

**立法會**  
**Legislative Council**

LC Paper No. CB(2)423/12-13  
(These minutes have been  
seen by the Administration)

Ref : CB2/PL/WS

**Panel on Welfare Services**

**Minutes of meeting**  
**held on Monday, 12 November 2012, at 10:45 am**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon CHAN Yuen-han, SBS, JP (Chairman)  
Hon CHEUNG Kwok-che (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEUNG Yiu-chung  
Hon TAM Yiu-chung, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Dr Hon LEUNG Ka-lau  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Frankie YICK Chi-ming  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu

**Public Officers attending** : Item IV

Mrs Elina CHAN  
Principal Assistant Secretary for Labour and Welfare  
(Welfare) 3

Miss Cecilla LI  
Assistant Director of Social Welfare (Elderly)

Mr Kenneth WOO Chi-man  
Chief Executive Officer (Subventions and Planning)  
Social Welfare Department

Items V and VI

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

Item V

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

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

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

Item VI

Mr Matthew CHEUNG, GBS, JP  
Secretary for Labour and Welfare

Mrs Polly CHAN  
Principal Assistant Secretary for Labour and Welfare  
(Welfare) 4

**Attendance by : Item VI  
invitation**

Friends of Yuen Long

Mr KEUNG Kwok-wai  
Organizer

Cleaning Service Industry Workers Union

Mr NG Koon-kwan  
Organizer

**Clerk in attendance** : Mr Colin CHUI  
Chief Council Secretary (2) 4

**Staff in attendance** : Ms Catherina YU  
Senior Council Secretary (2) 4

Miss Karen LAI  
Council Secretary (2) 4

Miss Maggie CHIU  
Legislative Assistant (2) 4

Action

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**I. Confirmation of minutes**

[LC Paper No. CB(2)168/12-13]

The minutes of the meeting held on 16 October 2012 were confirmed.

**II. Information paper(s) issued since the last meeting**

[LC Paper Nos. CB(2)153/12-13(01) and CB(2)166/12-13(01)]

2. Members noted that the following papers had been issued since the last meeting -

(a) referral from the Panel on Constitutional Affairs ("the CA Panel") concerning the eligibility criteria for the Disability Allowance ("DA") under the Social Security Assistance ("SSA") Scheme [LC Paper No. CB(2)153/12-13(01)]; and

(b) letter dated 5 November 2012 from Hon WONG Kwok-hing concerning the review of eligibility criteria for DA under SSA Scheme [LC Paper No. CB(2)166/12-13(01)].

**III. Items for discussion at the next meeting**

[LC Paper Nos. CB(2)169/12-13(01) and (02)]

3. Members agreed to discuss the following items proposed by the Administration at the next meeting scheduled for 10 December 2012 -

Action

- (a) Injection to the Community Investment and Inclusion Fund; and
- (b) Setting up of two rehabilitation service facilities for persons with disabilities ("PWDs") in Shek Kip Mei and Tin Shui Wai.

4. Dr Fernando CHEUNG said that issues relating to DA had always been an area of concern of the Panel and there was an urgent need for the Panel to follow up the review of DA. Having regard to the CA Panel's referral and Hon WONG Kwok-hing's letter on DA as well as the Chief Executive ("CE")'s pledge, in his manifesto, to allow people with loss of one limb to apply for DA, Dr CHEUNG suggested that the Panel should discuss and receive public views on the matter as early as practicable.

5. Mr TANG Ka-piu concurred that deputations should be invited to a Panel meeting to give views on DA. Given that DA covered different kinds of disabilities and the CE's pledge mentioned above, Mr TANG said that the Administration should brief members on both the overall review as well as the review of DA for people with loss of one limb.

6. While agreeing that the Panel should receive public views on DA, the Chairman said that it might be necessary to study the subject matter from a wider perspective. The Chairman suggested that a subcommittee on issues related to welfare of PWDs should be formed.

7. Mr CHEUNG Kwok-che suggested that a special meeting could be considered for soliciting public views on DA. The Administration should take account of the views collected in reviewing DA. The Administration should report to the Panel at different stages of the review for the Panel to follow up as appropriate.

8. Dr Fernando CHEUNG supported Mr CHEUNG Kwok-che's suggestion. Dr CHEUNG pointed out that in response to The Ombudsman's recommendations made a few years ago, the Administration undertook to review DA but the outcome of the review was not yet available. Dr CHEUNG said that, in addition to the two items proposed by the Administration, the subject on DA, which included, inter alia, the definition of "severely disabled", should be discussed at the next regular Panel meeting. Deputations should be invited and the Administration should report on the actions it had taken pertaining to The Ombudsman's recommendations on DA. To allow sufficient time for deputations to express their views, the meeting should be extended for one hour.

Action

9. In concluding the discussion, the Chairman said that the Panel would receive views from deputations on review of the system for processing applications for DA under SSA Scheme at the next regular meeting. The Chairman said that the proposal for formation of a subcommittee on issues related to welfare of PWDs and whether the Panel should form a subcommittee on retirement protection should be included in the list of outstanding items for discussions of the Panel for members' consideration.

**IV. Construction of a contract residential care home for the elderly cum day care unit and a day care centre for the elderly in Long Ping**

[LC Paper Nos. CB(2)169/12-13(03) and (04)]

10. The Chairman drew members' attention to Rule 83A of the Rules of Procedure ("RoP") concerning personal pecuniary interest to be disclosed. The Chairman reminded members to declare interests in the matter under discussion, if any.

