

立法會
Legislative Council

LC Paper No. CB(2)1643/10-11

(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

**Minutes of special meeting
held on Tuesday, 18 January 2011, at 2:30 pm
in the Chamber 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
Hon Ronny TONG Ka-wah, SC
Hon Paul CHAN Mo-po, MH, JP
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip

Member absent : Dr Hon LEUNG Ka-lau

Public Officers attending : Item I
Ms Irene YOUNG, JP

Deputy Secretary for Labour and Welfare (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

Mr SO Shui-sing
Acting Senior Statistician (Social Welfare)
Social Welfare Department

**Attendance by : Item I
invitation**

Alliance for Universal Pension

Mr AU YEUNG Kwun-tung
Organizer

Oxfam Hong Kong

Ms WONG Shek-hung
Hong Kong Program Advocacy Officer

Labour Rights Commune

Miss CHEUNG Man-wai

Chinese Grey Power

Ms LO Siu-lan
Chairperson

On Yam Estate Tak Yam House Mutual Aid Committee

Ms WONG Ling-hei
Chair-Lady

Grassroots Development Centre

Mr NG Kin-wing

Committee Member

The Boys' and Girls' Clubs Association of Hong Kong

Mr WONG Kwai-yau
Supervisor

The Against Elderly Abuse of Hong Kong

Mr Vincent CHAN
Consultant

Kwai Fong Estate Elderly Concern Group

Mr CHUNG Hou-ping
Committee Member

The Federation of Hong Kong and Kowloon Labour Unions

Miss CHU Kam-wah
Community Organizer

Hong Kong Women Workers' Association

Miss LAU Yuk-chun
Member

Elderly Council of Tsuen Kwai Tsing District

Mr LAM Chi-chung
Secretary

關注舊區住屋權益社工聯席

Mr WONG Cheung-hung

Neighbourhood and Worker's Service Centre

Mr LOONG Tsz-wai
Community Organizer

葵涌邨勞工權益關注組

Mr LEUNG Kam-wai
Representative

New Women Arrivals League

Mr YEUNG Kin-bun
Organizer

同根同天空

Ms CHAN Fung-mui
Committee Member

Hong Kong Christian Institute

Mr TANG Wing-fai
Programme Secretary

爭取基層生活保障聯盟

Ms Ally LAM Lai-ling

The Hong Kong Council of Social Service

Mr CHUA Hoi-wai
Business Director, Policy Advocacy and Social Enterprise

Sham Shui Po Community Association Limited

Ms CHOW Kit-yin
Chairman

Concerning CSSA Review Alliance

Mr AU YEUNG Tat-chor
Community Organizer

Concerning Group for Women Poverty

亞雙
Member

婦女基層權益會

Miss HO Foei-lin
Member

Kwun Tong CSSA Concern Group

Ms SHUM
Member

關注中港家庭權利聯席

Mr John CHUNG Ping-lam
Member

葵涌邨長者權益關注組

Ms NG Mei
Representative

Hong Kong Association for the Survivors of Women
Abuse (Kwan Fook)

Ah Bo
Member

Hong Kong Domestic Workers' Union

Ms CHUNG Pik-mui
Ex-co member

Association for the Right of the Elderly

Mr LEE Kar-mut
Chairperson

Justice and Peace Commission of the Hong Kong
Catholic Diocese

Mr LAM Shui-kei
Committee Member

Neighbourhood and Worker's Service Centre -
New Women Arrivals' Rights Concerning Group

Ms LAU Hoi-yin
Member

Ms CHAN Sheung-man
Community Organizer

The Forthright Caucus

Miss LEE Choi-kwan
Member

Community Development Alliance

Hing
Representative

Community Economic Concern Group

Nano
Representative

Labour-welfare Group of Democratic Party

Mr LO Kin-hei

Resident Rights Concern Group in Kwai Shing East
Estate

Mr Raymond CHOW Wai-hung
Community Organizer

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

Staff in attendance : Miss Karen LAI
Council Secretary (2) 4

Miss Maggie CHIU
Legislative Assistant (2) 4

I. Review of the Comprehensive Social Security Assistance Scheme - Social Security Assistance Index of Prices, rent allowance and related matters

[LC Paper Nos. CB(2)786/10-11(01) to (04), CB(2)817/10-11(01), CB(2)833/10-11(01) to (07) and CB(2)870/10-11(01) to (07)]

The Chairman said that as agreed at the meeting held on 8 November 2010, the Panel would hold a special meeting to gauge the views of deputations concerning the impact of inflation and upsurge of housing rentals on the Comprehensive Social Security Assistance ("CSSA") households. He then drew members' attention to a letter dated 10 January 2011 from Mr WONG Sing-chi on rent allowance under the CSSA Scheme, and the Administration's response which was tabled at the meeting.

