

**立法會**  
***Legislative Council***

LC Paper No. FC54/13-14  
(These minutes have been  
seen by the Administration)

Ref : CB1/F/1/1

**Finance Committee of the Legislative Council**

**Minutes of the 4<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 20 December 2013, at 2:30 pm**

**Members present:**

Hon NG Leung-sing, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Dr Hon LEUNG Ka-lau

Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming  
Hon WU Chi-wai, MH  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-ki, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Members absent:**

Hon James TO Kun-sun  
Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon WONG Yuk-man  
Dr Hon Elizabeth QUAT, JP

**Public officers attending:**

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Kitty CHOI, JP	Director of Administration
Mrs DO PANG Wai-yee	Deputy Director of Administration
Miss Annie TAM Kam-lan, JP	Permanent Secretary for Labour and Welfare
Mr Donald CHEN	Deputy Secretary for Labour and Welfare (Welfare) 2
Mr FUNG Pak-yan, JP	Deputy Director of Social Welfare (Administration)
Mr NG Wai-kuen	Chief Social Security Officer (Social Security) 1, Social Welfare Department
Ms Cecilia CHAN Mei-ping	Senior Statistician (Social Welfare), Social Welfare Department
Mrs Elina CHAN	Principal Assistant Secretary for Labour and Welfare (Welfare) 3
Mr LAM Ka-tai	Deputy Director of Social Welfare (Services)
Miss Cecilla LI	Assistant Director of Social Welfare (Elderly)
Mr Simon KONG	Senior Architect, Social Welfare Department
Mr Stephen SUI, JP	Commissioner for Rehabilitation, Labour and Welfare Bureau

Mr FONG Kai-leung

Assistant Director of Social Welfare  
(Rehabilitation and Medical Social  
Services)

**Clerk in attendance:**

Mr Andy LAU

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO

Chief Council Secretary (1)5

Mr Daniel SIN

Senior Council Secretary (1)7

Mr Ken WOO

Senior Council Secretary (1)5

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Christy YAU

Legislative Assistant (1)7

---

Action

As the agenda of the meeting was rather heavy, the Chairman directed that members' speaking time should not exceed four minutes, including the Administration's response.

**Item No. 1 – FCR(2013-14)41**

**RECOMMENDATIONS OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 27 NOVEMBER 2013**

2. The Chairman advised that the item sought the Committee's approval of the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting held on 27 November 2013. No member had requested for the item to be discussed at the meeting.

3. For the item PWSC(2013-14)26 regarding the proposed one-off grant to the Hospital Authority for minor works projects, Mr WONG Kwok-hing enquired about –

- (a) the implementation timetable for the relocation and expansion of Wan Tsui General Out-patient Clinic in Chai Wan, and the anticipated increase in the number of service quota after the completion of this subject; and

- (b) the development plan of the site adjacent to Siu Sai Wan Complex which had been allocated to the Hospital Authority for provision of public health services.

4. Mr YIU Si-wing queried the reasons for the reduction in the approved expenditure on "Head 708 Subhead 8100MX" to the Hospital Authority in 2012-2013 as compared to 2011-2012, and whether the Administration expected any similar reduction in the coming ten years.

5. The Chairman said that as no members had made prior request for discussing the funding proposal at the meeting, relevant officials had not been invited to attend the meeting to respond to members' questions. He would forward members' questions to the Administration for written response.

6. Ms Cyd HO commented that the item sought approval from the Finance Committee ("FC") of a one-off grant of \$13 billion by which the Hospital Authority could implement many small projects without further scrutiny or supervision by FC. She asked the Administration to submit regular progress reports to the Panel on Health Services for members' reference.

7. Mr IP Kwok-him noted that the one-off grant to the Hospital Authority would be subject to a financial ceiling of \$75 million for each individual minor works project. He asked whether and how the Administration would avoid the abuse of the system by splitting a large project into several smaller projects each costing less than \$75 million.

8. Permanent Secretary for Financial Services and the Treasury (Treasury) referred members to the paper PWSC(2013-14)26 which explained that the Food and Health Bureau would monitor the use of funds by the Hospital Authority. Each year, the Hospital Authority would also be required to submit to the Legislative Council a full list of all the items proposed to be funded under the one-off grant in the following financial year and would provide annual reports on the key works projects implemented.

