

立法會
Legislative Council

LC Paper No. CB(2)716/11-12
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 14 November 2011, at 10:45 am
in Conference Room 3 of the Legislative Council Complex

Members present : Hon CHEUNG Kwok-che (Chairman)
Hon WONG Sing-chi (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung

Members absent : Hon Frederick FUNG Kin-kee, SBS, JP
Hon Paul CHAN Mo-po, MH, JP

Member attending : Hon Cyd HO Sau-lan

**Public Officers : Item IV
attending**

Mr Franco KWOK Wai-fan
Principal Assistant Secretary for Labour and Welfare
(Poverty)

Mrs Anna MAK CHOW Suk-har
Deputy Director of Social Welfare (Services)

Ms Caran WONG Ka-wing
Assistance Director of Social Welfare
(Family & Child Welfare)

Item V

Ms Irene YOUNG Bick-kwan
Deputy Secretary for Labour and Welfare (Welfare) 2

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

Mr NG Wai-kuen
Chief Social Security Officer 1
Social Welfare Department

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

**Attendance by : Item IV
invitation**

St. James' Settlement People's Food Bank

Miss Connie NG Man-yin
Service Manager

Item V

The Hong Kong Council of Social Service

Mr CHUA Hoi-wai

Business Director

Concerning CSSA Review Alliance

Mr LI Tai-shing
Community Organizer

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 4

Staff in attendance : Ms Candice LAM
Senior Council Secretary (2) 4

Miss Maggie CHIU
Legislative Assistant (2) 4

Action

I. Confirmation of minutes

[LC Paper No. CB(2)167/11-12]

The minutes of the meeting held on 13 October 2011 were confirmed.

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

2. Members noted that no paper had been issued since the last meeting.

III. Items for discussion at the next meeting

[LC Paper Nos. CB(2)248/11-12(01) to (02) and CB(2)310/11-12(01)]

3. Referring to his letter tabled at the meeting, Dr PAN Pey-chyou said that the Panel should discuss the eligibility criteria of persons with disabilities for fare concessions under the public transport concessions for the elderly and persons with disabilities. He added that Mr WONG Kwok-hing had moved a motion on comprehensively reviewing the Disability Allowance ("DA") scheme at the Council meeting of 9 November 2011, and the Administration had undertaken to conduct a review.

4. Mr Ronny TONG said that during the debate on Mr WONG Kwok-

Action

hing's motion at the Council meeting of 9 November 2011, the need for reviewing the eligibility criteria of persons with disabilities for public transport fare concessions had been an issue of concern raised by most members.

5. The Chairman said that the Administration had previously advised that it would revert to the Panel on the review of the mechanism for implementing the DA scheme in the first quarter of 2012. Members might wish to discuss Dr PAN's proposal at that juncture. The Chairman suggested that the Administration should be invited to provide a written response to Dr PAN's letter in the first place, the Panel would then decide whether a special meeting should be scheduled to discuss the matter. Members agreed.

6. Members agreed to discuss the following items proposed by the Administration at the next meeting to be held on 12 December 2011 at 10:45 am -

- (a) Injection of funding into the "Enhancing Employment of People with Disabilities through Small Enterprise" Project; and
- (b) Review on the implementation of the Integrated Family Service Centre service mode.

IV. Additional funding for short-term food assistance service
[LC Paper Nos. CB(2)248/11-12(03) to (04)]

7. The Chairman drew members' attention to Rule 83A of the Rules of Procedure regarding personal pecuniary interest to be disclosed.

8. At the invitation of the Chairman, Deputy Director of Social Welfare (Services) ("DDSW(S)") briefed members on the Administration's proposal to seek additional funding for the continuation and enhancement of the short-term food assistance service ("the service"). She elaborated that the service was set up in February 2009. Five non-governmental organisations commissioned by the Social Welfare Department ("SWD") had been operating service projects to help people who had temporary difficulty in coping with basic food expenditure. By the end of September 2011, the service had served over 63 000 persons in total. As the service aimed to help people tide over urgent and short-term needs, users would normally

Action

receive dry rations for up to a maximum of six weeks.