2. At the invitation of the Chairman, Deputy Secretary for Labour and Welfare (Welfare) 2 ("DS(W)2") briefed members on the compilation of the Social Security Assistance Index of Prices ("SSAIP") and the adjustment mechanism for standard payment rates and rent allowance under the CSSA Scheme, as detailed in the Administration's paper.

Meeting with deputations

Hong Kong Domestic Workers' Union

3. Ms CHUNG Pik-mui said that the CSSA standard payment rates were not adequate for the recipients to maintain their purchasing power at times of high inflation and soaring housing rentals. Ms CHUNG further said that low-income earners, such as domestic workers who were suffered from under-employment, were also hit by the rising inflation. She strongly urged the Government to introduce a universal retirement protection scheme for all citizens.

Alliance for Universal Pension

[LC Paper No. CB(2)870/10-11(01)]

4. Mr AU YEUNG Kwun-tung said that the CSSA standard rates of \$2,590 for an elderly recipient was far from adequate to cover the expenditure on the basic needs items. Pointing out that the three pillars for retirement protection, including the social security system for the needy elderly, could not provide adequate retirement support for the

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elderly, he urged that a universal retirement protection scheme should be introduced.

Oxfam Hong Kong

[LC Paper No. CB(2)870/10-11(02)]

5. Ms WONG Shek-hung said that under the existing adjustment mechanism for CSSA standard payment rates, the so-called latest SSAIP movements were at least 16 months lagging behind the up-to-date market prices. Consequently, the recent upward adjustment of the standard payment rates by 3.4% could not catch up with the soaring prices of foodstuffs and daily commodities. She urged the Government to –

- (a) review and adjust the level of CSSA standard payment rates every six months;
- (b) conduct a comprehensive review of the items of goods and services covered by SSAIP to ensure that the index could accurately reflect the latest consumption pattern of CSSA households; and
- (c) simplify the CSSA application procedures and review the eligibility criteria, for example, by allowing poor elderly to apply for CSSA on an individual basis.

Labour Rights Commune

[LC Paper No. CB(2)870/10-11(03)]

6. Referring to a survey conducted by Oxfam, Miss CHEUNG Man-wai said that of the some 900 000 elderly population (aged 65 or above), some 160 000 of them were eligible for CSSA but had not applied for CSSA and relied on a meagre income for a living. She was concerned that with the introduction of statutory minimum wage, these working poor elders would be driven out of the labour market and would live in poverty without retirement protection. Apart from reviewing the CSSA Scheme, Miss CHEUNG urged the Government to introduce a universal retirement protection scheme expeditiously to protect the retirement life of the poor elderly.

Chinese Grey Power

[LC Paper No. CB(2)833/10-11(01)]

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7. Ms LO Siu-lan said that in recognition of the contributions by the elderly to the community, the Government should provide all of them with retirement protection. She pointed out that many elders were ineligible for CSSA because of the requirement of applying for CSSA on a household basis, although they were not supported by their families financially. In view of the inadequacy of the three-pillar retirement protection for the poor elderly, Ms LO strongly urged the Government to accord top priority to introducing a universal retirement protection scheme to provide elders with better support during their twilight years.

On Yam Estate Tak Yam House Mutual Aid Committee
[LC Paper No. CB(2)870/10-11(04)]

8. Ms WONG Ling-hei said that many elders living in public rental housing units were not supported by their families financially. However, when these elderly applied for CSSA, their family members were required to make a statement of non-provision of financial support. This had in effect affected adversely the relationship between the elderly applicants and their family members. Ms WONG appealed to the Administration to abolish the requirement for elders to apply for CSSA on a household basis and introduce universal retirement protection for the well-being of elderly.

Grassroots Development Centre
[LC Paper No. CB(2)833/10-11(02)]

9. Mr NG Kin-wing said that the inefficiencies of the CSSA Scheme could only be improved by conducting an overhaul of the system and the adjustment mechanism. To address the problem of elderly in poverty, Mr NG urged the Government to allow elders, though living with their families, to apply for CSSA on an individual basis so as to remove the unnecessary hurdles imposed on the elders. Lastly, he called upon the immediate introduction of a universal retirement protection scheme to provide elders with the basic support after retirement.

