

ITEM FOR FINANCE COMMITTEE

**HEAD 53 – GOVERNMENT SECRETARIAT :
HOME AFFAIRS BUREAU**

**Subhead 700 General non-recurrent
New Item “Injection into the Community Care Fund”**

**HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**

Subhead 003 Recoverable salaries and allowances (General)

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 003 Recoverable salaries and allowances (General)

Members are invited to approve –

- (a) an injection of \$5 billion into the Community Care Fund; and
- (b) an expansion of the ambit of Subhead 003 “Recoverable salaries and allowances (General)” under Head 156 Government Secretariat: Education Bureau and Head 170 Social Welfare Department to enable the recovery of salaries and allowances in respect of dedicated civil service posts involved in taking forward initiatives and programmes of the Fund.

PROBLEM

We need to make an injection into the Community Care Fund (CCF) to provide assistance to people facing economic difficulties.

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PROPOSAL

2. The Secretary for Home Affairs proposes the creation of a new commitment of \$5 billion for injection into the CCF in 2011-12 to provide assistance to people facing economic difficulties, in particular those who fall outside the social safety net or those within the safety net but have special circumstances that are not covered.

3. To take forward the CCF initiative and programmes, dedicated staffing support from the Education Bureau (EDB) and the Social Welfare Department (SWD) is required. In this regard, we propose that with immediate effect, the ambit of Subhead 003 “Recoverable salaries and allowances (General)” under Head 156 Government Secretariat: EDB and Head 170 SWD be expanded to facilitate the recovery of salaries and allowances of the dedicated civil service posts involved.

JUSTIFICATION

The CCF

4. The CCF is a trust fund established under the Secretary for Home Affairs Incorporation Ordinance (Cap. 1044) with the Secretary for Home Affairs Incorporated (SHAI) as its trustee. Its main objective is to provide assistance to people facing economic difficulties, in particular those who fall outside the social safety net or those within the safety net but have special circumstances that are not covered. In addition, the CCF may implement measures on a pilot basis to help the Government identify those that can be considered for incorporation into the Government’s regular assistance and service programmes.

5. The Chief Executive (CE) has appointed the Steering Committee on the CCF (the Steering Committee) to oversee and co-ordinate the work of the CCF. The Steering Committee is composed of 20 non-official members drawn from various sectors of the community including the business, welfare, education, health, labour, political and the district sectors, as well as four official members. The membership and terms of reference of the Steering Committee are at Enclosure 1.

Encl. 1

6. An Executive Committee and four Sub-committees (Education, Home Affairs, Welfare and Medical) have been set up under the Steering Committee to support the operation of the CCF. The Executive Committee makes recommendations to the Steering Committee in respect of the target beneficiaries,

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programmes to be funded, amount to be disbursed, handling of donations, other administrative and financial matters as well as the handling of cross-sectoral issues. The Education, Home Affairs, Medical and Welfare Sub-committees deliberate on the types of programmes to be funded and the priorities under their respective portfolios, for the overall consideration by the Executive Committee and endorsement by the Steering Committee. The Sub-committees are also tasked to implement the programmes endorsed by the Steering Committee and monitor their effectiveness.

Proposed Injection into the CCF

7. Over the years, a comprehensive and sophisticated social safety net has been developed in Hong Kong. However, there will always be some people in need who either fall outside this safety net due to various reasons, or have special circumstances that are not covered. The CCF aims to help these people through collaboration with the business sector, with particular focus on vulnerable groups. While promoting the culture of social responsibility and philanthropy in our society, the setting up of the CCF represents a more innovative and flexible means to provide assistance directly to people in need. The CCF does not intend to replace, but rather supplement, the social assistance provided to the needy groups under the current policies.

8. Bank accounts have been opened to accept donations from the community. The CCF will not launch public fund-raising campaigns. When appealing to the business sector and individual donors for donations, we have emphasised that donations to the CCF should be made on top of donors' regular support for charities. Donations from the business sector could also be made by instalments over a maximum of three years. As with other charitable donations, donations to the CCF are tax deductible. While we appeal for the support of the business community for the CCF through donations, we propose that the Government should take the lead by injecting a sum of \$5 billion into the CCF regardless of the amount of donations from the community.