9. DDSW(S) said that there had been calls for service enhancement to better serve the needs of users, such as the provision of fresh and nutritious food on a more regular basis. SWD had since late October 2011 implemented service enhancement measures to respond to the calls. Given the increasing demand of the service and taking into account implementation of the enhanced measures, SWD estimated that the remaining balance (\$36.5 million as at September 2011) would last until the beginning of 2012. Additional funding was needed to continue with the enhanced service. In view of the above, the Administration planned to seek the Finance Committee ("FC")'s approval for the additional allocation at its meeting on 16 December 2011.

Meeting with deputation

St. James' Settlement People's Food Bank ("SJS")

10. At the invitation of the Chairman, Ms Connie NG advised that there was an increase of nearly 200 service users in the past year and a number of repeated applications. This was mainly due to the increase in rental and living cost. The need to provide nutritious food to children was a major concern of service users and therefore they wished that the service could provide them with fresh food, hot meals, baby formula, health supplements, etc. People with chronic illnesses who were on social security mainly requested for nutritious milk powder. Ms NG further advised that SJS had since 2008 collaborated with some market stalls to provide fresh food under their own programmes. The difficulty encountered was that small business operators requested SJS to settle the payment on a weekly basis. As such, SJS had currently collaborated with two supermarkets to provide fresh food to service users, and discussion with the third one and frozen food chained stores was in progress.

Discussions

11. Noting that the number of service users had increased steadily from the average of 1 870 to 2 550 per month in recent months, Mr LEE Cheuk-yan was concerned about the trend at times of improving economic situation. He was particularly concerned about repeated applications and wondered whether these service users had long-term needs for assistance. He asked if SWD had conducted any in-depth study to better understand the background

Action

of the service users, the reasons for them to use the services, and in particular the reasons for making repeated applications, such that concrete measures could be formulated to address their needs and problems. Mr LEE then sought more information from SJS on the background of repeated service users.

12. Ms Connie NG of SJS responded that repeated applications usually came from families with two to three children. These families were under financial pressure in meeting the increased expenses of education and rental. Other repeated applicants were chronically ill elderly who had to bear much medical expenses. Users who were still in need of the service after 12 weeks would be referred to other service units of SJS for long-term food assistance.

13. The Chairman asked if Comprehensive Social Security Assistance ("CSSA") recipients were using the service. Ms NG responded that the service demand from CSSA recipients had increased significantly in September and October 2011, i.e. from some 50 applications to over 100. The main reason was due to a significant increase in rental.

14. Responding to Mr LEE Cheuk-yan, DDSW(S) said that the major service users were the low income group and the unemployed in face of rising food prices. DDSW(S) further said that although the CSSA payment rates could help the CSSA recipients meet their basic needs, some CSSA recipients who had special or emergent needs would be referred to the service for assistance, such as, those who had for different reasons lost their CSSA payments; and those who might need nutritious supplements before eligibility for special diet under the CSSA Scheme was established. DDSW(S) added that about 20% of the service users had been referred to the service again, having regard to their needs.

15. Mr LEE Cheuk-yan took the view that the major problem faced by the service users was low income. To tackle the problem at root, the Administration should enhance the support for the low income earners and introduce a low income supplement.

16. Ms LI Fung-ying expressed support for the funding proposal for the continuation and enhancement of the service. As for the service enhancement measures, the Administration should consider providing a wider variety of food including hot meals and fresh food to meet the special needs of children, the elderly and people with chronic illnesses.

Action

Consideration should also be given to improving the storage and food delivery facilities to better support the service.

17. DDSW(S) assured members that the variety of food would be improved to include fresh food and meat. However, in the light of the practical difficulties of the service operators in storing and distributing fresh food, the service users would be given food or hot meal coupons which could be redeemed at designated merchandises such as supermarkets and chained food stores. SWD would monitor the service closely and ensure a balanced provision of food for service users.

18. Dr PAN Pey-chyou said that the nutrition value of food to be provided to service users was equally important. Therefore, the provision of food coupons to redeem fruits and fresh food was considered a good means. In addition to redeeming the food coupons at supermarket chains, distribution service points could also be set up at small businesses close to service users. Dr PAN further said that the service duration of six weeks, even with a further extension of six weeks, would not be sufficient for those service users who had long-term needs, particularly the elderly who relied on the Old Age Allowance for their living. Dr PAN suggested if the elderly could have a waiver of the service duration requirement.

