

立法會
Legislative Council

LC Paper No. CB(2)2203/04-05
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 13 June 2005 at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon CHAN Yuen-han, JP (Chairman)
Dr Hon Fernando CHEUNG Chiu-hung (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon LEE Cheuk-yan
Hon Bernard CHAN, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert Jinghan CHENG

Members absent : Hon Fred LI Wah-ming, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Dr Hon YEUNG Sum

Public Officers attending : Items III and IV
Ms Salina YAN
Deputy Secretary for Health, Welfare and Food
(Elderly Services and Social Security)

Mrs Brenda FUNG
Principal Assistant Secretary for Health, Welfare and Food
(Elderly Services and Social Security) 2

Mrs Rachel Cartland, JP
Atg. Deputy Director of Social Welfare
(Administration)/Assistant Director of Social Welfare
(Social Security)

Mr CHENG Chok-man
Chief Social Security Officer (Social Security) 1
Social Welfare Department

Mr LAI Shiu-bor
Chief Social Security Officer (Social Security) 2
Social Welfare Department

Mr LAM Ka-tai
Chief Social Work Officer (Elderly) 2
Social Welfare Department

**Deputations
by invitation** : Item IV

Rights Concern for Elderly Alliances

Mr OR Jee-king
Committee Member

Mr CHUN Sai-kee
Committee Member

Ms CHAN Siu-kuen
Group Worker

Chinese Grey Power

Ms LEUNG Sau-yung
Member

Ms FUNG Yung
Member

Hong Kong Council of Social Service

Mr CHUA Hoi-wai
Business Director, Policy Advocacy and International
Networks

Hong Kong Social Security Society

Dr HO Wing-chung
Committee Member

Society for Community Organisation

Ms LEUNG Mei-kuen
Community Organizer

Ms TANG Kam-tai
Elderly Representative

Elderly Rights League (HK)

Ms LEUNG Wai-chun
Elderly Representative

**Clerk in
attendance** : Ms Doris CHAN
Chief Council Secretary (2) 4

**Staff in
attendance** : Mr Watson CHAN
Head, Research and Library Services Division

Mr Simon LI
Research Officer 6

Miss Mary SO
Senior Council Secretary (2) 8

Miss Maggie CHIU
Legislative Assistant (2) 4

I. Information paper issued since the last meeting

There was no information paper issued since the last meeting.

II. Items for discussion at the next meeting

(LC Paper Nos. CB(2)1828/04-05(01) and (02))

2. Members agreed to discuss at the next regular meeting scheduled for 11 July 2005 the Administration's response to the motion passed at the special meeting on 2 June 2005 requesting the Administration to abort the proposal of providing a Special One-off Grant to the non-governmental organisations (NGOs) currently receiving the tide-over grant (TOG), to extend the TOG period as well as to conduct a comprehensive review of the Lump Sum Grant mode of subvention and the competitive bidding policy. The Chairman reminded the Administration to provide its legal opinions on whether the discontinuation of the TOG would be in breach of Article 144 of the Basic Law, the question of which was also raised at the special meeting on 2 June 2005.

3. The Chairman suggested inviting the new Chief Executive (CE) to brief members on his thinking on the provision and development of welfare services in July 2005 meeting. Deputy Secretary for Health, Welfare and Food (Elderly Services and Social Security) (DSHWF(ES&SS)) said that the nomination period for the new CE had not been closed but she undertook to take back the Chairman's suggestion to the Administration for consideration.

III. Research report on social security system in support of the elderly in poverty in selected places

(RP06/04-05)

4. With the aid of powerpoint, Head, Research and Library Services Division of the Legislative Council Secretariat (Head, R&LSD) briefed members on the research report on social security system in support of the elderly in poverty in Canada, Australia and Singapore.

Head, RLS&D 5. At the request of members, Head, R&LSD agreed to provide the following supplementary information, if available, after the meeting -

- (a) whether the giving out of Old Age Security Pension in Canada, the Age Pension in Australia and the Public Assistance (PA) in Singapore was related to poverty line and/or other standard(s); if so, what were they, and what percentage spending on such was against the total public expenditure of these places and their comparison

with the percentage of public spending in Hong Kong on social security for the elderly;

- (b) whether the Old Age Security Pension, Age Pension and the PA paid to the needy elderly in Canada, Australia and Singapore respectively was meant to cover their medical needs; if not, how were such needs addressed;
- (c) what were the number and percentage of elderly persons receiving PA in Singapore against the total elderly population from 1993 to 2003; and what were the numbers and percentage of elderly persons in Singapore, against the total elderly population, relying on Central Provident Fund and on their children respectively in their retirement years during the same period; and
- (d) more details on how the Pension Loan Scheme in Australia was operated.