11. At the invitation of the Chairman, Assistant Director of Social Welfare (Elderly) ("ADSW (Elderly)") briefed members on the proposal for constructing a 125-place residential care home for the elderly ("RCHE") with a 20-place day care unit ("DCU") and a 60-place day care centre for the elderly ("DE") at Yuen Long Town Lot No. 513 of the property development at West Rail Long Ping Station (North).

Increasing the supply of residential care places for the elderly

12. Given a large number of waitlistees and the long waiting time for RCHE, Dr Fernando CHEUNG considered that there was a pressing need to increase the supply of places in RCHEs. Dr CHEUNG pointed out that notwithstanding there were over 22 217 elders waiting for care-and-attention ("C&A") places as at the end of July 2012, the number of additional subsidized C&A places to be provided in the new contract RCHEs/RCHEs with DCUs from 2013-2014 to 2014-2015 were only 27 and the proposed project would only provide seven C&A places. Noting that of the additional 266 subsidized residential care services places to be provided from 2013-2014 to 2014-2015, 90% were NH places and 10% were C&A places, Dr CHEUNG urged the Administration to critically look into the disproportionate provision of these two types of places and adopt measures to meet the demand for both NH places and C&A places.

13. Dr Fernando CHEUNG further said that given the strong demand for

Action

subsidized residential care places, it was very likely that the Administration would have to increase their provision by buying places from private RCHEs. Dr CHEUNG expressed concern about whether the living environment and services provided by private RCHEs would be able to meet the care needs of elderly, particularly those requiring special cares services. In his view, it was very undesirable for elderly with dementia to live in private RCHEs as these RCHEs might lack the necessary resources in attending to their care needs. Dr CHEUNG enquired whether the Administration would rely mainly on purchasing C&A places from private RCHEs to meet the demand for such places, and how the Administration would ensure the private RCHEs would meet the care needs of elderly.

14. ADSW (Elderly) responded that in addition to purchasing C&A places from private RCHEs, the Administration would increase the provision of C&A places by making use of space available in conversion homes. The conversion homes had accommodated an additional 681 C&A places in the past three years and the Administration would continue to increase the supply of C&A places through this means. In response to Dr Fernando CHEUNG's enquiry, ADSW (Elderly) said that around 800 additional C&A places were expected to commence operation from 2012-2013 to 2014-2015.

15. Principal Assistant Secretary for Labour and Welfare (Welfare) 3 ("PAS(LW)(Welfare)3") supplemented that having regard to the fact that it would be more difficult for private RCHEs to accommodate the care needs of elders with severe impairment, the Administration had focused its resources on the provision of NH places and hence there would be a higher proportion of such places in the provision from 2013-2014 to 2014-2015. The Administration undertook to provide a written response to Dr Fernando CHEUNG's questions on the high proportion of subsidised NH places, whether the Administration would rely mainly on private RCHEs to meet the demand for C&A places, and the steps to be taken to ensure that the private RCHEs would meet the needs of elderly who required special care services.

Admin

16. Mr TANG Ka-piu said that the number of waitlistees for C&A places had increased by 912 from April 2012 to September 2012 which had outnumbered the additional 800 C&A places coming on stream in the next five years. Mr TANG was concerned about whether the Administration would be able to purchase sufficient places from private RCHEs to make up the shortfall of supply of C&A places. Mr LEUNG KWOK-hung shared similar concern.

Action

17. On the imbalance provision of NH places and C&A places, Mr LEUNG Kwok-hung was of the view that the Administration should adopt long-term plans to rectify the disproportionate provision of NH places and C&A places and formulate policies on the setting of a proper proportion of NH places to C&A places.

18. Mr CHEUNG Kwok-che appreciated the Administration's allocation of a larger proportion of residential care places to NH places having regard to the fact that because of the long waiting time, a few thousand elders had passed away while waiting for these places. Given the demand for C&A places was equally strong, instead of having NH places and C&A places to compete for resources, the Administration should increase the overall supply of residential care places by building more new RCHEs and purchasing more places from private operators. Mr CHEUNG added that the projection of the provision of residential care places should be based on the projection of the number of elders in need of the services. The Administration should therefore project the number of waitlistees up to 2030 so that it could better meet the demand for residential care places.

Construction time and scale of the proposed project

19. Mr LEUNG Che-cheung said that the Yuen Long District Council was in support of the proposed project because of the acute demand and long waiting time for residential care services for the elderly. While supporting the project, Mr LEUNG was of the view that the scale of the project was too small and hence would not be able to meet the strong demand. Mr LEUNG called on the Administration to consider expanding the scale of the project. Given the small scale of the proposed project, Mr LEUNG wondered why it would take so many years for its completion.

20. Noting that the Mass Transit Railway Corporation Limited ("MTRCL") was required to construct a purpose-built single block to accommodate the proposed RCHE with DCU and DE and the needed facilities would be provided in an integrated manner through private development, Mr LEUNG Che-cheung expressed concern about the possible disputes between MTRCL and the Government over the use of the facilities.

