

**Speaking Note for the Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2016-17 Draft Estimates
on 8 April 2016**

Welfare and Women

Chairman and Honourable Members,

In 2016-17, government recurrent spending on social welfare and women's interests will reach \$66.2 billion, accounting for 19% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2015-16 (\$58.4 billion), there is an increase of \$7.8 billion (i.e. 13.4%). This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the elderly, children, persons with disabilities, low-income families and those in need. Now, let me highlight how the Labour and Welfare Bureau (LWB) will make use of such substantial resources.

Elderly Care

2. With the ever-growing elderly population, the resources committed by the Government to elderly care services has continued to increase through the years. The recurrent government expenditure on elderly services in 2016-17 is estimated to reach \$7.4 billion, representing an increase of 8.5% over the revised estimate of \$6.8 billion in 2015-16. In 2016-17, we will increase the annual recurrent expenditure by \$163 million to enhance elderly services, which mainly include providing 320 additional subsidised residential care places and 168 day care places; progressively converting 1 200 EA2 places under the Enhanced Bought Place Scheme to higher quality EA1 places; and improving the service quality of existing places of contract residential care homes for the elderly (RCHEs) and day care places.

3. In addition, we will launch the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly this year. The pilot scheme will be extended to all 18 districts in the territory and the number of service vouchers will be increased by 1 800 to 3 000.

4. We attach great importance to the quality of residential care homes.

In 2016-17, we will merge the Social Welfare Department (SWD)'s Licensing Office of Residential Care Homes for the Elderly and the Licensing Office of Residential Care Homes for Persons with Disabilities, with a large increase in manpower of about 50% to comprehensively strengthen the inspection and monitoring of RCHEs and those for persons with disabilities.

5. In the long term, to cope with the service demand, we will continue to plan for elderly facilities. SWD has reserved space in 15 development projects or vacant buildings for the provision and conversion of RCHEs and day care centres for the elderly. It is estimated that about 1 400 additional residential care places (including both subsidised and non-subsidised places) and 540 day care places could be provided. At the same time, we are pressing ahead with the Special Scheme on Privately Owned Sites for Welfare Uses to provide additional places for elderly services through the redevelopment or expansion of existing service facilities. Based on the rough estimation of the participating non-governmental organisations (NGOs), about 9 000 additional elderly service places, including 7 000 residential care places and 2 000 day care places, would be provided upon full implementation of all the proposals.

Formulating an Elderly Services Programme Plan

6. In respect of the planning of elderly services, the Elderly Commission (EC) is pressing ahead with formulating an Elderly Services Programme Plan (ESPP). Two rounds of public engagement events have been completed. Taking into account the public views gathered, analysis of the consulting team, and other relevant information and data, EC is drawing up the preliminary recommendations to be put forward in the ESPP, as well as preparing for the next stage of public engagement event. In the light of the latest progress, it is estimated that the formulation of the preliminary recommendations could be completed by July 2016, and the report of the ESPP be submitted in the second quarter of 2017. We attended the meeting of the Panel on Welfare Services of 14 March 2016 to report the above progress to the Panel.

Extending the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to Green Minibuses

7. The Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) was extended to green minibus (GMB) by phases since 29 March 2015. It now includes 154 GMB operators (96% of the total) operating a total of 496 GMB routes (96% of the total). The Government will continue to encourage the remaining 6

operators (providing 20 routes) and offer assistance to these operators, with a view to including them in the Scheme as and when they are ready.

8. The number of average daily passenger trips under the Scheme is at present around 946 000, with around 829 000 trips (88%) made by the elderly¹ and the remaining 117 000 trips (12%) made by eligible persons with disabilities². With the Scheme's extension to green minibuses and the steady rise in Hong Kong's elderly population, the Government's reimbursement of revenue forgone to the operators will rise to around \$1.1 billion in 2016-17 from \$900 million in 2015-16.

Support for the Disadvantaged

9. The overall recurrent expenditure for rehabilitation services under LWB, SWD (excluding related expenditure under the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance (SSA) Scheme), Labour Department and Transport Department (Rehabus service) has already doubled from some \$2.8 billion in 2007-08 to \$5.75 billion in 2016-17.

10. We propose an additional annual recurrent provision of nearly \$170 million in 2016-17 to strengthen support services for persons with disabilities, in which about \$130 million would be used to provide an additional 210 pre-school rehabilitation, 400 day training and vocational rehabilitation, 350 residential care service places and 150 service places under the Bought Place Scheme, with a view to strengthening care and providing necessary training for persons with disabilities.

11. Regarding special transport services, the Government would allocate an addition of about \$18.8 million to meet the capital expenditure for procuring 9 new rehabuses and replacing 10 existing ones of higher vehicle age, thereby increasing the fleet vehicles to 156. We will also allocate about \$67.85 million to subsidise the recurrent expenditure of the Rehabus service with a view to further enhancing the service.

12. In addition, the Government will apply for around \$66 million from the Lotteries Fund for procurement of 73 centre buses for 58 Day Activity Centres cum Hostels for Severely Mentally Handicapped Persons and 4

¹ Elderly people refer to those aged 65 or above.

² Eligible persons with disabilities are persons aged below 65 with severe disability as defined under the Disability Allowance receiving the allowance and those with 100% disabilities receiving Comprehensive Social Security Assistance in the same age group.

Community Rehabilitation Day Centres. We also propose an additional recurrent provision of \$18.2 million for the relevant service operators to hire motor drivers and to meet other relevant expenses.

13. Apart from enhancing the transport service for ageing users, we also propose an additional recurrent provision of about \$9.46 million in 2016-17 to increase the subvention for the Visiting Medical Practitioner Scheme to enhance the primary medical services for ageing service users at residential care homes.