(a) Financial arrangements of the CCF

9. The Executive Committee is responsible for formulating the investment strategy of the CCF and will review from time to time the investment portfolio of the CCF having regard to the cash flow requirements and consult the Steering Committee as appropriate. As a general principle, the Government injection and the donations received will constitute the seed capital, and the operation of the CCF will be funded by investment returns on the capital. However,

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the Steering Committee may authorise the use of the seed capital in response to special needs that may arise, taking into account the cash flow requirements of the assistance programmes and future operation of the CCF in a financially prudent manner. A deposit of \$5 billion will be placed with the Hong Kong Monetary Authority (HKMA) for a period of six years to earn an investment return that is linked to the performance of the Hong Kong Exchange Fund (HKEF). The rate of return on the investments for the placement with HKMA is calculated on the basis of the average annual investment return of the HKEF's investment portfolio for the past six years, which is 6% for 2011. The remaining amount of CCF funding will be deposited with banks to meet cash flow requirements for financing the assistance programmes and other liquidity needs. The Steering Committee will review the financial position of the CCF in the light of practical experience, and develop investment plans having regard to the sustainability of the Fund.

(b) Proposed uses of the CCF

10. At the initial stage of operation of the CCF, the Steering Committee will focus on drawing up specific programmes for target beneficiary groups such as the elderly, the disabled, children, new arrivals, patients and ethnic minorities. The Secretariat will not process individual requests for assistance from the CCF. Individual applications which fall outside the programmes approved by the Steering Committee will be referred to other relevant parties for consideration. Depending on the number of such applications of a similar nature, the Sub-committees may consider introducing new programmes to accommodate the identified need on a systemic basis.

11. Operating expenses of the CCF, including dedicated staffing and other administrative costs incurred by the Home Affairs Bureau (HAB) and other bureaux and departments arising from development and/or implementing CCF initiative, will be charged to the CCF. The target is to limit the average administrative cost to less than 5% of its total disbursements on a long-term basis.

(c) 2011-12 assistance programmes

12. In the light of the views and suggestions from the community, the strong demand for assistance from those who are facing economic difficulties, as well as the recommendations from the Executive Committee and the four Sub-committees, the Steering Committee has endorsed the following ten programmes for implementation in 2011-12 at an estimated expenditure of around \$727 million for the first year -

- (a) setting up a new school-based fund to subsidise primary and secondary school students from low-income families to participate in learning activities outside Hong Kong which are organised or recognised by schools;
- (b) financial assistance for low-income new arrivals from the Mainland and ethnic minorities for taking language-related international public examinations;
- (c) subsidy for specified self-financed cancer drugs which have not yet been brought into the Samaritan Fund safety net but have been rapidly accumulating medical scientific evidence and with relatively higher efficacy;
- (d) subsidy to needy patients who marginally fall outside the Samaritan Fund safety net for the use of Samaritan Fund subsidised drugs;
- (e) a monthly subsidy for elders aged 65 or above from low-income families who are on the waiting list for “Integrated Home Care Services (Ordinary Cases)” to hire household cleaning and escorting services;
- (f) a monthly subsidy for persons with severe disabilities aged below 60 from low-income families who are non-Comprehensive Social Security Assistance (CSSA) recipients, require constant attendance and live in the community;
- (g) a monthly subsidy for children with special needs from low-income families who are on the waiting list for subvented pre-school rehabilitation services;
- (h) a one-off subsidy for CSSA recipients who are owners of Tenant Purchase Scheme flats for five years or above and not eligible for rent allowance under CSSA;
- (i) a one-off subsidy for CSSA recipients living in private housing paying rents that exceed the maximum rent allowance under CSSA; and
- (j) subsidy to meet lunch expenses at schools for primary school students from low-income families.