19. DDSW(S) said that as pointed out by SJS earlier, in the light of the administrative difficulties in distributing fresh food to service users at market stalls, service users would be given coupons to redeem fresh or hot meals at supermarkets and chained food stores, notwithstanding that the operating NGOs would continue to collaborate with local business operators to provide fresh food to service users. For service duration, DDSW(S) said that service users would receive food assistance for a maximum of six weeks. Provision of further assistance after six weeks would be considered subject to the review of individual case merits. Besides, individual NGOs had been operating other food assistance projects and providing various support services for people in need in different districts, including the provision of hot meals. DDSW(S) added that the service aimed to provide short-term food assistance to individual and families in need. If individual service users had long-term welfare needs, the operating NGOs would refer them to other mainstream welfare services as appropriate.

20. Mr WONG Sing-chi considered that food assistance was a form of relief for people in need. In his view, the operating NGOs should identify the genuine needs of service users and provide them with appropriate

Action

assistance, with a view to helping them become self-reliant in the long run. Mr WONG invited the views of Ms NG of SJS on the measures taken by SJS in this respect and the difficulties encountered, if any.

21. Ms Connie NG of SJS said that during the service intake assessment, it was observed that most of the applicants felt inhibited to come forward to seek assistance for fear of being viewed as useless. Immediate counselling support would be provided and referral to other service units of SJS or other organisations would be made as necessary.

22. Mr WONG Sing-chi further asked whether the Administration would provide additional resources to the operating NGOs, with a view to offering a one-stop service to help the families in need. Mr WONG urged the Administration to adopt a people-centred and holistic approach.

23. DDSW(S) reiterated that the food assistance service aimed to provide a short-term support for individual and families in need. Should service users have other welfare and financial needs, they would be referred to appropriate service units, e.g. Integrated Family Service Centres (IFSCs) or Social Security Field Units.

24. Mr CHAN Kam-lam supported the funding proposal and the provision of food coupons to service users. He was concerned about the distribution of the 413 service points. In his view, the Administration should step up the publicity on the service, as well as provide more food choices and service points which were accessible to people in need. Furthermore, collaboration with small local business operators and district councillors should be strengthened so as to expand the distribution network.

25. DDSW(S) explained that the 413 service points included partnership with NGOs, community organisations, schools, district councillors' offices, government departments, etc. Local organisations were welcomed to partner with the service operators. To better serve those users in remote areas, the five service operators had been providing food delivery service to those having difficulty in collecting the food items. Publicity of the service would be continued through various channels. DDSW(S) said that the service operators would continue to collaborate with local business operators to provide fresh food to service users.

26. Assistant Director of Social Welfare (Family & Child Welfare) added that the operating NGOs had established partnership and district networks

Action

for food distribution in the respective project areas served. As the service points might change from time to time, the information was not uploaded onto SWD's website but was disseminated through the local community network. The Chairman said that the Administration might consider providing a list of service operators to the relevant District Councils for reference.

27. Mr TAM Yiu-chung said that Members belonging to the Democratic Alliance for the Betterment of Hong Kong supported the funding proposal to enhance the provision of fresh food and nutritious food items to help people tide over urgent needs. Noting that the operating NGOs would collaborate with supermarkets to distribute fresh food to service users, Mr TAM was concerned that the higher level of food prices in supermarkets would have impact on the quantity of fresh food to be provided to the service users. He took the view that SWD and operating NGOs should collaborate with smaller business operators in the vicinity of the users to participate in the food assistance service. Mr TAM further asked how the food items would be distributed in the six-week service period.

28. DDSW(S) said that SWD was fully aware of the price variations among food items at different retail outlets. She advised that the types and amount of food to be provided to service users as well as the service duration would be assessed subject to the needs of individual service users. DDSW(S) stressed that if service users had long-term welfare needs, the operating NGOs would refer them to other mainstream welfare service units for appropriate service.