9. The Chairman put the item FCR(2013-14)41 to vote. The Chairman declared that the Committee approved the item.

## **Item No. 2 – FCR(2013-14)46**

### **2013-14 JUDICIAL SERVICE PAY ADJUSTMENT**

10. The Chairman advised that the item sought the Committee's approval to adjust the pay for judges and judicial officers' ("JJOs") in accordance with the decision of the Chief Executive-in-Council.

11. Dr Priscilla LEUNG, Chairman of the Panel on Administration of Justice and Legal Services, reported that the proposal was discussed at the Panel meeting held on 26 November 2013. Members had no objection to the proposed adjustment of 3.15% increase in the remuneration for JJOs. However, Panel members expressed concern about the chronic manpower shortage in the Judiciary and the long waiting time for trials to be heard in all levels of courts. Some members commented that the workload of judges was heavy and they were inadequately supported. Panel members suggested that the Judiciary Administration should strengthen staffing support in the Judiciary and review the perennial practice of retaining short-term contract staff.

Manpower shortage and insufficient office space in the Judiciary

12. Mr Dennis KWOK said that the legal profession was particularly concerned about manpower shortage in the Judiciary. He said that there were now seven High Court judge vacancies in the Court of First Instance ("CFI"). Judges were overloaded and worked long hours as the number of litigations and the number of unrepresented litigants were on the increase. Mr KWOK said that the manpower and resources situation in the Judiciary needed to be addressed.

13. Director of Administration ("D of Admin") assured members that the Administration had been working closely with the Judiciary in addressing its resource and manpower needs. She noted that, at the Panel meeting on 16 December 2013, the Judiciary Administrator had already briefed members on issues relating to judicial manpower situation and waiting times at various levels of court. The Administration was also aware that the Judiciary had completed an establishment review of all levels of court recently, and that the Judiciary Administrator would be in a position to inform members of the details about the relevant additional resources in the context of the draft Estimates of Expenditure for 2014-2015.

14. Ms Emily LAU also expressed concern about staffing situation in the Judiciary, and the long waiting time for trials to be heard and judgments to be written. Ms LAU said that even when the vacancies could be filled, there might not be sufficient office space and facilities to accommodate the judges. She asked the Administration to tackle the issues vigorously.

15. D of Admin highlighted that following the completion of a recruitment exercise for various levels of JJOs commencing in June 2011, the Judiciary launched another recruitment exercise for CFI Judges in July 2013, which had also been completed. As regards the allocation of office space, D of Admin noted that the Judiciary had indicated that there were sufficient

accommodation and facilities for any incoming judges who filled existing vacant posts. She understood that the Administration had been forthcoming when handling requests from the Judiciary for short-term office accommodation.

16. Mr Michael TIEN noted that there were around 30 JJO vacancies (or 15%) in the Judiciary. Mr TIEN asked why the Judiciary would have so many vacancies when it had just conducted a recruitment exercise, and when the vacancies could be filled.

17. D of Admin noted that, according to the Judiciary, they had not encountered any undue recruitment or retention problems in recent years. D of Admin added that, according to the Judiciary, some vacancies arose due to promotion or retirement of judges. To address the tight manpower situation, the Judiciary had expedited the recruitment cycle from approximately once every three years to once a year. As recruitment exercises were conducted by the Judiciary, D of Admin said that the Judiciary Administrator would be in a better position to advise when all the vacancies could be filled.

18. Dr Priscilla LEUNG criticized that the long waiting time for trials to be heard in courts was already affecting public interest. Dr LEUNG commented that the Judiciary should step up the recruitment process for JJOs and that the system of identifying legal talents for Judiciary should be more transparent.

19. Mr Paul TSE commented that it was important to improve the working conditions of the Judiciary to attract more competent and senior legal practitioners to become judges. He suggested that adequate staffing and administrative support should be provided to help judges carry out routine chores such as legal researches or drafting of documents.

#### Level of pay adjustment

20. Ms Emily LAU suggested that the Standing Committee on Judicial Salaries and Conditions of Service ("Judicial Committee") should review the remuneration package of judges to ensure the best candidates were recruited.

21. D of Admin advised that the Judicial Committee had conducted an annual review of the remuneration package of JJOs. They noted Judiciary's advice that the latter had experienced no undue recruitment difficulties in recent years and considered the current remuneration package of the Judiciary reasonably attractive for high calibre professionals.