Encl. 2 Details are set out in Enclosure 2.

13. To maximise the amount of funds available for providing swift and direct assistance to needy persons, the committees under the CCF consider that as far as possible and appropriate, programmes should be implemented through the existing service network, having regard to the characteristics of each individual programme, to minimise administrative costs. Where assistance by non-government organisations is required to implement certain programmes, the administrative expenses incurred will be incorporated into the overall programme costs and the overall administrative cost will not exceed 5% of the total disbursements. The committees under the CCF have also considered other suggested programmes for needy persons, but the ten programmes in paragraph 12 above are proposed for early implementation as they are less complex and more easily implementable within a short period of time.

14. The Steering Committee has also reserved a total of \$170 million for implementing the following programmes, subject to the consideration of the concrete proposals recommended by the Executive Committee and the relevant Sub-committees -

- (a) enhancing after-school childcare service to support needy families, in particular the low-income families where both parents are employed;
- (b) providing language courses for new arrivals from the Mainland and ethnic minorities; and
- (c) financial assistance on dental services (including dentures) for the elderly.

15. The Steering Committee will continue to examine the feasibility of the other programmes which have not been included at this stage, with the benefit of views from various sectors as well as actual experience gained. As regards the proposal announced by the Financial Secretary to inject additional funds into the CCF to provide assistance to those with financial needs, including new arrivals, the Home Affairs Sub-committee has held preliminary discussion on how to assist these people and the Steering Committee will consider the issue further.

(d) Staffing requirements

16. As the co-ordinating bureau for the CCF, the HAB provides a centralised secretariat for the CCF, which serves the Steering Committee, Executive Committee and Sub-committees on, among other things, collating community views, developing details of assistance programmes, allocating funding,

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monitoring the implementation of the programmes and evaluating the effectiveness of the CCF initiative. The Secretariat comprises a team of 15 staff from the Administrative Officer, Executive Officer, Treasury Accountant, Clerical and Secretarial grades. The full staff cost will be recovered from the CCF^{Note}.

Encl. 3

17. For taking forward the CCF initiative and programmes in their respective areas, the EDB and the SWD will require staffing support, involving a total of ten non-directorate civil service posts (four in the EDB and six in the SWD) in the Inspector (Graduate), Social Work Officer, Social Security Officer, Social Security Assistant, Executive Officer and Clerical grades (details at Enclosure 3). To facilitate the recovery of the full salaries and allowances of these civil service posts from the CCF, we need to expand the ambit of Subhead 003 "Recoverable salaries and allowances (General)" under Head 156 Government Secretariat: EDB and Head 170 SWD. The estimated amount to be recovered is about \$1,374,000 for the EDB and \$3,423,000 for the SWD in 2011-12. As for the staff on-cost, the estimated amounts involved for the EDB and the SWD in 2011-12 are about \$399,000 and \$1,178,000 respectively. The staff on-cost to be recovered from the CCF will be credited to Head 9 Loans, Reimbursements, Contributions and Other Receipts of the Revenue Estimates. In case additional staffing support is required from other government bureaux/departments for supporting the CCF, the associated cost will also be recovered from the CCF.

(e) Control mechanism and evaluation

18. Following the announcement of the 2011-12 CCF programmes, the Steering Committee will, on the advice of the Executive Committee and the Sub-committees, continue to monitor the implementation of the assistance programmes. Government departments and other organisations entrusted to implement the programmes will be required to submit periodic progress and financial reports to the relevant sub-committee under the CCF for review of the programmes on a continual basis. The Steering Committee has endorsed a plan to commission an independent consultant to advise on the evaluation of the assistance programmes.

19. With a view to providing the Steering Committee with necessary information for reviewing the operation of the CCF and the effectiveness of its assistance programmes in the longer term, a computer system is being developed to collate data relating to various assistance programmes and beneficiaries received from the implementation agencies. More systematic evaluation of the effectiveness of the overall CCF initiative will also be conducted in due course.