21. ADSW(Elderly) responded that the Administration had made strenuous efforts to locate suitable sites for the provision of residential care places. ADSW(Elderly) pointed out that the time required for the construction works of the proposed project (i.e. within 72 months) was in line with that of other similar projects. A case in point was the four new

Action

contract RCHEs/RCHEs with DCUs stipulated in Annex 2 to the Administration's paper [LC Paper No. CB(2)169/12-13(03)]. The development of these new contract RCHEs/RCHEs with DCUs commenced five to six years ago and services was expected to commence from 2013-2014 to 2014-2015.

22. Mr TANG Ka-piu said that to his understanding, a community complex in Tung Chung, which did not involve private development, only took about six years to come into operation after the approval of funding. Mr TANG noted with grave concern that the proposed RCHE with DCU and DE was estimated to commence operation in 2021-2022, i.e. 10 years from the approval of funding. In his view, private developers should have more flexibility than the Government as far as project development was concerned and enquired about the reasons for a longer lead time for the proposed project.

23. Chief Executive Officer (Subventions/Planning) ("CEO(S/P)") responded that the completion time was estimated according to the scale and complexity of the project.

24. Pointing out that a capital funding of \$72.72 million was required to meet the construction cost of the proposed project, Mr TANG Ka-piu asked how the Administration came up with the amount and how it would ensure that MTRCL would exercise good financial control for the proposed project.

25. CEO(S/P) responded that in estimating the construction cost, the Architectural Services Department had considered the size and technical requirements of the proposed RCHE with DCU and DE and made reference to the construction costs of other similar Government premises.

26. While understanding the Administration's rationale of providing a higher proportion of NH places from 2013-2014 to 2014-2015, Mr TAM Yiu-chung shared the concern about the time required for the proposed RCHE with DCU and DE to come into operation. To enable the proposed RCHE with DCU and DE to come into operation by its completion in 2019, he suggested that the construction works could be carried out in tandem with the invitation of tenders for fitting-out ("F/O") works.

27. Mr LEUNG Kwok-hung said that the Administration should invite tenders for the F/O works without waiting for the completion of the construction works. He suggested that the Administration should consider seeking funding for the F/O works before the completion of the proposed



Action

project, so that it could proceed with the invitation of tenders earlier.

28. Mr CHEUNG Kwok-che concurred that the construction works and tender invitation should be carried out in parallel. Mr CHEUNG said that should the Administration invite proposals from interested operators six months before the completion of the construction works of the proposed project, the time gap between the completion of the construction works and the commencement of operation of the proposed RCHE with DCU and DE could be substantially reduced from three years to three months. Mr CHEUNG referred to the new contract RCHE with DCUs project in First Street (Annex 2 to the Administration's paper) and said that notwithstanding the construction works started five years ago, the contract was newly awarded. It might be a maladministration on the part of the Administration in handling that project.

29. Mr CHAN Han-pan noted with concern that while the DE under the proposed project would occupy a net operational floor area of 358m<sup>2</sup>, only 20 subsidized DCU places would be provided. Given that day care services for the elderly were in great demand, the Administration should consider increasing the number of DCU places in the proposed RCHE with DCU and DE. ADSW(Elderly) clarified that apart from the 20 subsidized DCU places, the proposed DE would provide 60 subvented places.

30. Mr CHAN Han-pan added that the construction time of the proposed RCHE with DCU and DE might unnecessarily be prolonged because of MTRCL's private residential development at the site. To accelerate the construction of the RCHE with DCU and DE, Mr CHAN suggested that the facilities could be built by a contractor who was appointed by the operator concerned instead of by MTRCL. Mr TANG Ka-piu shared Mr CHAN's view and asked whether MTRCL would engage several developers for the entire property development project. Mr TANG reiterated his concern about the long construction time and financial control of the proposed project and urged the Administration to discuss with MTRCL with a view to shortening the construction time.

31. CEO (S/P) responded that according to the relevant land grant conditions, MTRCL should be responsible for the construction of the welfare facilities. PAS(LW)(Welfare)3 supplemented that MTRCL was required to complete the construction works within 72 months. The Administration would monitor the progress of the works and attempt to shorten the construction time as far as practicable so that the facilities could be in operation earlier. The Administration would also review the timing for inviting tenders with a view to minimising the possible idling time of

Action

the completed premises. Nevertheless, should the RCHE with DCU and DE commence operation while construction works in the vicinity were still in progress, the Administration would have to be mindful of the noise and air pollution caused by the construction, as that might have an impact on the health of frail elders residing in the RCHE concerned. On the duration of construction works, ADWS(Elderly) reiterated that comparing with other similar projects which took about four to six years for completion after the necessary funding had been obtained, the time required for the completion of the proposed project was not exceptionally long.

Future provision of residential care places for the elderly

32. Mr POON Siu-ping expressed support for the proposed project. Noting that the Administration had earmarked sites in 11 development projects for the construction of new RCHEs and DEs/DCUs, Mr POON sought information on their locations and progress of development.

33. ADWS(Elderly) responded that except for three to four development projects the sites of which had not been confirmed, the remaining sites were located at easily accessible urban areas including the Yau Tsim Mong district, Sham Shui Po, Wan Chai and Tsuen Wan. The 11 projects comprised private and public housing development projects as well as development projects of the Urban Renewal Authority which would provide an estimated number of 1 200 residential care places. In response to Mr TANG Ka-piu, ADWS(Elderly) undertook to provide the details of these development projects in writing.