22. Dr CHIANG Lai-wan enquired if the proposed 3.15% pay adjustment would apply equally to all JJOs, or whether different levels or ranks of JJOs would be subject to different rates of adjustment. D of Admin confirmed that the proposed rate of 3.15% increase in salary would apply equally for all JJOs. She advised that there were only around 190 JJOs in the Judiciary and their salaries were all comparable to those in the upper salary band in the civil service and that a single adjustment rate had been applied to all JJOs.

23. Mr Michael TIEN supported the funding proposal. He queried whether the level of increase was sufficient to retain or attract high caliber legal practitioners to become judges. Mr TIEN queried why there were still so many vacancies if the JJO's remuneration package was considered attractive.

24. Dr Priscilla LEUNG commented that legal practitioners were not motivated by remuneration alone when considering openings in the Judiciary. Manpower shortage in the Judiciary could not, therefore, be solved simply by increasing judges' salaries. Mr Paul TSE made a similar comment. Mr TSE said that many senior and well qualified practitioners were willing to contribute to the community by serving as judges.

25. D of Admin reiterated that, according to the Judiciary, no undue difficulties were experienced in previous recruitment exercises. She noted that remuneration was not the most important factor motivating a legal professional to join the Judiciary. For example, the high esteem of judicial offices etc. was also an important factor. In fact, the Judicial Committee had sought the views of the Judiciary when reviewing the pay level of judges, and the latter indicated support to the proposed adjustment rate.

#### Career planning and development of judges

26. Dr CHIANG Lai-wan considered it important that judges should have a broad understanding of the society and keep themselves abreast of the latest changes in social conditions out of which controversies arose. Relevant seminars should be provided to them. D of Admin undertook to convey member's views to the Judiciary for consideration.

27. Dr Priscilla LEUNG further suggested that the Judiciary should identify the types of legal talents it required in the longer term and implement better career planning and development measures to groom young recruits to advance to such positions.



28. Mr James TIEN said that Members belonging to the Liberal Party supported the funding proposal. He expressed concern about the quality of judges as he observed that many lower court judgments were subsequently overturned by the High Court or the Court of Final Appeal. Mr TIEN asked if the retirement age of judges could be extended further without affecting the promotion prospect of lower court judges.

29. D of Admin replied that the Administration was not in a position to comment on the retirement and succession plans of judges. She advised that, according to the Judiciary, the retirement age of Permanent Judges of the Court of Final Appeal could be extended from 65 to 71, and the retirement age of High Court Judges could be extended from 65 to 70.

30. Mr Paul TSE commented that for controversial cases, the overturning of lower court judgments by higher courts did not reflect on the quality of lower court judges. The legal principles and legal reasoning of the judges in lower and higher courts might equally be valid in those cases. Higher court judges might determine the cases from a different moral or ethical perspective which resulted in a different judgment.

Time taken for Executive Council to approve pay adjustment for JJOs

31. Mr IP Kin-yuen noted that the Judicial Committee submitted the report on JJO's pay adjustment to the Chief Executive on 28 June 2013. However, it was not until 24 September 2013 when the Chief Executive in Council approved the pay adjustment for JJOs for 2013-2014. Mr IP queried the reasons for the long time lapsed before the Administration made the decision.

32. D of Admin explained that the Administration had taken some time to analyse the findings of the Judicial Committee and to make recommendation to the Chief Executive in Council. The Administration had taken the earliest opportunity to consult the Panel on Administration of Justice and Legal Services and sought FC's approval when the new session commenced.

33. There being no further questions from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

**Item No. 3 – FCR(2013-14)43**

**HEAD 170 – SOCIAL WELFARE DEPARTMENT**

**Subhead 179 Comprehensive social security assistance scheme**

**Subhead 180 Social security allowance scheme**

34. The Chairman advised that the item sought the Committee's approval of adjusting the standard payment rates under the Comprehensive Social Security Assistance ("CSSA") Scheme and the rates of allowances under the Social Security Allowance ("SSA") Scheme.