29. Ms NG of SJS added that upon production of relevant documents, the applications would normally be approved immediately. Food items for one week's consumption would be provided as it would be more manageable in terms of quantity and weight. This would also prevent the possible abuse of the service. Fresh food like eggs, meat and vegetables might not be available in many service points due to the storage constraints. It was hoped that by end of 2011, a network of local market stalls and supermarkets could be set up for the distribution of fresh food.

30. Mr LEUNG Yiu-chung asked whether studies had been conducted in respect of the family background of the service users and their service duration. He was gravely concerned that some service users were newly arrived single parents who had to rely on the CSSA payments of their children as they were not eligible for CSSA. In his view, the Administration

Action

should formulate concrete measures to tackle the core problems encountered by specific groups of service users. He requested SWD to provide the findings of the relevant studies. Mr LEUNG also noted with concern that the number of service users had been increasing steadily. In anticipation of the economic downturn in the coming year, the number of service users would continue to increase. He was concerned about the adequacy of the injection of an additional \$100 million to meet the rising service demand. Mr LEUNG added that instead of providing dry rations, the Administration should explore the feasibility of giving coupons to service users to redeem hot meals at designated cooked food centres. Pointing out that some NGOs were operating kitchens or canteen service, Mr LEUNG said that SWD should actively consider extending such service to users of food assistance service.

31. DDSW(S) said that the service statistics showed that 40% of the service users were low income workers, 20% were the unemployed, 10% were new arrivals and 10% were those who had not benefited from other relief measures. As at September 2011, the service had a remaining balance of \$36.5 million which would last until the beginning of 2012. It was expected that the allocation of an additional \$100 million could finance the enhanced service to the end of 2013. Furthermore, as announced in the 2011-2012 Policy Address, additional resources would be provided to continue and improve the service as needed. As for the provision of hot meals, DDSW(S) said that meal coupons for hot food were already provided under the existing services of some NGOs. Unlike the elderly or singleton service users, families might prefer to prepare meals on their own with the food provided. Further expansion of the hot meal services by NGOs would also be subject to various considerations in operating kitchen and canteen service. Nevertheless, SWD had along encouraged and would continue to encourage NGOs to collaborate with the business sector to provide hot meal services. SWD would also refer donations in-kind to NGOs as appropriate.

32. The Chairman said that the food assistance service was primarily a short-term assistance for people in need. To facilitate better understanding of the background and needs of service users and to provide appropriate assistance to them, the Chairman requested the Administration to provide more information such as the number of CSSA recipients who were referred to the service, and how many of them were repeated service users; the number of non-CSSA recipients who were referred to IFSCs for long-term welfare assistance; and the districts which had relatively more service users. DDSW(S) agreed to provide the required information after the meeting.

Admin

Action

33. Ms NG of SJS supplemented that while the service operators were aware of the calls for the provision of fresh food to service users, they had practical difficulties in storing and distributing fresh food. For instance, the electricity charges for a freezer would be about \$2,000 per month. In the circumstances, the operating NGOs would collaborate with the business sector and supermarkets to distribute fresh food to service users.

34. The Chairman concluded that members supported the Administration's proposal to seek the approval of FC to allocate an additional funding of \$100 million for the continuation and enhancement of the service.

V. Annual adjustment of social security payment rates and a new Residential Care Supplement under the Comprehensive Social Security Assistance Scheme

[LC Paper Nos. CB(2)248/11-12(05) to (06) and CB(2)310/11-12(02)]

35. The Chairman drew members' attention to Rule 83A of the Rules of Procedure regarding personal pecuniary interest to be disclosed.

36. At the invitation of the Chairman, Deputy Secretary for Labour and Welfare (Welfare) 2 ("DS(W)2") briefed members on the Administration's proposal to seek the approval of FC to adjust the standard payment rates under the CSSA Scheme and rates of allowance under the Social Security Allowance ("SSA") Scheme as from 1 February 2012, having regard to the latest Social Security Assistance Index of Prices ("SSAIP"). The latest position of the 12-month moving average of SSAIP from October 2010 to September 2011 registered a cumulative increase of 4.8%, and the Administration would adopt the SSAIP movement figure from November 2010 to October 2011 in the final submission to FC.