The Boys' and Girls' Clubs Association of Hong Kong
[LC Paper No. CB(2)833/10-11(03)]

10. Mr WONG Kwai-yau expressed grave concern about the well-being of children on CSSA. Apart from revising the CSSA payment rates, Mr WONG called on the Administration to review the relative weighting of SSAIP to ensure that the index accurately reflect the specific needs and up-to-date expenditure pattern of children on CSSA, such as expenses on

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internet access fees, computers and extra curricular activities. Mr WONG said that the Administration had cut the CSSA payment rates by 11% across the board and abolish the long-term supplement for able-bodied CSSA recipients in 1999, it should examine critically the impact of the arrangements on the CSSA recipients. Mr WONG further said that consequent upon the seven-year residence requirement, some new arrivals had to rely on the CSSA payments of their Hong Kong children for a living. To relieve the financial hardship of these families, the Administration should consider providing them with a special allowance.

The Against Elderly Abuse of Hong Kong
[LC Paper No. CB(2)833/10-11(04)]

11. Mr Vincent CHAN said that some elderly could not apply for CSSA because their children declined to make the statement of non-provision of financial support or provide documents to prove that their income was unable to support their parents even though they lived together. To provide assistance to these elderly CSSA applicants, he urged that frontline staff of the Social Welfare Department ("SWD") should refer them to other appropriate service units for assistance and follow-up actions. In addition, the Administration should abolish the requirement of applying for CSSA on a household basis. Mr CHAN further said that in the light of the rising food prices caused by inflation, the elderly CSSA recipients could hardly afford a decent living. He strongly urged the Government to review the CSSA payment level so as to maintain the purchasing power of the elderly CSSA recipients and adhere to nutritious standards as advised by the Department of Health.

Kwai Fong Estate Elderly Concern Group

12. Mr CHUNG Hou-ping said that an increase of the standard CSSA payment rates by 3.4% lagged far behind the soaring prices of foodstuffs. Citing his personal experience, none of the pillars for retirement protection could protect his retirement life. The Government should introduce a universal retirement protection scheme and put forward the relevant proposal for public consultation without delay.

The Federation of Hong Kong and Kowloon Labour Unions
[LC Paper No. CB(2)786/10-11(04)]

13. Miss CHU Kam-wah said that the three pillars for retirement protection could not provide security to the financially vulnerable people.

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As for the CSSA Scheme, both the relative weighting of SSAIP and the rent allowance were outdated. The CSSA recipients had to cut their expenditure on daily commodities to meet the soaring food prices and rentals. In view of this, the Administration should review and update the relative weighting of SSAIP every two years, and review the adjustment mechanism for rent allowance.

Hong Kong Women Workers' Association

14. Miss LAU Yuk-chun told the meeting about the inflationary impact on the low-income families. In her view, the Government should examine critically the phenomenon of low-income families whose household income was lower than the CSSA households and why these families were not protected by the social security system.

Elderly Council of Tsuen Kwai Tsing District

15. Mr LAM Chi-chung said that the payments of CSSA, Disability Allowance ("DA") and Old Age Allowance ("OAA") should be adjusted upwards by at least 10% so as to catch up with the inflation. To relieve the financial burden of low-income families to meet the additional expenses during festive seasons, he urged that one additional month of allowance should be provided for the recipients of CSSA, DA and OAA before the Lunar New Year. He appealed to the Financial Secretary to allocate additional provisions in the forthcoming Budget for making upward adjustment of the social security allowance.

關注舊區住屋權益社工聯席

16. Mr WONG Cheung-hung said that according to the findings of a survey jointly conducted by several concern groups, it was revealed that the rent allowance under the CSSA Scheme was not adequate to cover the actual rent paid by CSSA households living in private housing. According to SWD, 54% of CSSA households living in private housing paid actual rent higher than the maximum levels of rent allowance ("MRA") in March 2009 and the percentage rose to 56% in March 2010. Mr WONG considered that it was due to the discrepancies between the Consumer Price Index (A) ("CPI(A)") rent index for private housing and the prevailing market situation. In his view, MRA should be increased by 15%-20% to catch up the actual upsurge in private housing rental. This apart, the Administration should review the adjustment mechanism for MRA with a view to determining the level of MRA based on the actual rent

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paid by CSSA households. Moreover, a rental subsidy amounted to one month rental should be provided to those CSSA households who had been on the waiting list of public rental housing for more than three years.