14. Providing appropriate support services for children with special needs is an important point of the Chief Executive's Policy Address this year. We will fully implement the Pilot Scheme on On-site Pre-school Rehabilitation Services (the Pilot Scheme) launched in end-2015. This Pilot Scheme is span over a period of two years and provide 2 925 places for over 450 kindergartens or kindergarten-cum-child care centres. The Government has reserved recurrent funding of \$470 million for providing up to 7 000 service places by phases when the scheme is regularised to ensure immediate provision of services to children in need.

15. As to children on the waiting list for special child care centres (SCCCs), the Government will also include an additional recurrent provision of \$11.8 million in 2016-17 to increase the training hours per month for children eligible for the Training Subsidy Programme (TSP). Starting from 2017-18, the Government will waive the fees of SCCC and provide non-means-tested TSP for children on the waiting list for SCCC.

16. The Chief Executive mentioned in his Manifesto the subject of allowing people with loss of one limb to apply for the Disability Allowance (DA). The Inter-departmental Working Group on Review of the DA has completed the review on the eligibility of the DA and the related issues, and put forward a total of nine recommendations (including areas like improving the existing assessment mechanism for the DA, encouraging persons with disabilities to engage in employment, providing financial assistance to carers of persons with disabilities who are in need, etc.). The relevant departments and committees will follow up with the implementation of the recommendations.

Poverty Alleviation

Implementation of Low-Income Working Family Allowance

17. The Government will implement the Low-income Working Family Allowance (LIFA) Scheme this year. The Scheme is an important poverty alleviation measure to relieve the financial burden of non-CSSA low-income working families (especially those with children or youths), and to promote self-reliance and ease inter-generational poverty. The Scheme will start accepting applications by phases from May 2016. The estimated annual allowance amount of the Scheme is around \$2.9 billion. It is estimated that more than 200 000 families will benefit from the Scheme, and the overall poverty rate will reduce by 2 percentage points. The child poverty rate is also estimated to reduce by 4.2 percentage points.

Social Security

18. For social security, we will continue to provide economic assistance to those in need through the CSSA and SSA Schemes in the coming year. Excluding one-off additional payments, the estimated total recurrent expenditure of these two Schemes in 2016-17 is about \$42 billion, which is 8.3% higher than the revised estimate (\$38.8 billion) last year. This represents 63.5% of the Government's recurrent social welfare expenditure (\$66.2 billion) and 12.1% of the recurrent government expenditure (\$347.5 billion). The estimated increase in expenditure is mainly due to the annual adjustment of payments rates under the CSSA and SSA Schemes, the estimated increase in number of cases under the SSA Scheme, etc.

One-off relief measure

19. The Financial Secretary (FS) also proposes to provide an extra allowance to social security recipients, equal to one month of the standard rate CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. This proposal will involve an additional expenditure of about \$2.8 billion and about 1.18 million recipients are expected to benefit from the extra allowance.

Retirement Protection

20. In December last year, the Commission on Poverty launched a six-month public engagement exercise on how to improve the retirement protection system. The exercise will end on 21 June this year. As the FS pointed out in his Budget Speech, our ageing society has far-reaching implications for our future public finances. Any retirement protection scheme must be financially sustainable to avoid shifting the significant retirement protection expenses to future generations. The Government has

set aside \$50 billion for the purpose of improving the retirement protection for the elderly in need. The Government appeals to all sectors of the community to continue to express views in the consultation period, thereby building community consensus on retirement protection.

Supporting Families

Strengthening Child Care Services

21. To support parents who are unable to take care of their children temporarily because of work or other reasons, SWD has all along been providing subsidies to NGOs to run a variety of child care services for children below the age of six. The Government has been launching measures to enhance child care services, including to increase, by phases from 2015-16 onwards, the provision of Extended Hours Service by about 5 000 places at aided child care centres and kindergarten-cum-child care centres in districts with high demand. About 1 200 of such places have been provided since September 2015, and the Government will continue to provide the remaining 3 800 places by phases.

22. Besides, the Government launched the pilot project on Child Care Training for Grandparents in March 2016. This two-year pilot project aims at reinforcing family support between generations, enhancing child care to support women in fulfilling work and family commitments; as well as promoting active ageing of grandparents.

23. In respect of the medium and long-term planning, the Government will commission a consultancy study to advise on the long-term development of child care services with a view to providing services that meet the needs of the families in Hong Kong.

Assisting Families Most in Need of Support

24. To support the victims of domestic violence and the families in need, in 2016-17, SWD will provide additional places in refuge centre for women and Family Crisis Support Centre, as well as additional manpower for refuge centres for women and Multi-purpose Crisis Intervention and Support Centre (namely CEASE Crisis Centre) to enhance child care support service for residents.

Women's Interests

25. The Government will continue to facilitate more women to participate in the work of Government advisory and statutory bodies with a view to attaining the 35% gender benchmark. All bureaux and departments are also required to continue to refer to the Gender Mainstreaming Checklist (the Checklist) when formulating major government policies and measures. In 2016-17, the Government will implement a pilot scheme to encourage NGOs in the social welfare sector to refer to the Checklist and apply gender mainstreaming when formulating policies and programmes. The Government will continue to designate a Gender Focal Point within bureaux and departments and the District Councils (DCs), and will encourage social welfare organisations to do so.

26. In 2016-17, we have earmarked around \$33 million to promote women's interests and support the work of the Women's Commission (WoC). This includes the provision for assisting WoC in implementing the "Capacity Building Mileage Programme", and implementing the Funding Scheme for Women's Development under the theme of "Women Employment", under which 18 DCs and women's groups may implement different women's employment programmes.

27. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

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