Admin

34. Noting that the preference of applicants for a specific location was a factor which had prolonged the waiting time for subsidized RCHEs, Mr TANG Ka-piu said that when planning for the provision of RCHEs, the Administration should take into account the demand for residential care services in individual districts. Mr TANG sought information on the categories including the number of places under each category and locations of the 1 700 additional residential care places to be provided up to 2014-2015. The Administration undertook to provide the requisite information in writing.

Admin

Funding for and location of the proposed RCHE with DCU and DE

35. Mr POON Siu-ping enquired about the staff establishment including the ratio of administrative staff to frontline care takers of the proposed RCHE with DCU and DE.

Action

36. ADWS (Elderly) responded that the breakdown of the recurrent expenditure on the proposed RCHE with DCU and DE (Annex 4 of the Administration paper) was an estimation only. The tenderers would provide information on the services and staff establishment in their proposals. While the Administration had basic requirements for the number and type of staff required for the proposed project, the staffing provision proposed by the tenderers would usually exceed the Administration's minimum requirement.

37. Dr Fernando CHEUNG opined that the waitlisting situation of residential care services was disastrous. Thousands of elders who were on the waiting list had passed away before they could be provided with a place in RCHEs. That was the reason why he had proposed to set up a subcommittee on long-term care policy. Dr CHEUNG said that the purpose of Lotteries Fund ("LF") was to provide one-off grants to experimental projects with limited duration. Given the proposed project would incur recurrent expenditures, Dr CHEUNG enquired the reasons for seeking funding from LF.

38. PAS(LW)(Welfare)3 clarified that that the funding obtained from LF would only be used for the construction cost and F/O expenditures of the proposed project. Recurrent funding for the RCHE with DCU and DE would be included in the draft Estimates of the years when they were to come into operation. ADSW(Elderly) supplemented that in line with the established practice, the approval of the Finance Committee ("FC") should be sought for proposed projects which had recurrent financial implications exceeding \$10 million per annum, before seeking the Financial Secretary ("FS")'s approval for the LF payment. At the request of Dr Fernando CHEUNG, the Administration undertook to provide a detailed breakdown of the recurrent expenditure showing the staff establishment for the proposed RCHE with DCU and DE.

Admin

39. Mr LEUNG Che-cheung opined that with the substantial amount of funding required for the proposed project and the size of the site, more residential care places could be provided by the newly built RCHE with DCU and DE. Mr LEUNG expressed concern that the need for the integration of the facilities with MRTCL's private development might constrain the number of residential care places to be provided and sought information on the proposed integration arrangements. Mr LEUNG also considered it very undesirable to locate the RCHE with DCU and DE next to a bus terminus because the emission from buses would be harmful to the health of the elders.

Action

40. CEO(S/P) responded that the site for the Long Ping property development project would be granted to MTRCL by private treaty, and that some government projects would be developed together with the West Rail development projects on the same site. The mode of development which sought to maximize the provision of welfare facilities and the master layout plan of the property development project had been approved by the Town Planning Board ("TPB").

41. ADWS(Elderly) responded that RCHEs were regulated by the Residential Care Home (Elderly Persons) Ordinance (Cap. 459). As stipulated in the Ordinance, no part of a residential care home might be situated at a height of more than 24m above the ground floor and no residential care homes should be situated immediately over the ceiling or immediately below the floor slab of any godown and cinema. The restrictions on the height and locations of RCHEs had somewhat limited the number of places to be provided in RCHEs.

42. Dr Fernando CHEUNG said that as the air pollutant emission from the bus terminus would affect the health of the residents of the proposed RCHE with DCU and DE, the Panel should express its concern about how the Administration would tackle the problem. Dr CHEUNG suggested that the Panel should refer the matter to the Yuen Long District Council. The Chairman considered it more appropriate for Mr LEUNG Che-cheung to draw the attention of the Yuen Long District to the matter and find out with the Yuen Long District Council whether the Administration had consulted it on the proposed project. Mr LEUNG Che-cheung agreed.

43. Mr LEUNG Kwok-hung enquired whether changes would be made to the project so that the proposed facilities would not be situated next to a bus terminus and suggested that the Administration should seek funding for handling the emission when it sought FC's approval of the proposed project.

44. ADWS(Elderly) responded that the Town Planning and Development Committee of the Yuen Long District Council had been consulted in July 2011 on the proposed RCHE with DCU and DE. PAS(LW)(Welfare)3 supplemented that the proposed project had passed the relevant environmental assessment. The Administration would ensure that necessary steps would be taken to minimize possible nuisance.

45. Miss Alice MAK pointed out that there were precedent cases where community or welfare facilities were used as noise barriers between residential blocks and transport facilities and TPB was in support of some

Action

Admin

of these projects. In her view, the projects supported by TPB did not necessarily mean that they best suited the need of the users. At the request of the Chairman, the Administration agreed to provide in writing the justifications for locating the proposed RCHE with DCU and DE next to a bus terminus.

46. In response to the Chairman's invitation of view, members agreed that they supported in principle the submission of the funding proposal to FC for consideration. The Chairman called on the Administration to provide more detailed information on the proposed project when it sought FC's approval in the first quarter of 2013.