Neighbourhood and Worker's Service Centre

17. Mr LOONG Tsz-wai said that certain basic items of goods and services of CSSA households, such as expenses on internet access fees, reference books and dictionaries incurred by school attending children were not covered by SSAIP, and hence the existing adjustment mechanism of CSSA standard payment rates could not reflect accurately the consumption pattern of CSSA households, nor reflect the latest price level of daily necessities. Under the existing social security system, the poor could hardly get out of poverty, not to mention getting prepared for the retirement age. He urged the Government to conduct an overall review of the adjustment mechanism for CSSA standard payment rates and the components of SSAIP as well as introduce a universal retirement protection scheme expeditiously.

葵涌邨勞工權益關注組

18. Mr LEUNG Kam-wai was of the view that the Government should conduct a comprehensive review of the CSSA Scheme, with a view to introducing an income subsidy to low-income CSSA households to encourage them to work towards self-reliance. In tandem, the Government should introduce a universal retirement protection scheme to provide the elderly with better retirement life. Mr LEUNG added that the Government should relax the seven-year residence requirement under the CSSA Scheme.

New Women Arrivals League

[LC Paper No. CB(2)870/10-11(05)]

19. Mr YEUNG Kin-bun called on the Administration to review the population policy, with a view to abolishing the seven-year residence requirement under the CSSA Scheme. In the meantime, frontline social workers should be provided with guidelines on the exercise of discretion to waive the seven-year residence requirement in respect of CSSA applications from newly arrived Mainland single parents. Mr YEUNG further requested the Administration to review the arrangement of requiring children to submit CSSA applications together with a guardian if their parents were non-Hong Kong permanent residents.

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同根同天空

20. Ms CHAN Fung-mui said that a 3.4% increase of the standard payment rates was too meagre for CSSA recipients to maintain the purchasing power in face of the soaring prices of foodstuffs and daily necessities. Moreover, the rent allowance could not cover the actual rental. The Administration should review the adjustment mechanism for the CSSA payment rates expeditiously.

Hong Kong Christian Institute

21. Mr TANG Wing-fai considered that the CSSA payments should be adjusted upwards to a level compatible with the living standards of the community at large. The Administration should also introduce a universal retirement protection scheme for all people expeditiously to better protect the vulnerable groups. Mr TANG was of the view that the CSSA recipients were deprived of their rights to welfare as a result of the seven-year residence requirement and various employment projects under the CSSA Scheme. He strongly urged the Administration to review and relax such requirements.

爭取基層生活保障聯盟

22. Ms Ally LAM said that the CSSA standard payment rates had been reduced by 11.1% in 2003 due to recession, but the reduced amount had not been recovered despite the upward adjustments in the subsequent years. To maintain the purchasing power of CSSA recipients, the adjustment of the CSSA standard payment rates should be pegged with the latest inflation rate. Ms LAM further said that many CSSA households were paying actual rental higher than MRA. To alleviate the financial hardship in meeting the soaring private housing rental, she suggested that the Government should allocate vacant public housing rental flats to CSSA households with accommodation needs. Ms LAM appealed to the Government to give special attention to the problems of elderly in poverty and inter-generational poverty.

The Hong Kong Council of Social Service
[LC Paper No. CB(2)870/10-11(06)]

23. Mr CHUA Hoi-wai said that the adjustment mechanism for rent allowance had been adopted since 1998 in a bid to update MRA such that

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the rent allowance could cover the rental expense of 90% of CSSA households. Given the actual rent of 56% of CSSA households living in private housing exceeded MRA, the Government should review and raise MRA to the median actual rent paid by CSSA households. In the long term, the Government should conduct a comprehensive review on the adjustment mechanism of MRA to ensure that the rent allowance payable to CSSA households could cover the actual rent paid by them.

Sham Shui Po Community Association Limited

24. Ms CHOW Kit-yin said that having regard to the widening disparity between the rich and the poor and the fact that some 1.3 million people were living in poverty, the Administration should take immediate actions to improve the inefficiencies of the CSSA Scheme and the three pillars model of retirement protection. Specifically, the Administration should implement a universal retirement protection scheme by reserving \$50 billion for old age pension for all citizens. As for the CSSA Scheme, the Administration should abolish the requirement of elderly applicants to produce the statement of non-provision of financial support from family members, review the level of standard payment rates to ensure its adequacy to meet the basic needs of recipients, and in particular, restore the CSSA standard payment rates to the pre-2003 level.