35. Ms CHAN Yuen-han, Chairman of the Panel on Welfare Services, said that the proposal was discussed at the meeting of the Panel held on 11 November 2013. While supporting the proposal, Panel members had called on the Administration to adjust the CSSA standard payment rates in a more timely manner. Some Panel members requested the Administration to review the CSSA system and to introduce measures to raise the standard of living of the CSSA recipients above the poverty line. Some Panel members expressed concern that the rent allowance under CSSA was often insufficient to cover rental expenses of private rental accommodation. Members suggested that the Administration should consider regularizing the support given under the Community Care Fund to reduce the burden of CSSA recipients.

Difference of the adjustment rates between Old Age Living Allowance and CSSA, Old Age Allowance and Disability Allowance

36. Mr WONG Kwok-hing supported the funding proposal. Mr WONG noted that there was a difference of 0.3 percentage point between the proposed rates of increase in CSSA, Old Age Allowance ("OAA"), disability allowance ("DA") as compared with the Old Age Living Allowance ("OALA"). He queried the justification for the difference and suggested that the adjustment rates for different allowances should be aligned at 4.1%. Mr WONG queried whether OALA recipients would be given the payment differential in the next cycle of OALA adjustment. Mr LEUNG Kwok-hung made a similar suggestion.

37. Permanent Secretary for Labour and Welfare ("PSLW") explained that the standard rates under the CSSA Scheme and the rates of OAA and DA under the SSA Scheme were adjusted taking into account the movement of the Social Security Assistance Index of Prices ("SSAIP"). Regarding CSSA, OAA and DA, as the 12-month moving average of SSAIP for the period ending October 2013 registered a cumulative increase of 4.1% when compared with the average figure ending October 2012, the Administration had adopted this rate for the adjustment of these payments.

38. As for the rate of adjustment for OALA, PSLW explained that when FC approved on 7 December 2012 the item FCR(2012-13)54 and 54A, Members noted that when OALA rate was to be adjusted for the first time in February 2014, the adjustment would capture the price changes from the date OALA took effect. Following this, the 12-month moving average of SSAIP for the period ending October 2013 was a cumulative increase of 3.8% as it was compared with the average figure ending November 2012. The different periods for measuring price changes accounted for the difference in adjustment of payments. PSLW added that the adjustment cycles of OAA, OALA, DA and CSSA standard payment rates would be synchronized in the next adjustment exercise.

39. Mr WONG Kwok-hing criticized the Administration for being unnecessarily mean to OALA recipients by not aligning the rate of adjustment of OALA at 4.1%.

#### CSSA payment for a four-member family

40. Mr TANG Ka-piu said that he had heard discussion in the community that a four-member family (with two unemployed parents and two school-age children) received as much as \$21,000 in CSSA payment. Mr TANG asked the Administration to clarify whether this was possible. Mr LEUNG Kwok-hung made a similar comment.

41. Deputy Director for Social Welfare (Administration) ("DDSW(Adm)") responded that an eligible four-member family, on average, received around \$11,800 in CSSA a month. Mr WU Chi-wai commented that the Administration's response should be substantiated with more detailed calculations. DDSW(Adm) said that the figure represented the average monthly CSSA payment for all CSSA four-member families which did not have income other than CSSA payment. The Chairman suggested that the Administration should issue a public statement to clarify the matter.

#### Effectiveness of OALA

42. Mr TANG Ka-piu requested the Administration to provide information on –

- (a) the number of elderly recipients of OALA who, before the commencement of the Allowance, either had been receiving support under (i) the CSSA Scheme; (ii) OAA; (iii) DA; or had not been receiving any social security or welfare benefits;

- (b) the number of recipients of OAA who were (i) aged 65-69; and (i) aged 70 or above; and
- (c) the number of elderly people aged 65 or above who were not receiving any type of social security or welfare benefits.

Admin 43. DDSW(Adm) undertook to provide the information after the meeting as far as possible. He said that some of the information might not be available.

44. Mr TANG Ka-piu further enquired about the number of elderly CSSA recipients who had switched to receive OALA instead. DDSW(Adm) replied that as the amount of CSSA payment was normally higher than OALA payment, such cases would be minimal, if existed at all.

#### Impact of recent Court of Final Appeal judgment on CSSA eligibility

45. Mr POON Siu-ping asked about the impact on the social security system arising from the recent judgment of the Court of Final Appeal ("CFA") regarding the eligibility of CSSA applicants with less than seven years' residence in Hong Kong. He asked whether the Administration would need to seek supplementary provisions from FC later on if there were a surge of successful applications.