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^{Note} The salaries and allowances of the civil servants in HAB serving in the centralised secretariat will be recovered from the CCF through the Subhead 003 "Recoverable salaries and allowances (General)" under Head 53 Government Secretariat: HAB. The estimated amount (including staff on-cost) to be recovered in 2011-12 is about \$11,650,000.

20. The statement of accounts of the CCF will be audited by the Director of Audit and incorporated into the financial report of SHAI for tabling at the Legislative Council annually. In addition, the registers of interests of members of the committees under the CCF, the summary of discussion of meetings and information about the CCF and its programmes will be uploaded to the CCF website.

FINANCIAL IMPLICATIONS

21. We propose a one-off injection of \$5 billion into the CCF in 2011-12.

22. We will recover the full cost of the 15 posts in HAB, four posts in the EDB and six posts in the SWD dedicated for taking forward the CCF initiative and programmes (as mentioned in paragraphs 16 and 17 above) from the CCF. Administrative costs arising from taking forward the CCF initiative and programmes, if any, will also be recovered from the CCF.

23. Bureaux and departments will continue to review the staffing requirements having regard to the actual workload following the injection into the CCF. Additional resources will be sought in accordance with the established mechanism as and when necessary.

PUBLIC CONSULTATION

24. The Steering Committee held two public consultation sessions on 14 and 21 January 2011 to gauge public views on the operation of the CCF, including the target beneficiaries and assistance programmes. Two focus group meetings have also been conducted to consult stakeholders on specific programme areas. The Steering Committee and its committees have taken these views into consideration in formulating the assistance programmes.

25. We consulted the Legislative Council Panel on Home Affairs on 14 January 2011. Members raised no objection to the proposed injection and the submission to the Finance Committee for approval. Some Members were concerned about the CCF's impact on the fund-raising activities of other charitable organisations, while some suggested that the CCF should not solicit donations from the business sector. We have explained that the CCF would not launch any public fund-raising campaigns, and the business sector was only invited to make voluntary donations to the CCF on top of its support for other charities. In addition, the CCF could promote the collaboration between the Government, the business sector and the community, which would have a synergy effect on charity work in Hong Kong.

BACKGROUND

26. CE announced in his 2010-11 Policy Address the establishment of the CCF, to which the Government and the business sector would each contribute \$5 billion.

27. The operation of the CCF is guided by the following principles -

- (a) building a caring culture in society by gathering the efforts of various sectors of the community and encouraging the better-off to contribute;
- (b) programmes should be people-oriented with assistance directly provided to beneficiaries; administrative costs or involvement of implementing agencies should be minimised though the need for non-government organisations' help to reach out to target groups outside the existing service network will not be precluded; programmes should be multifarious in nature; and the vetting process should be streamlined to ensure cost-effectiveness;
- (c) programmes should complement the assistance and services provided by the Government or other charitable funds; duplication of efforts should be avoided as far as practicable; and
- (d) operation of the CCF will mainly be funded by investment returns on the seed capital, but the seed capital may be deployed in accordance with the principle of financial prudence in response to needs.

The target beneficiaries of the CCF are those facing economic difficulties and in need of assistance.

Steering Committee on the Community Care Fund

Membership

Chairman : Mr Henry Tang Ying-yen
Chief Secretary for Administration

Non-official members : Professor Alfred Chan Cheung-ming
Mr Bunny Chan Chung-bun
Professor Chan Yuk-shee
Ms Chang Siu-wah
Mr Cheung Kwok-che
Professor Nelson Chow Wing-sun
Ms Christine Fang Meng-seng
Mr Ho Hei-wah
Mr Frederick Lai Wing-hoi
Mr Jeffrey Lam Kin-fung
Ms Lam Shuk-yee
Mr Lau Ming-wai
Dr Law Chi-kwong
Ms Li Fung-ying
Dr Donald Li Kwok-tung
Mr Tam Yiu-chung
Ms Nancy Tsang Lan-see
Mr Anthony Wu Ting-yuk
Ms Yu Sau-chu
Dr Yuen Pong-yiu