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

[LC Paper Nos. CB(2)169/12-13(05) and (06)]

47. At the invitation of the Chairman, Deputy Secretary for Labour and Welfare (Welfare)2 ("DS(W)2") briefed members on the Administration's proposal to seek the approval of FC to adjust the standard payment rates under the Comprehensive Social Security Assistance ("CSSA") Scheme and rates of allowance under the SSA Scheme as from 1 February 2013, having regard to the latest Social Security Assistance Index of Prices ("SSAIP").

48. The Chairman drew members' attention to RoP 83A regarding personal pecuniary interest to be disclosed. The Chairman reminded members to declare interests in the matter under discussion, if any.

Basis for adjustment of social security payment rates

49. Mr LEUNG Kwok-hung said that many recipients of the rent allowance under the CSSA Scheme could not afford the rapidly rising rental and the cumulative increase of 3.7% in the 12-month moving average of SSAIP from October 2011 to September 2012 failed to keep pace with the actual increase in the living costs. Mr LEUNG suggested that instead of setting a fixed social security payment rates across the board, higher rates should be payable to the most needy. Mr LEUNG enquired whether a weighting system was in place to realistically reflect the movement of SSAIP and whether samples on the rental of "coffin-sized units" (棺材房) were collected for calculating maximum rates of the rent allowance ("MRA").

Action

50. DS(W)2 responded that the Consumer Price Index ("CPI") (A) rent index for private housing ("rent index") which was compiled on a monthly basis by the Census and Statistics Department ("C&SD") reflected the movement of rent of various types of private housing paid by households in the 50% relatively low expenditure range. Mr LEUNG Kwok-hung opined that given the exceedingly high rental per square foot of sub-divided units and coffin-sized units, excluding them from the calculation of MRA would distort the rent index.

51. Dr Fernando CHEUNG said that according to C&SD, the rent index measured the rental movements of private housing of the lowest 50% of households in the relatively low expenditure range and CSSA households were among the lowest 5% expenditure group. Referring to the letter dated 11 November 2011 from the Hong Kong Council of Social Service ("HKCSS") to the Panel [LC Paper No. CB(2)310/11-12(02)], Dr CHEUNG said that according to the study conducted by HKCSS, the increase in the average monthly rental expenditure of the lowest 5% expenditure group living in private housing was about three times that of the lowest 50% expenditure group living in private housing. HKCSS's study had shown that CPI(A) was unable to reflect changes in the expenditure pattern of and the prices of goods consumed by CSSA households. In this connection, Dr CHEUNG said that instead of using CPI(A), the Administration should adjust SSAIP and MRA with reference to the expenditure level of households in the lowest 5% expenditure group.

52. DS(W)2 responded that the monthly expenditures of the relatively low expenditure households covered by the rent index ranged from \$4,800 to \$19,600, which were comparable to the average monthly payments for CSSA households of different sizes which ranged from \$4,531 to \$16,282. As such, it was appropriate to adjust MRA in accordance with the movement of the rent index. Dr Fernando CHEUNG disagreed with DS(W)2 and pointed out that over one half of CSSA households living in private housing were paying actual rental higher than MRA.

Level of rent allowance

53. Mr TANG Ka-piu said that since newly arrived spouses of MRA recipients were not eligible for CSSA, the Administration had underestimated the amount of rental these recipients, particularly the one-person and two-person households, had to top up and of the rental borne by them. Mr TANG enquired about the assistance the Administration would provide to these families and requested the Administration to provide the total number of households which were

Action

paying actual rental higher than MRA and the size of these households.

54. Mr Albert HO said that many CSSA households were paying a rental which was about two times of the rent allowance payable to them and had to use CSSA payments to make up the difference. Furthermore, many newly arrived single mothers had to rely on their children's CSSA payments for a living because they were not eligible for CSSA. Mr HO asked how the Administration would help these families who had great financial difficulties.

55. DS(W)2 responded that up to September 2012, the 12-month moving average of the rent index had indicated that there was room for increasing MRA by 7.3%. Following the present trend, the rent index up to October 2012 was expected to be higher than 7.3% and the Administration would use the rent index up to October 2012 to adjust MRA. At present, about 86% of all the CSSA households were paying rent lower than or equal to MRA. It was the Administration's policy to provide public rental housing ("PRH") for those who could not afford private housing. Deputy Director of Social Welfare (Administration) ("DD(SW)(A)") supplemented that should MRA be increased by 7.3%, it would cover the actual rent paid by 89% of all the CSSA households.

56. Mr Albert HO opined that in the absence of rental control, the rental in private housing soared and the rate of increase in MRA was unable to catch up with the exorbitant rent. Mr HO called on the Administration to review the adjustment mechanism and adjust SSAIP with reference to the expenditure level of households in the lowest 5% income group.

57. Pointing out that the rental for some sub-divided units in the Kowloon West district had soared by 66% over the past two years, Mr Frederick FUNG considered that a 7.3% increase in MRA was far too low. Given that the rental in urban areas was higher than that in other districts, Mr FUNG suggested that different rent indices should be adopted for different districts.

58. DS(W)2 responded that according to C&SD, the rent index had already taken into account the movement of rent for different types of housing including cage homes and cubical apartments. As such, the Administration considered that the rent index could objectively reflect the movement of rent. DS(W)2 further said the MRA had not been cut despite there was a downturn in the market rent in 2005.