6. In response to Dr Fernando CHEUNG's enquiry, Head, R&LSD advised that his Office was currently preparing a research report on "Social Security System for Retirement Protection in Selected Places" at the request of the Subcommittee to Study the Subject of Combating Poverty. The said research report was expected to be ready in July 2005.

IV. Social security assistance for needy elderly in Hong Kong (LC Paper Nos. CB(2)1828/04-05(03) to (09))

Views of deputations

7. Representatives from the Hong Kong Council of Social Service, Rights Concern for Elderly Alliances, Hong Kong Social Security Society, Chinese Grey Power, Society for Community Organisation and Elderly Rights League (HK) presented their views on social security assistance for needy elderly in Hong Kong, details of which were set out in their submissions (LC Paper Nos. CB(2)1828/04-05(05) to (09)). All of them urged the Administration to expeditiously consider the establishment of a mandatory contributory pay-as-you-go (PAYG) Old Age Pension (OPS) Scheme to provide better retirement protection for all older persons in Hong Kong. Other suggestions put forward by deputations were summarised as follows -

- (a) to remove the requirement that elders aged between 65 and 69 had to declare that their income and asset did not exceed the prescribed level in order to be eligible for the Normal Old Age Allowance;

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- (b) to allow older persons living with their families to apply for Comprehensive Social Security Allowance (CSSA) on an individual basis;
- (c) to expeditiously restore the CSSA monthly standard rates to the 1993 levels;
- (d) to provide full or half-fee waiver to all persons aged 65 or above of all fees and charges of public hospitals and clinics. To obviate the need of those elderly persons who needed to seek frequent medical assistance from public hospitals and clinics to seek medical fee waiver for every visit, a medical fee waiver card of one-year validity should be provided to this group of patients;
- (e) to re-visit the feasibility of establishing a personal savings account called MEDISAGE to purchase long term nursing care insurance upon retirement, as recommended by the Harvard consultants in their 1999 report entitled “Improving Hong Kong’s Health Care System - Why and for Whom? ”; and
- (f) to provide more training opportunities/programmes to middle-aged persons to improve their employability as well as extending their working life.

Discussion

8. The Chairman invited the Administration to respond to the unanimous request by deputations on the establishment of a contributory PAYG OPS Scheme so that all older persons, regardless of their means, could receive a monthly pension in their old age.

9. DSHWF(ES&SS) responded that the possibility of implementing an OPS Scheme, to be funded by contributions from employers and employees and an one-off financial input from the Government at the outset, was the subject of intensive discussions following the release of the consultation document entitled “An Old Age Pension Scheme for Hong Kong” by the Education and Manpower Branch in July 1994. Views on the proposal to set up an OPS Scheme in the community as well as in the Legislative Council (LegCo) were highly divided. On the other hand, the implementation of a privately-managed compulsory pension plan for income maintenance on an individual account basis was regarded as a more practicable way forward. Hence, the implementation of the Mandatory Provident Fund (MPF) Scheme in 2000.

10. DSHWF(ES&SS) pointed out that in view of the ageing population, lower birth rates and increasing life expectancy, many overseas places which adopted a social insurance system in providing financial security for their elderly with pooled funding, meaning that the insured and/or their employers had to make contributions which were often pegged at a certain percentage of their earnings and payrolls respectively, had found such an approach increasingly difficult to sustain. The only option was to either increase contributions or decrease pension payment, both of which would be unpopular. A study in the United States (US) projected that the amount of pension which the next generation of elders would receive would be 27% less than what the current generation of elders were receiving, if no change was made to the level of contributions. That was why many overseas places which adopted a social insurance system with pooled funding in providing financial security for their elderly were now contemplating the setting up of a provident fund scheme with individual accounts to replace the existing arrangement. The US was a case in point.

11. DSHWF(ES&SS) further pointed out that the implementation of an OPS Scheme would need the support of the whole community. There was no panacea for the provision of financial security for the elderly that was universally applicable. Hong Kong must take into account overseas experience as well as the financial impact on the society as a whole, whether there would be a consensus on the distribution of wealth and the proper balance of obligations between individuals and the community. It was uncertain whether employers and employees would support the implementation of an OPS Scheme given that this represented an additional payment more like a tax as they both now had to make contributions to the MPF Scheme. It was also doubtful whether existing MPF contributors would be willing to convert their personal MPF Scheme accounts into an OPS Scheme as this would mean money saved for personal retirement would be redistributed to the current cohort of elders.

