

立法會
Legislative Council

LC Paper No. CB(2)451/14-15(02)

Ref : CB2/HS/1/12

Subcommittee on Poverty

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 16 December 2014**

Community Care Fund

Purpose

This paper summarizes past discussions at meetings of the Council and its committees on Community Care Fund ("CCF").

Background

2. CCF is a trust fund established in early 2011 under the Secretary for Home Affairs Incorporation Ordinance (Cap. 1044) with the Secretary for Home Affairs Incorporated as its trustee. CCF aims at providing assistance to people facing financial difficulties, particularly those who fall outside the safety net, i.e. the Comprehensive Social Security Assistance ("CSSA") Scheme, or those within but are not covered by the safety net because of special circumstances. CCF may also implement measures on a pilot basis to help the Administration identify those measures that can be considered for incorporation into the Government's regular assistance and service programmes.

3. In November 2010, the Chief Executive appointed the Steering Committee on CCF, which was chaired by the Chief Secretary for Administration, to oversee and co-ordinate the work of CCF. Following the re-establishment of the Commission on Poverty ("CoP") by the Government in December 2012, CCF has been integrated into the work of CoP since 2013. The CCF Task Force, set up under CoP, is responsible for advising CoP on the CCF's various arrangements and the formulation of assistance programmes. It also co-ordinates and oversees the implementation of assistance programmes as well as reviews their effectiveness.

4. Since its establishment in early 2011, CCF has launched a total of 27 assistance programmes for target beneficiary groups including children, the elderly persons, persons with disabilities, patients, new arrivals and ethnic minorities, etc. Among the aforesaid 27 assistance programmes, 25 have already been rolled out, benefiting more than 810 000 people as at end-August 2014. So far, four programmes that have been proven effective have been incorporated into the Government's regular assistance programme, while other six programmes are being regularized progressively.

5. To support the operation of CCF, the Administration has injected \$5 billion and \$15 billion into CCF in 2011 and 2013 respectively. In addition, the Administration has provided an additional injection of \$1.5 billion in 2011 to implement the programme to provide a one-off allowance of \$6,000 for new arrivals. CCF also accepts donations from the community. As at end-August 2014, the balance of CCF was around \$20.735 billion.

Members' deliberations

Source of funding

6. Given that the operation of CCF would mainly be funded by investment returns on the seed capital and the overall investment returns in the market was currently low, Members worried that the investment returns might not be sufficient for carrying out some of the assistance programmes. They expressed concern about how CCF would ensure reasonable investment returns so that more assistance programmes could be launched. They also enquired about the circumstances, under which the seed capital could be used for running the assistance programmes.

7. According to the Administration, a deposit of \$15 billion in total had been placed with the Hong Kong Monetary Authority to earn a high investment return that was linked to the performance of the Hong Kong Exchange Fund. The remaining amount of the CCF funding had been deposited with banks for Hong Kong dollar and Renminbi time deposit, so as to earn interest income and meet the cash flow requirements for financing the assistance programmes and other liquidity needs. Assuming the rate of investment return in future was 2% to 5% per annum, the CCF funding available from 2013-2014 to 2016-2017 would be around \$1.7 billion to \$2 billion per year. The investment returns so generated should be able to sustain the operations of the assistance

programmes for a considerable period of time and the deployment of the capital should not be required in the near future. Nevertheless, the capital could be used to fund CCF programmes when necessary.

8. Members were concerned about whether CCF would receive the pledged donation and asked whether CCF had any plan to appeal for new donations from the business sector. The Administration advised that the amount of donations pledged was about \$1.8 billion and some donations were made by yearly installments over three years. As at end-February 2014, the actual amount of donations received was around \$1.47 billion. Given that CCF was not set up on a matching basis, the Administration had no plan to appeal for new donations for CCF from the business sector but always welcomed the support of the community for CCF through donations.

Operation and monitoring

9. Members expressed concern that the application procedures for CCF programmes might be cumbersome and costly, and suggested that a cap be set on CCF's administrative expenses. They also urged the Administration to keep the operation of CCF transparent and accountable. The Administration advised that CCF programmes would provide swift and direct assistance for target beneficiaries through the Government's existing service network where possible to minimize administrative costs. The target was to limit the average administrative expenses of CCF to within 5% of its total disbursements on a long-term basis. The Administration assured Members that CCF's operation, including its income and expenditure, would be highly transparent. The statement of accounts of CCF would be audited by the Director of Audit and tabled at the Council annually.

10. Members considered that as the Council was the gatekeeper for the Government injection into CCF, it was incumbent upon the Administration to report to the Council on its progress of work at regular intervals, say, in every three to six months, and its recommendations on how to improve the policies which impacted on people's livelihood annually. The Administration advised that the Subcommittee on Poverty ("the Subcommittee") or relevant Panels would be consulted prior to launching brand-new programmes, which were pilot in nature and the funding provision of which was expected to exceed \$100 million. In addition, the Administration would report regularly to the Subcommittee on the financial position of CCF and the implementation progress of its programmes every six months. Evaluation reports of the programmes would also be provided for the Subcommittee. The first half-yearly

briefing was conducted in December 2013 jointly by the Administration and the CCF Task Force.

11. Members considered that CCF should be incorporated into Schedule 1 of the Prevention of Bribery Ordinance (Cap. 201) for better monitoring. The Administration advised that as some government departments were entrusted to implement CCF programmes and the persons, who handled the fund, were public officers, they would abide by regulatory regimes applicable to public officers. As to whether CCF should be incorporated into Schedule 1 of Cap. 201, the advice of the Department of Justice had to be sought.