Concerning CSSA Review Alliance

25. Mr AU YEUNG Tat-chor told the meeting about the inflationary pressure on the CSSA households. Mr AU YEUNG said that the recent increase of the CSSA standard payment rates by 3.4% was too low for the recipients to cope with the inflation. While the Administration had repeatedly advised that the payments for CSSA households were higher than the household income of the lowest 25% income group, the Administration should study the phenomenon of low-income families in connection with a comprehensive review of the CSSA Scheme. In his view, the Administration should adopt the basic needs approach adopted in 1996 for the review of the CSSA Scheme to ensure that the CSSA payments could adequately meet the basic needs of the recipients.

Concerning Group for Women Poverty
[LC Paper No. CB(2)833/10-11(05)]

26. 亞雙 said that as a result of the rising inflation, the CSSA recipients had to consume inferior goods if no corresponding adjustment to the CSSA

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payments was made. She called on the Government to increase the CSSA standard payment rates such that the CSSA recipients could tide over the financial hardship at times of high inflation.

[The Deputy Chairman took the chair during the temporary absence of the Chairman.]

婦女基層權益會

27. Miss HO Foei-lin said that the CSSA standard payment rates should be increased by at least 20% to 30% to catch up with the past inflation so as to meet the survival needs of the CSSA recipients. In addition, the Government should abolish the requirement of elderly CSSA applicants to produce the statement of non-provision of financial support by family members.

Kwun Tong CSSA Concern Group

28. Ms SHUM said that CSSA households led a difficult life due to the soaring food prices. She urged the Government to increase the CSSA standard payment rates to relieve the financial hardship of CSSA recipients.

關注中港家庭權利聯席

[LC Paper No. CB(2)817/10-11(01)]

29. Mr John CHUNG said that under the existing population policy, the eligibility for CSSA were subject to, among others, the seven-year residence requirement. Consequently, new arrivals were not eligible for social security protection. Moreover, Hong Kong born children could not apply for CSSA on their own if their parents were non-Hong Kong permanent residents. Such arrangements had deprived individuals' rights to welfare and departed from the objective of the CSSA Scheme to provide a safety net to the needy. Mr CHUNG strongly urged the Administration to review the population policy, formulate a policy to foster new arrivals' integration into the community and abolish the seven-year residence requirement under the CSSA Scheme.

[The Chairman resumed the chair at this junction.]

葵涌邨長者權益關注組

[LC Paper No. CB(2)833/10-11(06)]

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30. Ms NG Mei said that housewives, domestic helpers and elders were not protected under the Mandatory Provident Funds ("MPF") System. She called on the Government to introduce a universal retirement protection scheme expeditiously for every citizen in Hong Kong to better protect the retirement life.

Hong Kong Association for the Survivors of Women Abuse (Kwan Fook)

31. Ah Bo said that many victims of domestic violence were single mothers who relied on the meagre CSSA payments to raise their children. The standard payment rates should be further increased to maintain the purchasing power of CSSA families in regard to the soaring prices of daily commodities and public transport fares. She also appealed to the Government to introduce a special grant under the CSSA Scheme to subsidise school attending children to take part in extra-curricular activities.

Association for the Right of the Elderly

32. Mr LEE Kar-mut expressed support for conducting a comprehensive review of the CSSA Scheme in a bid to ensure that the CSSA recipients could lead a dignified life. In his view, a forecast methodology should be adopted for the adjustment of CSSA such that the recipients did not have to catch up with past inflation and the interval of adjustment should be shortened to reflect more accurately the latest price level of goods and services. Mr LEE said that rental contributed to a significant portion of expenses of elderly CSSA recipients. However, under the existing adjustment mechanism for rent allowance, MRA was adjusted in accordance with the movement of CPI(A) rent index for private housing in the past months. He urged the Administration to review the adjustment mechanism for rent allowance as well.

*Justice and Peace Commission of the Hong Kong Catholic Diocese
[LC Paper No. CB(2)833/10-11(07)]*

33. Mr LAM Shui-kei said that some needy elderly had not applied for CSSA for various reasons, but the main reason was due to the requirement of submitting applications for CSSA on a household basis and making the statement of non-provision of financial support by family members if the elderly wished to apply for CSSA on their own. Such requirement also had caused a lot of conflicts to Chinese families in regard to the traditional values of filial piety. Mr LAM called on the Administration to abolish the

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requirement.

Neighbourhood and Worker's Service Centre – New Women Arrivals' Rights Concerning Group

34. Ms LAU Hoi-yin said that the seven-year residence requirement should be relaxed so as to allow the newly arrived to apply for CSSA if they were in financial difficulties. Ms CHAN Sheung-man added that many newly arrived Mainland women were single mothers and financially vulnerable, but they had to stay in Hong Kong to take care of their children and rely on the CSSA payments of their children for a living. She strongly urged the Administration to abolish the seven-year residence requirement. In the meantime, she called on the Administration to exercise discretion to waive the residence requirement under the CSSA Scheme in respect of the newly arrived Mainland single mothers.