46. PSLW said that the Administration was evaluating the financial implications arising from the CFA judgment. She explained that the extent of financial implications would depend on the economic circumstances of the new arrivals and their intentions to apply for CSSA. PSLW said that in the last three days, the daily number of CSSA applications with less than seven years' residence was 31, 129 and 170 respectively. The Administration would closely monitor the situation.

47. Mr Vincent FANG commented that the financial implications on public expenditure due to the CFA judgment on CSSA eligibility could be bottomless. He asked what measures the Administration would introduce to address the problem.

48. PSLW advised that while the Administration would carefully assess the situation, the issue should be looked at in a proper context. She said that as at the end of October 2013, there were 263 000 CSSA cases and that the total number of beneficiaries had fallen below 400 000. The caseload was the lowest since the end of 2002 and had been dropping for 30 months. Between 2000 and 2004, about 12% to 15% of the CSSA recipients were new arrivals.

The corresponding proportion dropped to about 3% (or 13 000 recipients) in 2013.

49. PSLW said that the total CSSA payment amounted to about \$20 billion in 2012-2013, or about 7% of the total public expenditure. Since 2004, Hong Kong residents aged below 18 were exempted from the seven-year residence requirement. Director of Social Welfare ("DSW") had discretion to waive the residence requirement; so far about 14 000 waivers had been granted.

50. Mr LEUNG Kwok-hung commented that the Administration should make a realistic estimate of the resources required to be set aside to meet the expenditure arising from the CFA judgment. He said that based on the Administration's information, it would appear that the financial implications should not be substantial, given that the number of CSSA recipients were decreasing and that the DSW had already been exercising discretion to waive the seven-year residence requirement for CSSA applicants.

51. The Chairman and Mr FANG said that the situation had now changed completely with the announcement of CFA's judgment. The historical data could not be relied on to evaluate future implications. The Administration would need to prepare an entirely new set of forecasts.

52. Mr LEE Cheuk-yan commented that it was difficult to make an accurate assessment of the impact of CFA judgment on the Government's future financial commitment on the CSSA Scheme. He said that the issue should not be viewed simply as a problem generated by the new arrivals. In the past, DSW had exercised his discretion in allowing many new arrivals who did not meet the seven-year residence requirement to receive CSSA. Most of these cases involved family violence. Mr LEE added that it was difficult to assess the increase in the number of applications from those who did not satisfy the seven-year residence requirement and had not been given exemption by DSW's discretion would now turn up and apply for CSSA. He explained that the propensity to apply for CSSA depended on the economic circumstances.

53. Mr Albert HO said that the CSSA payment for an eligible recipient was meant to meet his basic needs. Many new arrivals receiving CSSA were holders of single-entry permit and should be regarded as Hong Kong people. Mr HO said that the CFA's judgment should not be seen as having opened the floodgate for people outside Hong Kong to take advantage of welfare benefits without making any contribution.

54. Mr Albert HO commented that the Administration should provide a clear evaluation of the impact of the CFA judgment on the social welfare

system. Mr HO noted that between 2000 and 2004, around 12% to 15% of CSSA recipients were new arrivals. He asked whether the same ratio could be used as an initial base to estimate the number of new arrivals (including those without seven-year residence) who would apply for CSSA, and hence the likely financial implications.

55. PSLW said that the Administration would have regard to the profile of pre-2004 CSSA recipients in assessing the impact of the CFA judgment on the CSSA expenditure. However, she pointed out that the economic circumstances of new arrivals had been improving and they might have different propensity to apply for CSSA.

56. Dr Fernando CHEUNG said that since 2004, the Administration had required an elderly CSSA applicant to disclose the contributions by his or her family members, which would be counted as income. In the light of CFA's judgment on the residence requirement, Dr CHEUNG asked if the Administration would take the opportunity to review this policy as well.

57. PSLW explained that CFA judgment was mainly focused on the residence requirement in the eligibility criteria of CSSA payment, and was not related to the requirement to take into account income from contributions by elderly recipients' family members.

58. The Chairman suggested that discussion on the impact of CFA's judgment on CSSA and the financial implications should be held in the relevant Panel rather than at the meeting. Ms CHAN Yuen-han, Chairman of the Panel on Welfare Services, acknowledged that some members had already made a request for the issue to be discussed at the Panel shortly. She requested the Administration to evaluate the impact of the CFA judgment on the social security policy as quickly as possible.