Official members : Secretary for Home Affairs (or representative)
Secretary for Education (or representative)
Secretary for Food and Health (or representative)
Secretary for Labour and Welfare (or representative)

Terms of Reference

- (1) oversee and co-ordinate the work of the Community Care Fund (CCF);
- (2) formulate strategies and programmes for the CCF;
- (3) formulate investment strategies and financial arrangements for the CCF ;
- (4) oversee, co-ordinate and monitor the formulation, implementation and evaluation of programmes under the CCF; and
- (5) evaluate and advise on the programmes under the CCF to be considered by Government as government-funded services.

List of Assistance Programmes to be launched in 2011-12

	Assistance Programmes	Estimated Full-year Budget (including administrative cost) (estimated number of beneficiaries)	Estimated Implementation Timetable
1	Setting up a new school-based fund to subsidise primary and secondary school students from low-income families to participate in learning activities outside Hong Kong which are organised or recognised by schools (a three-year programme)	\$165.9 million (around 240 000 students)	Late May 2011
2	Financial assistance for low-income new arrivals from the Mainland and ethnic minorities for taking language-related international public examinations (a two-year programme)	\$1.26 million (around 3 000 applications)	Third quarter of 2011
3	Subsidy for specified self-financed cancer drugs which have not yet been brought into the Samaritan Fund safety net but have been rapidly accumulating medical scientific evidence and with relatively higher efficacy	Around \$41.7 million to \$71.7 million for the first year (around 300 to 500 patients for the first year)	Third quarter of 2011
4	Subsidy to needy patients who marginally fall outside the Samaritan Fund safety net for the use of Samaritan Fund subsidised drugs	Not less than \$6.3 million to \$9.45 million (around 400 patients every year)	Fourth quarter of 2011 or first quarter of 2012
5	A monthly subsidy at a maximum rate of \$480 for elders aged 65 or above from low-income families who are on the waiting list for “Integrated Home Care Services (Ordinary Cases)” to hire household cleaning and escorting services (a one-year programme)	\$24.19 million (not more than 4 000)	Third quarter of 2011

	Assistance Programmes	Estimated Full-year Budget (including administrative cost) (estimated number of beneficiaries)	Estimated Implementation Timetable
6	A monthly subsidy of \$2,000 for persons with severe disabilities aged below 60 from low-income families who are non-Comprehensive Social Security Assistance (CSSA) recipients, require constant attendance and live in the community (a one-year programme)	\$94.38 million (not more than 3 800)	Third quarter of 2011
7	A monthly subsidy of \$2,500 for children with special needs from low-income families who are on the waiting list for subvented pre-school rehabilitation services (a one-year programme)	\$128.82 million (not more than 4 200)	Fourth quarter of 2011
8	A subsidy of \$2,000 for CSSA recipients who are owners of Tenant Purchase Scheme flats for five years or above and not eligible for rent allowance under CSSA (a one-off subsidy programme)	\$2.73 million (around 1 300 households)	Second quarter of 2011
9	A subsidy of \$1,000 (for one-person households) or \$2,000 (for families with household size of two or above) for CSSA recipients living in private housing paying rents that exceed the maximum rent allowance under CSSA (a one-off subsidy programme)	\$36.12 million (around 23 009 households)	Second quarter of 2011
10	Subsidy to meet lunch expenses at schools for primary school students from low-income families (for one school year)	\$192.78 million (around 51 000 students)	September 2011
Total estimated full-year budget		\$727.33 million	

**Staffing Support required by Education Bureau and
Social Welfare Department**

Rank	No. of Officer
Education Bureau	
Senior Inspector	1
Executive Officer II	1
Clerical Officer	1
Assistant Clerical Officer	1
<i>Sub-total</i>	<i>4</i>
Social Welfare Department	
Chief Social Work Officer	1
Social Work Officer	2
Social Security Officer I	1
Senior Social Security Assistant	1
Executive Officer I	1
<i>Sub-total</i>	<i>6</i>
Total	10