59. Mr CHEUNG Kwok-che said that it was recommended in the Report

Action

on the 1996 review of the CSSA Scheme that MRA should be determined by making reference to the actual rent paid by 90% of the CSSA households living in private housing. Mr CHEUNG enquired about the reasons for not adopting the mechanism recommended in the Report. DS(W)2 responded that the Administration had explicitly stated back then that the rent index should be the basis for adjustment of MRA.

60. Mr CHEUNG Kwok-che added that the Community Care Fund ("CCF") provided rent allowance to some CSSA households living in private housing last year and asked whether such an arrangement would continue. In response, DS(W)2 said that the measures implemented under CCF were of one-off nature and it would be up to the Steering Committee on CCF to decide whether the provision of rent allowance to CSSA households living in private housing should continue.

61. Mr CHAN Han-pan was of the view that it was unfair to include the PRH tenants in the survey conducted by C&SD for compiling the rent index since a mechanism was already in place to govern the rent adjustment of PRH. Mr CHAN pointed out that the rent of a one-person sub-divided unit was as high as around \$3,000 a month and the rent allowance was far from adequate to cover the expensive rental in private housing. Mr CHAN opined that the Administration should be pragmatic in setting MRA and asked whether the Administration would take the opportunity of the upcoming adjustment exercise to review the adjustment mechanism. Mr CHAN also suggested that different levels of rent allowance should be provided to different types of CSSA households, e.g. providing a special allowance on top of the rent allowance to those on the PRH waiting list.

62. DS(W)2 clarified that the rent index did not include public housing rent. For individuals who had urgent housing needs, SWD would recommend them to apply for compassionate re-housing or the Express Flat Allocation Scheme so as to reduce their waiting time for PRH.

63. In response to Mr LEUNG Kwok-hung's enquiry on the eligibility criteria for compassionate re-housing, DD(SW)(A) said that when assessing applications for compassionate re-housing, social factors and the health conditions of the applicants were some of the factors for consideration. Mr LEUNG Kwok-hung said that given that financial hardship was not regarded as a ground for compassionate housing, the Administration should consider providing rent subsidy to the needy PRH applicants while they were waiting for PRH. Mr LEUNG criticized the Administration for using the rent index to set MRA.



Action

64. Mr TANG Ka-piu said that he had suggested at the Council meeting on 17 October 2012 that full amount of rent allowance should be paid to CSSA households, who currently lived in private housing and were on the PRH waiting list, and that those who could not afford private housing should be allocated PRH on compassionate ground. Nevertheless, his proposal was turned down by the Secretary for Labour and Welfare.

65. DS(W)2 said that the average waiting time for PRH allocation was about 2.6 years from registration to the first flat offer and the average waiting time for elderly was shorter. The Administration considered it was in the right direction to provide PRH to those who could not afford private housing. Mr TANG Ka-piu pointed out that while the waiting time for PRH allocation for households with elderly was shorter, it was not the case for many other applicants. The Administration's housing policy could not help address their imminent housing needs.

66. Dr Fernando CHEUNG said that the CSSA payment rates and MRA were adjusted downward by 11.1% and 15.8% respectively in 2003. According to the Rating and Valuation Department, the average rent for Class A private domestic flats (i.e. less than 40m<sup>2</sup>) had increased by 92.2% since 2003. Nevertheless, the MRA was only adjusted upward once in the past nine years (the MRA was increased by 5.7% in 2012). Dr CHEUNG said that in 2001, the Administration had switched from the inflation methodology to the current adjustment mechanism for social security payments which took into account SSAIP movements in the past 12 months. Under the current adjustment mechanism, MRA lagged behind the prevailing inflation and thus failed to keep up with the pace of changes in rental. As more than 80% of CSSA recipients comprised elderly, PWDs and single-parent families, who were the most needy groups, their livelihood would be adversely affected during inflationary period if the social security payment rates were based on SSAIP movements in the past. Pointing out that more than half of CSSA households living in private housing were paying actual rental higher than MRA, Dr CHEUNG expressed dissatisfaction about the current adjustment mechanism and urged the Administration to address the problem.

67. In response to Mr TANG Ka-piu's enquiry on the breakdown of the CSSA cases in which the rent allowance could not cover the actual rent paid, DS(W)2 said that the Administration did not have the requisite data at hand, but the actual rent paid would be affected by a range of factors as CSSA recipients were free to choose where to live.

68. The Chairman said that in view of the rocketing private housing

Action

rental, the Administration should be flexible in formulating policies with a view to providing the necessary assistance to CSSA households. DS(W)2 reiterated that the existing mechanism was objective and the Administration therefore considered it appropriate to continue using the rent index to adjust MRA. Mr TANG Ka-piu opined that the expected increase in MRA was an indication that the rental of private housing would continue to rise.

Motion

69. Dr Fernando CHEUNG moved the following motion -

"鑒於綜援金額調整機制滯後以及未能反映綜援人士消費物價變化，本委員會促使當局將綜援金額調整回復2000年前用預測方式計算，而社援物價指數亦應採用最低5%開支住戶的開支水平調整。"

(Translation)

"That, given that under the current adjustment mechanism for the standard payment rates of the Comprehensive Social Security Assistance ("CSSA"), the adjustment lags behind the inflationary cycle and fails to reflect changes in the prices of goods consumed by CSSA households, this Panel urges the Administration to revert to the forecast methodology as adopted before 2000, and the Social Security Assistance Index of Prices should also be adjusted with reference to the expenditure level of households in the lowest 5% expenditure group."