The Forthright Caucus

35. Miss LEE Choi-kwan said that under the prevailing policy, CSSA recipients who were owners of the Tenant Purchase Scheme flats were not eligible for rent allowance under the CSSA Scheme because of the "double benefits" consideration. These CSSA households had to cut the daily expenses of other essential commodities to meet the mortgage loan. In her view, the "double benefits" consideration was unjustifiable. She urged the Administration to review the relevant policy.

Community Development Alliance

36. Hing said that given the rising inflation, the CSSA standard payment rates should be adjusted upwards so as to maintain the purchasing power of CSSA households.

Community Economic Concern Group

37. Nano commented that the methodology for determining the CSSA standard payment rates was outdated, and in particular failed to reflect accurately the latest price level of foodstuffs and daily commodities. Given the inefficiencies in the CSSA Scheme, such as the seven-year residence requirement and the requirement of making applications on a household basis, she took a strong view that an overhaul of the system was long over due. Lastly, she appealed to the frontline staff of SWD to adopt a more user-friendly approach in explaining to the CSSA applicants about

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their eligibility for various types of supplements and grants under the CSSA Scheme.

Labour-welfare Group of Democratic Party

38. Mr LO Kin-hei said that while the CSSA Scheme aimed to provide a safety net for the needy, it was of equal importance for the Administration to adopt measures to help the CSSA recipients move from welfare to self-reliance. However, the arrangement of Disregarded Earnings had in effect discouraged the able-bodied CSSA recipients to take up employment. Mr LO further said that the Administration should conduct an overhaul of the CSSA Scheme, and in particular the components and relative weighting of SSAIP, the adjustment mechanism for rent allowance, and the requirement of CSSA applications to be made on a household basis

Resident Rights Concern Group in Kwai Shing East Estate

39. Mr Raymond CHOW said that to address the changing needs of the community, a review on the CSSA Scheme should be conducted in tandem with other policies such as education, housing, employment, and the MPF System. He urged the Administration to take heed of the strong call from the community and formulate a long-term strategy for providing social security to better protect the vulnerable groups.

[To allow sufficient time for discussion, the Chairman directed that the meeting be extended for 15 minutes.]

Discussion

40. Ms LI Fung-ying said that although CSSA recipients had to cut their daily expenses on basic necessities in a bid to cope with the rising inflation and to top up the difference between soaring actual private housing rental and MRA, the Administration advised that there remained room for a downward adjustment of MRA by 0.2%. She questioned the rationale for making the observation. In her view, the Government should introduce immediate relief measures to alleviate the financial hardship of CSSA recipients.

41. DS(W)2 said that the Administration was mindful of the need to maintain the purchasing power of CSSA payments. As such, the standard payment rates were adjusted annually in accordance with the 12-month moving average of SSAIP as at the end of October and that the weighting

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system of SSAIP was updated every five years based on the findings of the Household Expenditure Survey ("HES") on CSSA Households conducted. As regards rent allowance, DS(W)2 said that MRA was adjusted annually in accordance with the movement of CPI(A) rent index for private housing. The MRA was last adjusted in June 2003. Although CPI(A) rent index for private housing indicated there was room for downward adjustment of the rates in the following years, the Administration had frozen MRA at the 2003 level having regard to the state of economy. As at November 2010, there was still room for downward adjustment of MRA by 0.2%. DS(W)2 added that the Administration would monitor closely the latest situation, and would adjust MRA in accordance with the established mechanism when necessary.

42. Pointing out that MRA could only cover the actual rent paid by 86% of the CSSA households, Ms LI Fung-ying remained of the view that the Administration should take note of the latest situation of soaring private housing rental and draw up concrete alleviation measures accordingly.

43. Mr LEUNG Yiu-chung was of the view that the recent upward adjustment of CSSA standard payment rates by 3.4% was minimal and insignificant in nominal term. Specifically, an increase of 3.4% would mean an additional monthly payment of \$88 for an elderly CSSA recipient. In his view, such so-called revision would make no material difference for the recipients to cope the impact of high inflation. Mr LEUNG strongly called on the Administration to conduct an overhaul of the adjustment mechanism for the CSSA standard payment rates and consider granting special supplements to CSSA households to maintain their purchasing power at times of high inflation.