37. DS(W)2 advised that the 12-month moving average of the Consumer Price Index ("CPI") (A) rent index for private housing ("rent index") up to September 2011 indicated that there was room for increasing the maximum rates of rent allowance ("MRA") under the CSSA Scheme by 4.9%. Following the present trend, a continued growth was expected. Under the delegated authority, the Secretary for Financial Services and the Treasury would adjust MRA in accordance with the movement of the rent index. The rent index up to October 2011 would be used to adjust MRA accordingly.

Action

38. DS(W)2 added that the Administration proposed to introduce a new Residential Care Supplement ("RCS") of \$250 per month under the CSSA Scheme for recipients aged 60 or above who occupied non-subsidised residential care places, so as to ease their financial burden. Persons with disabilities or in ill-health who were on CSSA and occupied non-subsidised residential care places, irrespective of age, would also be eligible. The rate of RCS would be adjusted annually in accordance with the movement of SSAIP.

Meeting with deputations

Hong Kong Council of Social Service ("HKCSS")

39. Mr CHUA Hoi-wai of HKCSS presented the views of HKCSS as detailed in its submission tabled at the meeting. He said that the Administration had conducted a study in 1996 on the basic needs of CSSA households. However, there had been changes over the past 15 years and thus the basic needs items of CSSA households should be updated. That said, the rent allowance under the CSSA Scheme was a more pressing issue. According to SWD's statistics, the actual rent paid by 57% of CSSA recipients living in private housing exceeded MRA, and 40% of them had been paying an extra rental of \$500 or above monthly. These CSSA households had to cut their other living expenses so as to top up the difference in the actual rental and the rent allowance.

40. Mr CHUA said that HKCSS had made reference to the Household Expenditure Survey Reports 1999/2000 and 2009/2010 published by the Census and Statistics Department ("C&SD") and found that the increase in rental among the lowest 50% expenditure households was 12%, whereas that of the lowest 5% expenditure households was 33%. Accordingly, the adjustment of the existing MRA, which was based on the rent index for private housing of the lowest 50% expenditure households had underestimated the actual rise in rental for CSSA households which represented the lowest 5% expenditure households only. The rental increase for CSSA households was in fact 66%.

41. Mr CHUA further said that in view of the serious situation, HKCSS suggested that the Administration should raise MRA in accordance with the criteria set out in the CSSA Review Report 1996, i.e. 90% of the actual rental of CSSA households living in private housing. HKCSS urged the

Action

Administration to review the adjustment mechanism such that the rental allowance would be adjusted based on the rental expenses of CSSA households, instead of the rent index.

Concerning CSSA Review Alliance ("CCRA")

42. Referring to Annex A of the Administration's paper, Mr LI Tai-shing of CCRA said that the monthly CSSA payments for an able-bodied one-person household was \$3,155 (comprising the standard rates of \$1,890 and rent allowance of \$1,265), instead of \$4,356 cited in the paper. The proposed upward adjustment of the standard CSSA payment rates by 4.8% would mean an additional allowance of about \$60 per month which was too meagre for children on CSSA for having a balanced diet. Mr LI added that the monthly rental for a partitioned room of 26-30 square feet in Shamshuipo would be about \$1,300. The existing level of MRA and the adjustment mechanism for rent allowance could not reflect the prevailing market situation.

43. Pointing out that the Administration had repeatedly advised that the average monthly payments of CSSA households was comparatively higher than the average monthly income of non-CSSA households in the lowest 25% income group, Mr LI took the view that the Administration should study the phenomenon of why the income of the low income group was lower than the monthly payments of CSSA households. He urged the Administration to formulate measures to help the working poor.

44. Mr LI pointed out that as the relative weighting of goods and services covered by SSAIP had remained unchanged for many years, the Administration should conduct a comprehensive review of the CSSA Scheme to respond to the strong calls from members and the community. In the meantime, the Administration should consider the need for providing a secondary safety net or income supplement for low income group as well as providing an additional one-off allowance to CSSA recipients, particularly children to relieve their immediate financial hardship.