12. DSHWF(ES&SS) advised that the Hong Kong model of providing financial security to the elderly drew reference from the three-pillar approach on retirement protection advocated by the World Bank. Namely, mandatory savings on a contributory basis for the working population; a social safety net for the needy elders; and voluntary private savings. In terms of the pillar of mandatory savings for retirement, the MPF Scheme set up in 2000 provided the mechanism for the working population to save for their own retirement. In terms of the public pillar of social safety net, the Government had established a comprehensive social security system for the elderly based on non-contributory direct financial support, and heavily subsidised and widely available medical, housing and care services. As at the end of 2004-05, 92% of the elderly aged 70 or above received financial assistance either in the form of CSSA, OAA or Disability Allowance. The figure for those aged 65 or above was 81%. All CSSA recipients, including the elderly, were exempted from all public medical fees and charges. Elderly patients not on

CSSA but with limited income/assets might apply for a waiver of public medical fees and charges under an enhanced fee waiver mechanism administered by medical social workers. Depending on the circumstance of each case, a waiver valid for a defined period of time, say, one year, or one-off, full or partial waiver might be granted. All these were achieved in tandem with a low and simple taxation system. On the larger scale, Hong Kong's overall spending on welfare, education and housing accounted for almost 80% of its total tax revenue, which ranked second only to Switzerland among all Organisation for Economic Co-operation and Development (OECD) countries.

13. DSHWF(ES&SS) further said that in the light of the ageing population and bearing in mind that there would always be a group of elders who lacked family support or retirement protection, an Expert Panel on Financial Security in Old Age had been formed in July 2004 by the Central Policy Unit (CPU) to develop a research agenda on financial security in old age. Research topics, such as studies to look into the financial disposition of the current and future generations of the elderly and their retirement plans, had been developed. The Expert Group was expected to come up with initial findings in early 2006.

14. Dr Fernando CHEUNG said that the Administration's response failed to address the financial hardship faced by the current cohort of elders with limited income/assets but not on CSSA. Recent studies revealed that one-third of the elders in Hong Kong had very limited financial resources or were poor. However, only some 180 000 of them were on CSSA. Dr CHEUNG pointed out that the main reason deterring needy elders to apply for CSSA was due to the harsh eligibility criteria for CSSA in that elders living with family members had to apply on a household basis. In order to be eligible for CSSA on their own, elders had to obtain a statement from their adult children that they were unwilling to support their parents, which many elders were very reluctant to do so because of shame or their children simply refused to provide such a statement.

15. DSHWF(ES&SS) responded that eligibility criteria for elderly CSSA applicants were more lenient than other categories of CSSA applicants. For instance, the self-occupied property of an elderly or a family with an elderly member was totally disregarded from the CSSA asset test. Acting Deputy Director of Social Welfare (Administration) (DDSW(A)(Atg)) supplemented that elderly recipients also received a higher standard payment covering their basic needs. In addition, they could receive a range of special grants not available to adult able-bodied recipients to meet their special needs, such as residential home fee, dietary supplement, fares from and to clinics or hospitals, dental treatment and rehabilitation items, such as wheel chair and hearing aid, etc. DDSW(A)(Atg) also pointed out that more and more needy elders had overcome their psychological barrier to apply for CSSA, as evidenced by the steady and unabated decline in the number of elders aged 65 to 69 applying for Normal OAA and the

rise in the number of elderly CSSA caseload in the past few years.

16. Dr Fernando CHEUNG expressed dissatisfaction that the Administration still could not come up with measures to address the immediate needs of those financially invulnerable elders not on CSSA.

17. DSHWF(ES&SS) responded that other forms of welfare assistance, not in the form of direct cash assistance, were available to needy elders not on CSSA. For instance, elders who could not be adequately taken care of at home could apply for the heavily-subsidised residential care homes for the elderly (RECHs) which required no means testing. Priority was accorded to public housing applicants who had elderly family member(s), and the time from application to getting the accommodation was less than 12 months. Elderly owners/occupiers living in dilapidated buildings could apply for interest-free loans under the Building Management and Maintenance Scheme launched by the Hong Kong Housing Society in February this year to carry out maintenance and repair works of their buildings. DSHWF(ES&SS) further said that unlike the CSSA which was intended as a safety net of last resort, the objectives of the OAA were first, to provide some financial assistance to families to help relieve the caring for their older family members; second, to encourage families to care for their older members at home; and third, to enable older persons to contribute to their family budget. While the CSSA rates had been adjusted downwards in 2003 to reflect the deflationary situation, similar adjustments had not been made to the OAA rates.

