view that the Administration should consider introducing an allowance for employment of domestic helpers under the Disability Allowance ("DA") to alleviate the burden of family carers in taking care of the DA recipients.

58. DS(W)2 said that there were different types of supplements to provide assistance to CSSA recipients in need; a range of special grants were also payable to persons with disabilities to meet their specific needs. The payment rates of DA would be adjusted according to the established annual adjustment mechanism.

59. In concluding the discussion, the Chairman said that members generally supported the Administration's funding proposals. Members, however, were very concerned about the adjustment mechanism of MRA and whether the commodities and services under SSAIP were compatible with the present needs. In view of members' concern, the Chairman said that the Panel would hold a special meeting in January 2011 to further discuss the subject, and deputations would be invited to give views. He added that the Administration should provide the requisite information as mentioned in paragraph 48 above for the special meeting.

VI. Any other business

60. There being no other business, the meeting ended at 12:58 pm.

Council Business Division 2
Legislative Council Secretariat
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