44. In regard to the support for elderly on CSSA, Deputy Director of Social Welfare (Administration) ("DDSW(A)") advised that the monthly standard payment rates of elderly CSSA recipients ranged from \$2,590 to \$4,420 depending on the physical and health conditions of individual recipients. In addition, an annual long-term supplement was provided to those who were old, disabled or medically certified to be in ill-health; special grants would also be provided for them to meet their special needs.

45. Mr LEE Cheuk-yan shared the concerns of deputations on the inadequacy of CSSA payments for the recipients to meet their present day basic needs and actual private housing rental. Notably, the adjustment of CSSA standard payment rates and MRA were lagging behind the prevailing market prices. Mr LEE pointed out that the Panel and its

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subcommittees had time and again called upon the Administration to conduct a comprehensive review of the CSSA Scheme, such as the requirement of the elderly to apply for CSSA on a household basis and the seven-year residence requirement. He was disappointed that the Administration had turned a deaf ear to the strong call from members and deputations. He strongly appealed to the Administration to take note of the financial hardship of CSSA households in the light of the rising inflation and private housing rental, and actively consider the request for conducting a review of the CSSA Scheme, in particular the adjustment mechanism for the standard payment rates and rent allowance.

46. DS(W)2 said that the Administration was mindful of the impact of high inflation on CSSA households. As regards the proposal to revert to the inflation forecast methodology for adjusting social security payments, DS(W)2 said that if the forecast method was used, it would be difficult for the CSSA recipients to adjust to a significant downward adjustment of payments to make up for the over-adjustment in the previous year when there was an over-estimation of the rate of adjustment. DS(W)2 further said that the relative weighting of individual items of goods and services covered by SSAIP would be updated in the latest round of HES on CSSA Households, and report preparation would commence in March 2011. The findings would shed light on the latest expenditure pattern of CSSA households.

47. Mr LEUNG Kwok-hung noted with concern about the inflationary pressure on the disadvantaged group. In his view, the additional provision for making an inflationary adjustment for the CSSA payments and rent allowance would have little financial implication on the public expenditure as compared with the enormous expenditure on various infrastructure projects throughout the territory. He strongly requested the Administration to review the CSSA Scheme in connection with the population policy.

48. Referring to the Administration's response to his letter concerning rent allowance under the CSSA Scheme, Mr WONG Sing-chi noted with concern that the actual rentals of around 55% of CSSA households living in private housing were higher than MRA in the past three consecutive years. Notwithstanding this, the Administration advised that there was still room for downward adjustment of MRA by 0.2%. He commented that the Administration should critically examine the phenomenon of some 23 000 CSSA households living in private housing paid an actual rent higher than MRA. Mr WONG enquired how the Administration would deal with the

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phenomenon.

49. DS(W)2 advised that the Administration was mindful of the rising private housing rental and would closely monitor the rental movements. She 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 about two years. Individuals or families with imminent housing needs and social / medical grounds might apply for compassionate rehousing or seek other forms of assistance from SWD as appropriate.

50. Mr Ronny TONG was disappointed that despite repeated calls from deputations and members for a comprehensive review of the CSSA Scheme, the Administration failed to take heed of the views. Specifically, he was gravely concerned about the requirement of the elderly CSSA applicants to produce the statement of non-provision of financial support by their family members if the elderly wished to apply for CSSA on their own. In his view, the arrangement was disrespectful for the elderly. On the review of the CSSA standard payment rates, Mr TONG said that the existing adjustment mechanism could not reflect accurately the impact of price changes on CSSA households. Given that expenses on food, transport fares and rentals contributed to the major expenditure items of CSSA households, the Administration should review the standard payment rates in the light of price changes in these items.

51. DS(W)2 explained that all CSSA applicants living with their families were required to apply for CSSA on a household basis. If the elderly applicant was living with his/her family members, the application had to be made on a household basis. This requirement was in line with the policy objective of CSSA that financial assistance funded by general revenue should be provided to those most in need. Should the elderly applicants wish to apply for CSSA on their own, they were required to declare in writing whether they had other sources of income (including contributions from their family members). As regards the adjustment mechanism for the CSSA standard payment rates, DS(W)2 said that the Administration reviewed the standard payment rates annually in accordance with the changes in the 12-month moving average of SSAIP, which was compiled by the Census and Statistics Department on a monthly basis to reflect the impact of price changes on CSSA recipients. To reflect more accurately the latest expenditure pattern of CSSA households, the weighting system of SSAIP was updated every five years with reference to findings of the HES on CSSA Households. She added that SWD was compiling the findings

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of the 2009-2010 round of HES on CSSA Households, and the work was expected to be completed around October 2011.