18. Mr Frederick FUNG said that not only was the MPF Scheme unable to benefit the current generation of needy elders and people who had not participated in the workforce, the MPF Scheme was also unable to provide adequate retirement protection to those working population who earned low income and/or were middle-aged. Mr FUNG disagreed that LegCo was not in support of the OPS Scheme when it was being considered in the mid-1990s, as many of the disagreements then were merely technical in nature. Mr FUNG then asked the Administration, in the absence of an OPS Scheme, to consider providing a second safety net to the elderly by, say, providing them half-fee waiver for public housing and medical services. Mr FUNG further sought clarification from the Administration whether it intended to change the definition of the elderly from persons aged 60 or above to aged 65 or above, having regard to the fact that on all occasions which the word "elderly" was mentioned in the Administration's paper (LC Paper No. CB(2)1828/04-05(03)), the elderly was denoted as people aged 65 or above except on one occasion under the CSSA context.

19. In response to Mr FUNG's comments on the LegCo debate on the OPS Scheme, DSHWF(ES&SS) referred members to paragraph 16 of the background brief prepared by LegCo Secretariat (LC Paper No. CB(2)1828/04-05(04)) which

explained why the proposal of setting up an OPS Scheme back in the mid-1990s was dropped.

20. On the question of providing a second safety net for the elderly, DSHWF(ES&SS) said that this had been done in many areas. In terms of health care services, needy elders not on CSSA could be granted full or partial medical fee waiver from public hospitals and clinics. In terms of long term care, elders who could not be adequately taken care of at home could enter the heavily-subsidised RECHs which were non-means-tested. In terms of housing, elders not on CSSA but faced with financial difficulty could also apply for rent waiver that covered half of the rental cost. To grant all elders half-fee waiver for public housing and medical services, would however be difficult, given that resources were finite. DSHWF(ES&SS), however, pointed out that senior card holders were presently granted fare/fee concession for using public transport and attending leisure and cultural activities funded by the Leisure and Cultural Services Department.

21. DSHWF(ES&SS) clarified that the Administration had no intention to raise the age for applying elderly CSSA. The reason why persons aged 65 or above were referred to as elderly persons in the Administration's paper provided for the meeting was because age 65 or above had increasingly become the notion of old age in many overseas jurisdictions, having regard to the fact that with improving health care, people in general could now live a longer, healthier and more productive life. One of the recommendations of the Report of the Task Force on Population Policy published in 2003, in fact, also called for revisiting and redefining the notion of retirement and old age.

22. Mr LEE Cheuk-yan said that although Hong Kong ranked the second highest among all OECD countries with regard to overall public spending on social welfare, education and housing as a ratio of total tax revenue, it should be pointed out that Hong Kong ranked the second lowest among all OECD countries in terms of public spending on social welfare as a ratio of tax revenue. Mr LEE further said that in the Chief Executive 2000 Policy Address, it was mentioned that for those elderly who, because of meagre savings and lack of family support, had to depend largely on their OAA for a living, the Government intended to provide them with additional assistance. The Government would complete within one year a review of the OAA Scheme to see if further improvements could be made to their livelihood. Mr LEE asked whether, and if so, what progress had been made by the Administration in the review of the OAA Scheme. Mr LEE further requested the Administration to abolish the existing arrangements whereby employers were allowed to offset the long service payments or severance payments by the accrued benefits derived from the contribution which they had made to the employees in the MPF Scheme. If that was not the case, it was questionable how the Administration could say that the MPF Scheme could

provide retirement protection to the working population in their old age. Mr LEUNG Kwok-hung and the Chairman concurred.

23. DSHWF(ES&SS) responded that the overall spending on social welfare as a ratio of total tax revenue in Hong Kong was low in comparison with other OECD countries because many of the OECD countries implemented contributory social security systems instead of a publicly funded scheme as that operated in Hong Kong. It should also be pointed out that unlike these OECD countries Hong Kong had a much lower tax rate. DSHWF(ES&SS) however pointed out that the overall spending on health and public housing as a ratio of total tax revenue in Hong Kong ranked the highest in comparison with other OECD countries.