Coverage of CCF assistance programme

12. Noting that CCF launched the Pilot Scheme on Living Allowance for Carers of the Elderly Persons from Low Income Families ("the Pilot Scheme") in June 2014, Members asked if the Administration would examine the possibility of incorporating the disabled, the chronically ill and dementia patients aged below 65 into the Pilot Scheme. The Administration advised that an evaluation would be conducted during the pilot period to assess the effectiveness and implications, as well as to review the parameters of the Pilot Scheme. It would deliberate on the way forward in the light of the findings.

13. Regarding the Elderly Dental Assistance Programme ("the EDA Programme") under CCF, Members urged the Administration to allocate more financial and manpower resources for expanding the coverage of the EDA Programme. The CCF Task Force advised that the implementation of the EDA Programme was mainly constrained by the tight dentist manpower situation instead of financial resources. It would continue to closely co-operate with the Hong Kong Dental Association which was the implementing agent for the EDA Programme, and encourage more dentists to join the Programme. In addition, the CCF Task Force was actively considering expanding the scope of the EDA Programme to benefit more elderly persons with financial difficulties.

14. Members were of the view that CCF should consider providing rent allowance under a new programme to assist the "N have-nots", who were on the waiting list for public rental housing ("PRH") but did not receive CSSA. The CCF Task Force advised that CCF programmes should not be in conflict with the Administration's policies. Since it was not the Administration's policy to provide rent allowance on a regular basis for the needy households living in private housing, CCF would not implement pilot programme in this regard unless there was a change in

the relevant policy.

15. According to the Administration, providing rent allowance to those on the waiting list for PRH might trigger an increase in the rental level in private housing. In the end, recipients of this rent allowance might not benefit from the assistance. Furthermore, the eligibility of those on the waiting list for PRH would only be subject to assessment later. Given the huge additional injection into CCF, "N have-nots" would continue to receive the required support if the relevant programmes (e.g. the "Subsidy for low-income persons who are inadequately housed" programme) were proven effective even though they were not incorporated into the Government's regular assistance programmes. The Administration took the view that the housing needs of the "N have-nots" who were inadequately housed should ultimately be addressed through the provision of PRH.

16. Members suggested that CCF should consider launching an assistance programme for newly arrived single parents, who were ineligible for CSSA and had to rely on their children's CSSA payments for a living. The Administration, however, advised that designing a financial assistance programme targeting specifically at ineligible persons for CSSA under CCF was in conflict with the existing government policies.

Evaluation and regularization of CCF assistance programmes

17. Some deputations attending the meeting of the Subcommittee were concerned that the operation of CCF had not been reviewed since its establishment in early 2011. The CCF Task Force advised that there was no plan at this stage to conduct a review on CCF given that evaluations of individual assistance programmes would be conducted. Having said that, the CCF Task Force would consider the suggestion of conducting a review on CCF.

18. Noting that the consultancy study on enhancing the evaluation of assistance programmes under CCF was conducted by the Deloitte Consulting (Hong Kong) Limited in 2013, some Members took the view that CCF should consider preparing the evaluation plan at the commencement of implementing assistance programmes and adopting the social return on investment ("SROI") framework for assessing the impact of assistance programmes on the beneficiaries and society as recommended by the consultancy study. The CCF Task Force advised that evaluation plans for some new programmes had already been prepared at the design stage and sometimes universities were invited to

participate in the evaluation. While SROI framework might not be suitable for impact assessment of all assistance programmes, CCF would explore adopting SROI where suitable.

19. Some Members considered that the CCF assistance programmes, which had been run for three years or more, should be incorporated into the Government's regular assistance and service programmes. Some other Members took the view that instead of launching assistance programmes under CCF, the Administration should implement policies, such as policies on dental care for the elderly and pre-school rehabilitation services, to address the needs of the underprivileged in the long run.

20. The CCF Task Force advised that the time required for implementing assistance programmes could be reduced if they were launched by CCF. CCF pilot schemes, if proven effective, would facilitate smooth implementation of future policies or system changes. Considerations on regularization would vary for different CCF programmes. Programmes that were proven effective would be regularized and the schedule for regularizing these programmes would be determined after thorough and careful policy deliberations. The Administration would also consider whether the programmes could be articulated with the existing policy and operated smoothly.

Relevant papers

21. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Appendix**Relevant papers on Community Care Fund**

Committee	Date of meeting	Paper
Legislative Council	13 October 2010 (Item II)	Agenda Minutes
Panel on Home Affairs	14 January 2011 (Item IV)	Agenda Minutes
Finance Committee	6 May 2011	Minutes FCR(2011-12)8
Finance Committee	13 May 2011 (Item II)	Minutes FCR(2011-12)8
Panel on Home Affairs	8 July 2011 (Item II)	Agenda Minutes
Finance Committee	18 July 2011 (Item II)	Minutes FCR(2011-12)41
Legislative Council	2 November 2011	Official Record of Proceedings Pages 122 to 124
Panel on Home Affairs	9 December 2011 (Item III)	Agenda Minutes
House Committee	22 March 2013	Agenda Verbatim Record of Proceedings
Finance Committee	21 June 2013 (Item III)	Minutes FCR(2013-14)20
Subcommittee on Poverty	24 May 2013 (Item II)	Agenda Minutes
Subcommittee on Poverty	17 December 2013 (Item I)	Agenda Minutes

Committee	Date of meeting	Paper
Finance Committee	2 April 2014	<u>Administration's replies to members' written questions in examining the Estimates of Expenditure 2014-2015 Pages 655-659</u>
Finance Committee	3 April 2014	<u>Administration's replies to members' written questions in examining the Estimates of Expenditure 2014-2015 Pages 48-49</u>
Subcommittee on Poverty	23 June 2014 (Item I)	<u>Agenda</u> <u>Minutes</u>

Council Business Division 2
Legislative Council Secretariat
10 December 2014