Discussions

45. Responding to the deputations' concern about the level of rent allowance, DS(W)2 said that the rent index measured the rental movements of private housing of the relatively low expenditure non-CSSA households, and the average monthly expenditure of these households ranged from

Action

\$4,500 to \$18,499, which was comparable to average monthly payment to CSSA households which ranged from \$4,356 to \$15,379.

46. DS(W)2 drew members' attention to the Government's housing policy of providing public rental housing ("PRH") for those who could not afford private housing. Currently, the average waiting time for allocation of PRH flats was 2.25 years. Individuals or families in genuine or pressing housing needs and having medical/social ground(s) might apply for allocation of PRH under compassionate rehousing. There were over 2 000 cases of compassionate rehousing last year. SWD would also provide other forms of assistance to those with housing needs as appropriate.

47. DS(W)2 further said that the relative weighting of individual goods and services covered by SSAIP was updated every five years according to the findings of the Household Expenditure Survey ("HES") on CSSA Households, i.e. the expenditure pattern of CSSA households. DS(W)2 added that apart from the standard payment rates which were adjusted according to the movement of SSAIP, CSSA payments also included different types of supplements and special grants to cater for the needs of different groups of recipients, having regard to their age, family status, health status or social conditions.

48. With reference to the concern about the CSSA payments for children recipients, Deputy Director of Social Welfare (Administration) said that the CSSA payment rates for children recipients were higher than other categories of recipients. Notably, to better assist CSSA children recipients attending schools to meet school-related expenses, the flat-rate grant for selected items of school-related expenses had been increased by \$592 in the 2011/12 school year.

49. Ms LI Fung-ying said that she would support the Administration's funding proposals, irrespective of whether the adjustment mechanism was considered agreeable. Pointing out that in 2010-2011, the actual rental of 57% of CSSA households living in private housing exceeded MRA, and that 47% of them were paying rent higher than MRA by \$500 each month, Ms LI expressed grave concern about the financial hardship of these households especially at times of high inflation. In her view, the Administration should introduce immediate short-term relief measures to provide assistance to meet their urgent needs.

50. DS(W)2 explained that under the existing adjustment mechanism, the

Action

CSSA standard payment rates were adjusted in accordance with the movements of SSAIP to maintain the purchasing power of the recipients. Similarly, MRA was determined in accordance with the movements of rent index which tracked the lower-end private housing rental market. DS(W)2 said that to relieve the inflationary pressure on CSSA recipients, the Administration provided one further month of standard rate payment to CSSA recipients in July 2011. This represented a 14% increase in CSSA standard rates between July 2011 and the next annual adjustment of the standard rates in February 2012. She assured members that the Administration would closely monitor the movement of SSAIP and would seek approval to make additional adjustment ahead of the normal adjustment cycle where necessary as was done in 2008.

51. Mr IP Wai-ming expressed grave concern as to whether and how the Administration would provide assistance to those CSSA households which were paying rent higher than MRA. Mr IP strongly urged the Administration to provide immediate assistance to these CSSA households and consider reviewing the adjustment mechanism for determining the levels of MRA.

52. DS(W)2 clarified that since the latest revision to MRA in 2003, MRA had been frozen despite the continuation of deflation and rental decrease in subsequent years and there was room for downward adjustment of MRA. She stressed that individual CSSA households with housing needs could apply for PRH units.

53. Mr IP Wai-ming remained of the view that the Administration should address the problem of inadequate rent allowance to meet the actual rental expenses, having regard to the fact that the PRH applicants had to wait for at least two years for allocation of PRH flats. DS(W)2 said that it was not appropriate for the Administration to adjust the levels of MRA simply to catch up with the constantly changing rent levels in the private housing market.

54. Mr WONG Sing-chi pointed out that rent allowance was payable to CSSA recipients living in private housing on a reimbursable basis. They were not entitled to MRA if their actual rental was lower than MRA. However, CSSA households living in private housing had to meet the difference between the actual rental and MRA by the standard CSSA payment rates if the actual rental was higher than MRA. Given that the rent allowance was far below the prevailing market rental, CSSA households

Action

living in private housing were currently under tremendous financial pressure. Mr WONG strongly urged the Administration to review the level of MRA based on the latest market situation. In his view, an upward adjustment to MRA would not necessarily give rise to additional public expenditure on rent allowance as it was granted on a reimbursement basis.