24. Regarding progress made on the review of the OAA Scheme, DSHWF(ES&SS) said that the Administration had reported to this Panel on two separate occasions on 9 July 2001 and 9 December 2002 regarding the review on the existing social security schemes for older persons. In the consideration of various options in developing a sustainable safety net for the needy elders, it was noted that the fundamental issue of how to maintain the financial sustainability of Hong Kong's social security system for elders in the face of an ageing population, while maintaining a low and simple taxation system, needed to be appreciated and addressed by the community. In the light of this, there was a need for the Administration to look into various issues concerning the elderly. The profiles of the future elderly might also change with higher education and changing family pattern. As some of the issues involved considerations of not only welfare policies, such as retirement protection and the right balance between private and public contribution, a co-ordinated response was called for. In this respect, an Expert Panel mentioned in paragraph 13 above had been formed in July 2004 to find out how the existing arrangements for retirement protection modelled on the World Bank's three-pillar approach could be made more sustainable.

25. As to abolishing the existing arrangements whereby employers were allowed to offset the long service payments or severance payments by the accrued benefits derived from the contribution which they had made to the employees in the MPF Scheme, DSHWF(ES&SS) undertook to convey such to the Financial Services and the Treasury Bureau for consideration.

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26. Mr Albert CHAN said that while it was necessary to map out strategies and measures to provide better retirement protection for older persons which were sustainable, it was incumbent upon the Administration to come up with more effective measures to better meet the difficulties faced by the existing needy elders not on CSSA. For instance, the Health, Welfare and Food Bureau should take the lead in mobilising and co-ordinating district resources, as well as in enhancing the liaison and co-ordination among different disciplines and organisations in the

district, in helping the needy elderly.

27. DSHWF(ES&SS) responded that it was the established policy to provide welfare services on a district basis, collaborate with local personnel to facilitate implementation of social welfare policies through co-ordinating with NGOs in respect of delivery of services, establish a more proactive social outreaching network to help the needy and the disadvantaged, etc. Chief Social Work Officer (Elderly)² supplemented that each of the District Social Welfare Offices regularly published and distributed booklets advertising the types of social welfare services available to the residents living in the district. There were also outreach services to the elderly for early problem identification so that timely assistance could be rendered.

28. Mr TAM Yiu-chung said that it was timely to re-open the discussion of implementing an OPS Scheme, and hoped that the Administration would take this into consideration when developing policies aiming at providing adequate financial support for older persons. The Chairman expressed similar views. In the meantime, Mr TAM hoped that the Commission on Poverty could expeditiously come up with measure(s) to better meet the needs of vulnerable elderly not on CSSA. As medical costs were one of the major worries of many elders, Mr TAM hoped that the Administration, in the formulation of long term financing of the public health care system, would have regard not to add financial burden to the elderly. Mr TAM also urged the Administration to have regard to the recent situation of the elderly queuing outside public outpatient clinics overnight in order to collect the limited daily number of discs earmarked for the elderly.

Admin 29. DSHWF(ES&SS) reiterated that the establishment of an OPS Scheme would need the support of the whole community, taking into consideration the financial impact on the society, the notion of income re-distribution and the appropriate share of responsibility between the individual and the community. She would convey members and deputations' views on the need to establish an Admin OPS Scheme to CPU for consideration. In respect of the views expressed by Mr TAM Yiu-chung in paragraph 28 above regarding health care financing and services, DSHWF(ES&SS) undertook to convey them to the relevant authorities for consideration.

30. Mr LEUNG Kwok-hung said that if the Administration was truly sincere in helping the needy elderly, it should not cut the elderly CSSA standard rates.

31. DSHWF(ES&SS) responded that the Administration was very concerned about the needs of the elderly and would continue to see how best it could help the vulnerable ones. For instance, the monthly CSSA standard rate for the elderly was increased by \$380 after the 1998 review of the CSSA Scheme and no

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reduction had been made to the OAA. Recently, the proposal of providing a \$100 monthly supplement to those severely disabled recipients, including elderly who required constant care and living in the community, was approved by the LegCo Finance Committee. DSHWF(ES&SS) further said that the recent downward adjustment of the CSSA standard rates were made having regard to the deflationary situation. The purchasing power of the CSSA recipients, including the elderly, should not be affected.

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32. In closing, the Chairman requested the Administration to brief the Panel about its thinking on how better to provide retirement protection to the current and future generation of older persons by the end of the year.

33. There being no other business, the meeting ended at 1:00 pm.

Council Business Division 2
Legislative Council Secretariat
6 July 2005