#### Provision of service coupons for CSSA recipients

59. Mr WU Chi-wai noted that, apart from standard payment, there were special grants and supplements under the CSSA Scheme to help recipients cope with specific expenses. Mr WU queried whether the Administration should provide service coupons rather than handing out cash to avoid abuse. DDSW(Adm) responded that the Administration had no plan to replace the special grants and supplements by coupons.

Rent allowance under CSSA

60. Ms CHAN Yuen-han said that the rent allowance under the CSSA Scheme was not sufficient for recipients to meet rental expenses. She asked whether the Community Care Fund ("CCF") could continue to provide assistance to help these CSSA recipients.

61. PSLW said that the maximum rates of the rent allowance ("MRA") under the CSSA Scheme were adjusted on the basis of the movement in the Consumer Price Index (A) rent index for private housing (rent index). The Administration planned to increase MRA by 6.5% in February 2014. Meanwhile, the "Subsidy for CSSA Recipients Living in Rented Private Housing" under CCF had been re-launched to help CSSA households in private housing who were paying rent exceeding MRA. Eligible one-person or two-or-more-person CSSA households would receive a one-off subsidy of \$2,000 or \$4,000, respectively. SWD had helped identify eligible CSSA households, and the subsidy had been deposited directly into their bank accounts.

62. Mr LEE Cheuk-yan said that the use of rent index to determine MRA was not effective because it tended to average out the rental values of different types of private accommodation among different locations. For example, the increase in rents of divided flats in areas such as Sham Shui Po or Kwun Tong was a lot higher as compared with other districts. On the other hand, the amount of rent allowance under CSSA was based on the average rental value of private accommodation across districts. As a result, the rent allowance might not be sufficient to meet the rental expenses of many CSSA recipients in Sham Shui Po or Kwun Tong. Mr LEE asked whether different rates of rent allowance could be provided according the district or location in which the CSSA recipients were living.

63. PSLW said that it was difficult to further categorize recipients according to districts and apply a different rate of rent allowance for each category. PSLW said that the long-term solution to CSSA recipients' accommodation needs would depend on the supply of public housing. Meanwhile, the Administration would closely monitor the movement of rent in private housing and adjust MRA as necessary.

64. Dr Fernando CHEUNG criticized the Administration for ignoring the problem of long time lag in effecting adjustment to the standard payment of CSSA despite the repeated calls by members to improve the situation. As a result, CSSA recipients often had to suffer the drop of purchasing power due to inflation for one year before the adjustment was due. Dr CHEUNG asked

how many CSSA recipients who, having received the rent allowance and the subsidy under CCF, still had to make up the rental payment from their CSSA payment. PSLW advised that after increasing MRA by 6.5% and the re-launch of the "Subsidy for CSSA Recipients Living in Rented Private Housing" programme under CCF, it was expected that there would be around 10 363 CSSA cases with rental expenses exceeding the rent allowance-cum-CCF subsidy.

65. Dr KWOK Ka-ki added that many CSSA households living in divided flats had to use their CSSA payment to top up the rent allowance as the annual adjustment of rent allowance lagged far behind the increase in rent. Dr KWOK asked if the Administration would improve the adjustment mechanism.

66. PSLW reiterated that MRA was adjusted on the basis of the rent index. As the overall number of CSSA recipients living in divided flats was relatively small, there might be difficulties in drawing sufficient samples for more accurate assessment of the situation.

67. The Chairman said that further discussion on the methodology of calculating MRA should be held in the respective Panel.

#### Residential care services for the elderly

68. Dr KWOK Ka-ki supported the funding proposal. He commented that the public or subsidized elderly home services were insufficient, and the quality of private elderly homes differed widely. Dr KWOK asked if the Administration would review the elderly home services and step up monitoring of private elderly homes.

69. DDSW(Adm) said that the Administration had set up a dedicated team to regulate residential care homes for the elderly ("RCHEs"), including private elderly homes. In addition, the Administration had introduced the Bought Place Scheme and the Enhanced Bought Place Scheme to increase the number of subsidized places and shorten elderly people's waiting time for residential care services. Moreover, the Administration had plans to construct new RCHEs as part of its continued efforts to improve services.