55. DS(W)2 said that the Administration was concerned about the financial burden of CSSA households living in private housing in meeting the rising rental. While the rent index up to September 2011 showed that there was room for an upward adjustment of MRA by 4.9%, the Administration would use the rent index up to October 2011 to adjust MRA in accordance with the established mechanism. She further said that following the lift of rent control, it was impossible for the Administration to adjust MRA in a bid to catch up with the actual rental.

56. Mr LEE Cheuk-yan pointed out that the rent index measured the rental movements of private housing of the lowest 50% non-CSSA households, but CSSA households represented only the lowest 5% of these households. As the household size and groups covered under the rent index were different from CSSA households, it was incompatible and inappropriate to use the rent index to adjust MRA. Mr LEE further said that it was difficult, if not impossible, for all CSSA recipients, especially the singletons, to be allocated with PRH units under the compassionate rehousing arrangement, given the extreme stringent criteria. Mr LEE was strongly of the view that the Administration should undertake a comprehensive review on CSSA as the last review was held 15 years ago, with a view to updating the basic needs concept in determining the levels of CSSA payment rates.

57. The Chairman added that as according to the study by HKCSS, there had been a 12% increase in private housing rental among the lowest 50% expenditure households in the past decade. Thus, the proposed 4.9% upward adjustment for MRA was far from adequate for the CSSA households to meet the actual rental.

58. Dr PAN Pey-chyou said that the rent index was unable to reflect the prevailing market rental situation. He pointed out that as a result of appreciation in property value and urban renewal projects, the supply of lower rental flats had been reducing. Many CSSA households living in lower-end private housing had to relocate and entered into new tenancy agreements at higher rental. Hence, the average movements of the rent

Action

index in the past months could not truly reflect the latest soaring rental and the genuine difficulties faced by these CSSA households, and therefore the mechanism should be reviewed.

59. DS(W)2 said that MRA had since 2003 been frozen, and had not been adjusted downwards in line with the market downturn in the subsequent years. Had it been so adjusted, the cumulative increase since 2005 would have been more than 20% after the proposed implementation of the 4.9% adjustment. As for other CSSA payment items, DS(W)2 said that the CSSA Scheme had been enhanced from time to time to meet the specific needs of different categories of recipients. For example, the CSSA standard rates for adult recipients aged below 60 who were either persons with disabilities or in ill-health had recently been increased to the same level as those for elderly recipients in similar health conditions. The coverage of Community Living Supplement had also been extended to include recipients who were either persons with disabilities at non-severe levels, persons in ill-health or elders, and who were not living in institutions. In addition the overall flat-rate grant for selected items of school-related expenses payable to full-time primary and secondary students had been increased.

60. Mr LEUNG Yiu-chung was of the view that it was misleading to say that the average monthly CSSA payments for a singleton recipient was \$4,356, as the payments comprised standard payment rates and rent allowance, and of which the rent allowance was a major component. The proposed increase of the standard payment rates by 4.8% would mean an additional \$60 plus monthly payments. He wondered how the additional standard payment rates could help the recipients meet the rising living cost and cope with the inflationary impact. Mr LEUNG took a strong view that the baseline of the CSSA payments was below the basic needs level and that the Administration should review the adjustment mechanism for CSSA payments. Mr LEUNG further said that the provision of rent allowance could not fully relieve the financial burden and housing needs of CSSA recipients. In his view, the Administration should increase the supply of PRH flats with a view to shortening the waiting time for allocation of PRH flats.

[To allow sufficient time for discussion, the Chairman directed that the meeting be extended for 15 minutes.]

61. Mr LI Tai-shing of CCRA reiterated that the proposed increase to the CSSA standard payment rates were inadequate to meet the basic needs of

Action

the recipients, in particular to meet the development needs of children. He strongly urged the Administration to undertake an overall review of the CSSA Scheme.

62. Mr LEUNG Kwok-hung commented that the fundamental problem of the CSSA Scheme was that its baseline had been too low to meet the basic needs of the recipients. The lift of the rent control, and the decision to discontinue with the Home Ownership Scheme and to provide less PRH units had intensified the housing problems of the low-income groups. Mr LEUNG took the view that the Administration should conduct an overhaul of the CSSA Scheme.