52. Mr Albert CHAN expressed grave concern about the adequacy of CSSA payments in meeting the basic needs expenditure of the CSSA households. He said that the issue of making a timely and adequate adjustment to the CSSA standard payment rates had been raised time and again. Pointing out that according to the study conducted by Professor Stewart MacPherson of the then City Polytechnic of Hong Kong on the CSSA Scheme in 1993-1994, the monthly standard CSSA rates should be \$3,000, he was concerned that the existing level of CSSA standard rates had yet to reach the recommended level. Mr CHAN was of the view that the Government should adopt a case study approach and conduct a longitudinal study on individual CSSA households to better understand the actual expenditure pattern of CSSA households and the adequacy of standard payment rates to meet the basic needs of the recipients. The Administration should determine the appropriate level of CSSA standard payment rates based on the study findings.

53. DDSW(A) advised that HES on CSSA Households collected information on the actual expenditure of CSSA households on all commodities and services they consumed.

54. Mr IP Wai-ming said that the inflationary impact on the CSSA recipients had been raised repeatedly. He appealed to the Administration to understand the financial hardship and difficulties faced by the CSSA households at times of high inflation. Mr IP noted with concern that as at the end of December 2010, some 23 000 CSSA households (over 56%) living in private housing were paying actual rent higher than MRA. He urged the Administration to review and adjust the rent allowance as well as the CSSA standard payment rates so as to enable CSSA households to cope with the inflationary pressure. Mr IP enquired about the timetable for making the adjustments given that the latest round of HES on CSSA Households would only be completed in October 2011. Mr IP further asked about the circumstances under which the Administration would make adjustment to the CSSA standard payment rates ahead of the annual adjustment cycle so as to maintain the purchasing power of the payments.

55. DS(W)2 advised that the Administration had been adjusting annually the CSSA standard payment rates in accordance with the changes in the 12-month moving average of SSAIP. The Finance Committee approved in December 2010 the increase of the CSSA standard payment rates by

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3.4%, and the new rates took effect on 1 February 2011. On top of the annual adjustment, the weighting system of SSAIP was updated every five years with reference to HES on CSSA Households to ensure that up-to-date expenditure patterns of CSSA households were accurately reflected in the compilation of SSAIP. DS(W)2 further advised that as explained on various occasions, the Administration would consider seeking approval for additional inflationary adjustment to the standard payment rates ahead of the annual adjustment cycle if movements of SSAIP and other economic indicators pointed to persistently high inflation.

56. The Chairman was of the view that instead of updating the weighting system of SSAIP, the Administration should redeploy the resources allocated for the purpose to the conduct of a comprehensive review of the CSSA Scheme. On rent allowance, the Chairman said that it was an anomaly that the actual rental of 56% CSSA households living in private housing exceeded MRA on the one hand, but the Administration advised on the other hand that there was still room for a downward adjustment of MRA by 0.2%. The Administration should give an account of the phenomenon and consider providing additional subsidy for CSSA recipients whose actual rent exceeded MRA.

57. Referring to the concerns raised by depositions, the Chairman said that the seven-year residence requirement was detrimental to family unity, the Administration should examine such requirement in connection with the population policy. As for the concern about the requirement of elderly CSSA applicants to produce the statement of non-provision of financial support by their family members, this could be resolved if the retirement life of the elderly was safeguarded, i.e. the implementation of a universal retirement protection scheme. The Administration should also look into the issue of eligibility of Tenant Purchase Scheme flat owners for rent allowance under the CSSA Scheme. Lastly, SWD should enhance the transparency of the application procedures and eligibility for the CSSA Scheme.

58. In response to the Chairman's enquiry, DDSW(A) said that some CSSA households living in public rental housing paid rent higher than MRA because they lived in public rental housing units which were larger than the standard floor areas due to various reasons including the household's own preference. Otherwise, the MRA should be sufficient to cover rental in full in public housing estates. DDSW(A) further said that pamphlets on application procedures and eligibility criteria of CSSA were available at SWD's offices for public information. After completion of

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processing the application, a formal notification letter would be sent to the applicant indicating the amount of monthly entitlement with breakdown of the types of payments. If the application was unsuccessful, the reasons for rejection would be given in the notification letter.

II. Any other business

60. There being no other business, the meeting ended at 5:21 pm.

Council Business Division 2
Legislative Council Secretariat
3 May 2011