70. There being no further question from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.



**Item No. 4 – FCR(2013-14)38**  
**LOTTERIES FUND**  
**HEAD 341 – NON-RECURRENT GRANTS**

71. The Chairman advised that the item sought the Committee's approval of an allocation of \$69,920,000 from the Lotteries Fund ("LF") for meeting the construction cost of a new contract RCHE and a new Day Care Centre for the Elderly ("DE") at the site of the ex-Kwong Choi Market, Tuen Mun.

72. Ms CHAN Yuen-han, Chairman of the Panel on Welfare Services, reported that the Panel had discussed the proposal on 11 November 2013. Panel members supported the proposal, but requested the Administration to increase supply of residential care places and shorten the construction time. Some Panel members suggested that the Administration reduce the ratio of non-subsidized places in contract residential care homes in areas with higher underprivileged population, so as to provide more subsidized places to help those with economic needs.

73. The Chairman directed that the speaking time of members on the item should not exceed three minutes, including the Administration's response.

Contingency for inflation

74. Mr WONG Kwok-hing queried why the Administration sought funding for a facility that would only commence operation in seven to eight years away. He asked when the construction of the contract RCHE and DE would be completed and whether the funding sought had allowed for inflation during this period.

75. Deputy Director of Social Welfare (Services) ("DDSW(Services)") said that a provision of \$24,990,000 was included in the cost estimates to allow for price adjustment due to inflation. The facilities would be included in the conditions of land sale, so that the purchaser of the site would construct the bare-shell premises thereon according to the Government's specifications. The Government would reimburse the purchaser the construction cost of the contract RCHE and DE subject to a ceiling of \$69,920,000. DDSW(Services) expected that the contract for operating RCHE would be awarded in around 2020-2021, and DE would come into operation in the same financial year.

76. Mr WONG Kwok-hing criticized the Administration for wasting more than one-third of the allocation to allow for cost variation due to inflation. He considered that the inflation factor would be avoided if the Administration

could identify sites where the facilities could be constructed and operated at an earlier date.

77. Mr YIU Si-wing commented that the cost component on price adjustment appeared disproportionately large. Mr YIU asked if the Administration could reduce the project estimate by working out more realistic cost estimate of the project.

78. Miss Alice MAK queried whether it was normal to set aside one-third of the funding as contingency to allow for price adjustment. She said that the proposed project would only provide about 100 RCHE places where only 60 were subsidized places. It would take a long period of time for the facilities to come into operation. Miss MAK queried whether there were more cost effective options to provide residential care places.

79. DDSW(Services) said that the project cost estimates were provided by the Architectural Services Department based on the floor area and the technical specifications of the required facilities. It was also an on-going practice that a contingency component was included to allow for price adjustment due to inflation and other unforeseen factors. DDSW(Services) added that the Administration adopted a multi-pronged approach to increase the supply of subsidized residential care places, including the Enhanced Bought Place Scheme, and provision of contract RCHE in private development or Urban Renewal Authority's projects, etc.

#### Commissioning date of the proposed RCHE and DE

80. Dr Fernando CHEUNG noted that the contract of the proposed RCHE would only be awarded in 2020-2021. He asked when the facility could commence operation. DDSW(Services) said that the proposed facility was included in the 2013-2014 Land Sale Programme. The purchaser would be required to provide the required facility not later than 72 months after the signing of the land sales contract. There were cases where purchasers had managed to complete construction of required facilities ahead of the specified time. As the subject site was scheduled to be disposed of by land sale in the first quarter of 2014, construction of the proposed RCHE and DE could be completed by 2020-2021 at the latest.

81. Dr Fernando CHEUNG said that it was ironic that the proposed facilities that provided 100 RCHE places and a DE with 60 places would take as long as the whole MTR South Island Line to construct. He urged the Administration to provide more subsidized residential care places through other means.

82. Ms CHAN Yuen-han criticized the Administration for the poor co-ordination in implementation of social service facilities, without giving due regard to the needs of the service users. She quoted the case where the Government had to clear the residential care homes for the elderly in Dills Corner Garden which would displace some 1 000 elderly people. Meanwhile the proposed contract RCHE in Tuen Mun, which would take seven years to complete, could only provide a meagre 100 places.

83. The Chairman directed that the speaking time for the second round of questions on the item should not exceed two minutes, including the Administration's response.