63. At the invitation of the Chairman, Mr CHUA of HKCSS drew members' attention to the fact that 57% of CSSA households living in private housing had been paying rent higher than MRA, this fully revealed the inadequacy of rent allowance to meet the accommodation needs of the CSSA recipients. While the Administration had advised that its housing policy was to provide public housing for those who could not afford private housing, he pointed out that there were more than 20 000 singleton CSSA households currently living in private housing, and about 2 000 PRH units were allocated yearly. It was not practical to expect that the demand for PRH flats, especially the singletons, could be fully met shortly. Mr CHUA further said that the compilation of the rent index was to measure the movements of private housing rental market. He saw no reason why the Administration could not adjust MRA in line with the prevailing market rental. Mr CHUA strongly urged the Administration to review the adjustment mechanism for the rent allowance under the CSSA Scheme.

64. Mr LI of CCRA appealed to the Administration to better understand the genuine housing and inflationary problems of the CSSA recipients. Given that the baseline of CSSA payments was unreasonably low, the actual amount of allowance payable to the CSSA recipients remained low even after adjusting upward the standard payment rates and MRA by 4.8% and 4.9% respectively. Moreover, it was impossible for PRH applicants be allocated with PRH units in about two years. All in all, the Administration should comprehensively review the CSSA system, with a view to revamping the basic needs items of goods and services covered by the standard payment rates and ensuring that further adjustment could meet the actual expenditure patterns of CSSA households.

65. DS(W)2 explained that the standard payment rates of CSSA was

Action

adjusted annually based on the movements of SSAIP so as to maintain the purchasing power of CSSA payments. On top of regularly monitoring movements of SSAIP, the relative weighting of individual items of goods and services covered by SSAIP was updated every five years based on the findings of the HES on CSSA Households. The established adjustment mechanism was considered objective and effective. As for the adjustment mechanism for rent allowance, DS(W)2 said that at the request of the Panel, the Administration had developed a simulated CSSA rental index in 2008. While there was room for downward adjustment of the then MRA by 8.5% with reference to the rent index, the room for downward adjustment was expanded to 10.2% if the simulated CSSA rent index was used instead. She stressed that the Administration considered that the existing adjustment mechanism was appropriate.

66. DS(W)2 reiterated that the Administration had introduced various enhancement initiatives on top of the regular adjustment exercise to cater for the specific needs of different categories of CSSA recipients. The introduction of the new RCS was one such example.

67. The Chairman took the view that the proposed monthly RCS of \$250 was inadequate to meet the recipients' care needs. Having regard to the rising inflation and the fact that SSAIP reflected the price changes in the past 12 months, the Administration should set aside a reserve such that additional CSSA payments could be payable to the recipients timely to catch up with the changing market situation.

68. Mr LEUNG Kwok-hung requested the Administration to provide information on the method of compilation of SSAIP and the re-basing of the index and its explanations. Responding to both the Chairman and Mr LEUNG Kwok-hung, DS(W)2 said that the latest round of updating of the weighting system of SSAIP, which was compiled using data obtained from HES on CSSA Households, had been completed, and the details of the updated system were outlined in Annex B of the Administration's paper. The Administration would be happy to provide more information if so requested.

69. The Chairman concluded that members raised no objection to the Administration's funding proposals. Nonetheless, members took the view that the Administration should conduct an overall review of the CSSA Scheme as early as practicable.

Action

70. DS(W)2 added that the Administration would seek the approval of FC for the proposals on standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme, having regard to the 12-month moving average of SSAIP up to the end of October 2011. Should the proposals be approved by FC in December 2011, the proposed new rates would take effect from 1 February 2012. As regards RCS, the resource requirements would be reflected in the Estimates of the relevant years, starting from 2012-2013. After SWD had made necessary adjustments to its computer system, the RCS payment for eligible recipients would be effected in around mid-2012.

VI. Any other business

71. There being no other business, the meeting ended at 1:05 pm.

Council Business Division 2
Legislative Council Secretariat
6 January 2012