70. Mr Alan LEONG supported the motion on behalf of the Civic Party as there was a time lag about the data being used for the adjustment of social security payments. Mr TAM Yiu-chung concurred that there was a time lag in the existing mechanism and suggested that the Administration should consider a higher increment for MRA in the upcoming adjustment exercise. In the long run, the Administration should review the methodology for compiling SSAIP so that social security payment rates would stay close to the economic conditions. Mr LEUNG Kwok-hung also expressed support for the motion.

71. DS(W)2 explained that the Director of Audit noted in an audit investigation into the administration of the CSSA and SSA Schemes in 1999 that deviations between the projected and actual SSAIP were inevitable using the forecast methodology. In fact, there had been

Action

significant over-estimations of SSAIP and, as a result, the social security payment rates had to be adjusted downward later to make up for the difference. It was difficult for CSSA and SSA recipients to adapt to a significant downward adjustment of the standard payment rates. In view of this problem, the Administration had decided to adopt the existing arrangement of making reference to the SSAIP movement for the past 12 months for the adjustment of social security payment rates starting from 2005.

72. Given that the average monthly payments for CSSA households were invariably higher than the average monthly expenditure of the non-CSSA households of the same size in the lowest 25% expenditure group, DS(W)2 said that the Administration had reservations about adjusting SSAIP by making reference to the expenditure level of households in the lowest 5% expenditure group as proposed in the motion. Dr Fernando CHEUNG said that HKCSS's letter dated 11 November 2011 to the Panel had stated that, according to the 2009-2010 household expenditure survey conducted by C&SD, the average monthly CSSA payments for households with two to four persons were comparable to the households of the same size in the lowest 5% expenditure group living in private housing. As such, the proposal in his motion was well-founded.

73. Mr Ronny TONG considered that the Administration's argument was groundless as in reality, the standard payment rates were unable to catch up with the rising living costs because SSAIP only reflected the price changes in the past 12 months. Many CSSA households had to cut their spending on necessities in order to pay for the rent and hence their livelihood was adversely affected. The inadequate provision of CSSA had defeated the objective of the CSSA Scheme. In his view, the inflation forecast methodology would have no adverse impact on Government expenditure as the Administration could make up the over-estimation, if any, in the subsequent adjustment cycle.

74. Mr Albert HO said that the Administration should help the most needy to meet their basic needs. It would rather over-provide than under-provide the disadvantaged groups as even a slight decrease in the standard payment rates would impose a heavy financial burden on them.

75. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried. The Chairman called on the Administration to act flexibly according to the changing circumstances and consider members' views expressed at the meeting.

Action

76. In response to the Chairman's invitation of view, members supported in principle the submission of the relevant funding proposal to FC for consideration.

**VI. Old Age Living Allowance**

[LC Paper Nos. CB(2)4/12-13(01), CB(2)50/12-13(01) and CB(2)76/12-13(01)]

77. The Chairman said that the Finance Committee ("FC") had not yet completed its consideration of the financial proposal on the Old Age Living Allowance ("OALA") at its meeting on 9 November 2012. Subsequent to two special meetings on 25 and 29 October 2012 for gauging deputations' views, the Panel had, in response to the request from four deputations, invited them to express their views on OALA at the meeting. She also drew members' attention to rule 83(A) of the Rules of Procedure on personal pecuniary interest to be disclosed.

Meeting with deputations

*Cleaning Service Industry Workers Union*

78. Mr NG Koon-kwan said that the thresholds of the means test requirement for OALA, i.e. \$186,000 and \$281,000 for a single elder and a married couple respectively, were too mean since the amount could be the savings of ordinary workers reaching the age of 65. Mr NG considered that the Mandatory Provident Fund ("MPF") system could by no means provide retirement protection for low-income workers. He therefore called upon the Administration to remove the means test under OALA and thereby take a big step towards the implementation of universal retirement protection which could really offer protection for workers.

*Friends of Yuen Long*

79. Mr KEUNG Kwok-wai said that the Friends of Yuen Long was opposed to and dissatisfied with the OALA Scheme which imposed means test requirements even on elders aged 70 or above who were non-means-tested under the existing Old Age Allowance ("OAA") Scheme. He expressed concern on the financial hardship of grass-root workers after retirement due to the inadequate protection offered by MPF. He was disappointed that the special allowance for the elderly put forward by the Chief Executive ("CE") in his election manifesto was eventually turned into a poverty alleviation measure. In his view, the Administration could

Action

simply cancel the OALA Scheme and raise the monthly payment of OAA from \$1,099 to \$2,200 to provide assistance to the needy elders. He also expressed dissatisfaction at the Government's promotional campaign on OALA and its stance that payment could only be backdated to the first day of the month of FC's approval of the relevant financial proposal instead of 1 October 2012.

Discussion

80. Responding to deputations' views, Secretary for Labour and Welfare ("SLW") said that OAA and OALA were allowances with different objectives. OAA aimed at helping elders aged 65 or above meet special needs arising from old age, whereas OALA aimed at alleviating poverty and supplementing the living expenses of elders aged 65 or above who were in financial need. As such, OALA would be a means-tested scheme targeted to help needy elders in the community. He added that OALA was to provide a new form of financial assistance for elders who were in financial need but not eligible or did not wish to apply for the Comprehensive Social Security Assistance, so that they could receive about double the amount of OAA after a simple declaration of income and assets.