84. Mr WONG Kwok-hing criticized the Administration for wasting public resources by making a provision of \$24.99 million to allow for price adjustment, but refused to make up for the 0.3 percentage point of difference in the adjustment to the rates of OAA and OALA. He asked whether the Administration would defer the funding allocation until the construction of the facilities was ready to commence.

85. DDSW(Services) said that the conditions of land sale would specify the ceiling of construction cost the Administration would reimburse to the purchaser. In the end, the Government would only pay the lesser of the actual construction cost or the estimated cost of \$69.9 million.

86. There being no further questions from members, the Chairman put the item to vote. Mr WONG Kwok-hing objected to the funding proposal, and requested that his objection should be recorded.

87. The Chairman declared that the Committee approved the item.

88. The Chairman announced that he would extend the meeting by 15 minutes if necessary.

**Item No. 5 – FCR(2013-14)42**

**LOTTERIES FUND**

**HEAD 341 – NON-RECURRENT GRANTS**

89. The Chairman advised that the item sought the Committee's approval of an allocation of \$40.65 million from the LF for meeting the construction costs of rehabilitation and elderly service facilities in the development project of the Urban Renewal Authority at Hai Tan Street, Kwei Lin Street and Pei Ho Street, Sham Shui Po.

90. Ms CHAN Yuen-han, Chairman of the Panel on Welfare Services, reported that the proposal had been discussed at the Panel meeting held on 11 November 2013. Panel members supported the funding proposal, but urged the Administration to shorten the waiting time for the pre-school rehabilitation services in order to meet the needs for the service. Some Panel members had expressed concern that the proposed DE was to be located away from the MTR Station, and was rather inconvenient for elderly service users and their families to access the facility. Panel members had also requested the Administration to review the staffing arrangements of the proposed sub-base of the Neighbourhood Elderly Centre.

91. Dr CHIANG Lai-wan enquired about the current balance of the LF, its annual revenue and expenditure. DDSW(Services) advised that as at the end of 2012-2013 financial year, the LF had a cash balance of about \$10,228 million with the uncommitted balance of about \$6,534 million.

92. DDSW(Services) added that the LF was mainly funded from the proceeds of Mark Six Lottery. In 2012-2013, the revenue of LF was about \$1,779 million while the expenditure was about \$880 million with an approved commitment of more than \$1,850 million.

93. Dr Fernando CHEUNG said that the LF should be used to finance non-governmental organizations ("NGOs") and charitable bodies to implement innovative and new service projects rather than being used to finance capital items. For construction of service facilities which required capital expenditure, Dr CHEUNG considered that the Administration should fund them from its own sources.

94. Dr Fernando CHEUNG commented that pre-school rehabilitation places were in severe shortage. While there were currently 6 245 places, the number of children awaiting pre-school rehabilitation service exceeded this amount. However, the Government would only be able to provide 1 200 more places by 2017-2018, which were still far from meeting the service demand. Dr CHEUNG said that the Administration should have better service planning so as to increase the number of pre-school rehabilitation places as soon as possible. As regards the location of the proposed facilities, Dr CHEUNG asked whether embarkation and disembarkation points were safe for elderly persons and children using the facilities.

95. DDSW(Services) said that the Administration was aware of the service needs for pre-school rehabilitation service. The Administration had planned to provide 1 200 additional places between the remaining period of 2013-2014 and 2017-2018, and would invite NGOs to submit proposals to

operate new Early Education and Training Centres as well as Special Child Care Centres.

96. DDSW(Services) supplemented that there would be dedicated drop-off/pick-up points for users. In addition, transport service would be provided by the Special Child Care Centre and two private light buses would be provided for use by elderly persons using the DE. DDSW(Services) said that the Administration would take into consideration members' comments in designing the facilities.

97. Dr CHIANG Lai-wan said that she had been informed that more than 3 000 children were not admitted to any school as a result of their hyperactivity. Dr CHIANG asked if the Administration could verify the information and what support services were available to help these children.

98. DDSW(Services) said that there were some 5 900 children from birth to six years old who were on the waiting list for pre-school rehabilitation services. Two years ago, a project funded by CCF was implemented to provide training subsidies for parents with financial needs to acquire self-financing services from NGOs to help their children with special needs while waiting for subvented pre-school rehabilitation services. For school-age children (aged six or above) with special education needs, suitable support would be provided by the Education Bureau.

99. There being no further question from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

100. The meeting was adjourned at 4:37 pm.