81. In regard to the view that the asset limit of \$186,000 was too mean, SLW said that the proposed asset limits for OALA were the same as those for the Normal OAA (for elders aged between 65 and 69) under the Social Security Allowance Scheme ("SSA Scheme"). OALA would adopt the income and asset declaration mechanism for the Normal OAA, which had been adopted since 1988. Under this mechanism, applicants whose income and assets did not exceed the prescribed levels could receive the Normal OAA. This mechanism would be used to identify the needy group of elders in the community. Same as the SSA Scheme, the threshold of \$186,000 would be adjusted annually in accordance with the movements of the Social Security Assistance Index of Prices. The asset limit served as a safety net whereby an elderly applicant who met the income requirement and whose asset also dropped below the limit could receive OALA to supplement his/her living expenses.

82. Mr LEUNG Kwok-hung said that the retrospective arrangement of OALA should be backdated to 1 October 2012 regardless of the date of funding approval of FC and the payments could be disbursed to eligible elders in a form of one-off allowance. He was of the view that to safeguard the retirement life of all elders the means test under OALA should be removed; and in longer term, the Administration should increase tax rate, review MPF, and set up a \$50 billion seed grant for universal

Action

retirement protection.

83. Mr Raymond CHAN asked about the Administration's response to the views against means test under OALA as expressed by the majority of deputations at the Panel special meetings on 25 and 29 October; and whether there would be any room for modifying the existing proposal. Mr CHAN further asked how the Administration would define the effective date of the applicants' declared "assets" under OALA.

84. In response, SLW said that apart from the opposing views expressed by the majority of deputations, the Administration also took note of other views of the community including those reported by media, most of which supported the imposition of income and asset limits. The Administration hoped that the relevant funding proposal could be approved as soon as possible and undertook to review the scheme one year after its implementation. The outcome of the review would be reported to the Panel. As regards the effective date of the declared assets, SLW said that drawing reference to the existing rule for Normal OAA, the Administration proposed that the initial prospective recipients of OALA (OAA recipients who benefit from the auto-conversion arrangement; postal submission cases of Higher OAA and Normal Disability Allowance recipients; and new OALA applications to be received within 2013) would be given a grace period of 24 months counting from the effective date of OALA payment, that was the first day of the month of FC approval. During the grace period, even if an elder's financial conditions changed resulting in his/her income and/or assets exceeding the prescribed limits, the amount of allowance would not be affected. However, the grace period arrangement would not be applicable to cases of declaration; and applicants should bear in mind that OALA aimed at alleviating poverty and they should declare their income and assets honestly.

*[To allow sufficient time for discussion, the Chairman extended the meeting for 15 minutes beyond the appointed ending time.]*

85. Dr Fernando CHEUNG pointed out that according to the definition of "assets" for OALA, owner-occupied properties and the cash value of insurance schemes were excluded. Under this definition, a single cleaning worker, who was at the age of 68, earned \$7,000 per month, lived in a cubicle apartment at a monthly rental of \$2,500 and had savings, which were about \$200,000, would not be eligible for receiving OALA. On the other hand, another elderly at the same age who owned a self-occupied property, which was an apartment of about 1 000 square feet in Taikoo Shing and worth \$10 million, used all his savings, which were about \$2

Action

million, to take out an insurance which paid him \$15,000 monthly, and also received \$10,000 from his children each month would still meet the income and asset requirements. As shown in these two cases, he doubted whether OALA could alleviate poverty. He would ask for the Administration's response at the FC meeting on 16 November 2012.

86. In concluding the discussion, the Chairman advised that due to time constraints, the Administration would not be asked to respond to concerns raised by members and deputations at the meeting but it could do so at the FC meeting on 16 November 2012, during which the financial proposal for OALA would be further discussed.

**VII. Proposal for formation of a joint subcommittee on long-term care policy**

[LC Paper No. CB(2)147/12-13(01)]

87. Referring to Dr Fernando CHEUNG's proposal on the formation of a joint subcommittee on long-term care policy, the Chairman drew members' attention to rules 22(u) and 26 of the House Rules ("HR") regarding the formation and activation of joint subcommittees respectively.

88. Dr Fernando CHEUNG said that the long-term care policy and services straddled welfare and health policies. In view of the aging population, he proposed that a joint subcommittee be formed under the Panels on Welfare Services and Health Services to address the imminent needs of monitoring the Government's long-term care policies and services for the elderly, persons with disabilities and persons with chronic diseases. The proposed terms of reference, work plan and time frame of the joint subcommittee were issued vide LC Paper No. CB(2)147/12-13(01) for members' reference.

89. The Chairman put the proposal of Dr CHEUNG to vote. Members present at the meeting voted for the proposal unanimously. The Chairman advised that in accordance with HR 22(u), the formation of the joint subcommittee should be decided by the relevant Panels. In this connection, the Panel on Health Services would discuss the issue at its regular meeting scheduled for 19 November 2012.

*(Post-meeting note: Dr Fernando CHEUNG's proposal was agreed by the Panel on Health Services at its meeting on 19 November 2012. The joint subcommittee was therefore formed on that day.)*

Action

**VIII. Any other business**

90. There being no other business, the meeting ended at 1:09 pm.

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Legislative Council Secretariat  
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