

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 20th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 14 December 2012, at 3:00 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)

Hon Emily LAU Wai-hing, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon James TO Kun-sun

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Dr Hon LAU Wong-fat, GBM, GBS, JP

Hon TAM Yiu-chung, GBS, JP

Hon Abraham SHEK Lai-him, SBS, JP

Hon Vincent FANG Kang, SBS, JP

Hon WONG Kwok-hing, MH

Dr Hon Joseph LEE Kok-long, SBS, JP

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon WONG Ting-kwong, SBS, JP

Hon Ronny TONG Ka-wah, SC

Hon Cyd HO Sau-lan

Hon Starry LEE Wai-king, JP

Hon CHAN Hak-kan, JP

Hon CHAN Kin-por, BBS, JP

Dr Hon Priscilla LEUNG Mei-fun, JP

Dr Hon LEUNG Ka-lau

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

Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

Members absent:

Hon Frederick FUNG Kin-kee, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon WONG Yuk-man

Public officers attending:

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE Man-ye, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Christine LOH Kung-wai, JP	Under Secretary for the Environment
Mr Andrew LAI Chi-wah, JP	Deputy Director of Environmental Protection (3)
Miss Mary TSANG Fung-ye	Assistant Director of Environmental Protection (Cross-Boundary and International)
Mr Raymond WONG Wai-man	Senior Environmental Protection Officer (Cross-Boundary and International) 4
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Ms Irene YOUNG, JP	Deputy Secretary for Labour and Welfare (Welfare) 2
Mr FUNG Pak-yan, JP	Deputy Director of Social Welfare (Administration)
Mr CHAN Wing-hoi	Chief Social Security Officer (Social Security) 2
	Social Welfare Department
Ms Cecilia CHAN Mei-ping	Senior Statistician (Social Welfare)
	Social Welfare Department
Mr Matthew CHEUNG Kin-chung, GBS, JP	Secretary for Labour and Welfare

Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Mr CHEUK Wing-hing, JP	Commissioner for Labour
Miss Mabel LI Po-yi	Assistant Commissioner for Labour (Development)

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

Item No. 1 – FCR(2012-13)60

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

Subhead 700 General non-recurrent

The Chairman advised that the item sought the Committee's approval of the creation of a new commitment of \$50 million for extending the Cleaner Production Partnership Programme (CPPP) for two years.

2. Ms Cyd HO, Chairman of the Panel on Environmental Affairs, reported that the Panel discussed the funding proposal at its meeting held on 26 November 2012. Panel members noted the environmental benefits of CPPP and supported the proposed extension. Some Panel members expressed concern about the long term development of CPPP after the proposed two-year extension. Panel members considered that the Administration should encourage participants of CPPP to adopt cleaner production technologies and practices at their own costs.

3. Ms Cyd HO said that the Administration had informed the Panel that, with the proposed extension, CPPP would mainly provide funding support to pioneering demonstration projects. The Guangdong authorities had also contributed funding in promoting CPPP and cleaner production technologies.

The amount of investment on cleaner production technologies and practices committed by participating manufacturers had exceeded the funding support received under CPPP.

4. Mr IP Kwok-him supported the funding proposal. While the current funding earmarked for CPPP would be used up by January 2012, the proposed extension of CPPP, if approved by the Finance Committee (FC), would not commence until 1 April 2012. Mr IP queried how projects between January and April 2013 would be financed.

5. Under Secretary for the Environment said that the industrial sector was aware that the Administration was supportive of the wider use of cleaner production technologies and was seeking funding from FC to extend CPPP. Some industrialists were preparing new proposals for submission after April 2013. Deputy Director of Environmental Protection (3) (DDEP(3)) explained that new expenditure would not be incurred in the coming three months as the funding allocation of \$93.06 million earmarked for CPPP had been fully committed for taking forward the approved projects and no new applications under the Programme were received since October 2013. Meanwhile, the Administration, together with the Hong Kong Productivity Council, would continue to promote best practices and facilitate sharing of successful experience in adopting cleaner production technologies and practices. These efforts would not involve funding under CPPP.

6. Mr WU Chi-wai supported the funding proposal. He noted that CPPP had been in operation for five years, but the Administration intended only to extend the Programme for two years. He queried whether the short extension was a reflection of the Administration's view on the limited effectiveness of the Programme.

7. DDEP(3) clarified that during the past five years, the average commitment on CPPP was about \$18 million each year. If FC approved the proposed extension, \$25 million would be available each year in the coming two years. This represented a significant increase in the Administration's support for cleaner production. DDEP(3) explained that the Administration proposed to extend CPPP for two years in order to tie in with the National 12th Five-Year Plan which would end in 2015. The Administration would review the effectiveness of CPPP and would take into consideration the policy on promoting cleaner production by the Mainland authorities when determining whether and how CPPP should be further developed.

8. The Chairman put the item to vote. The Committee approved the item.

Item No. 2 – FCR(2012-13)61

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Subhead 180 Social security allowance scheme

9. The Chairman advised that the item invited the Committee to approve an increase in standard payment rates under the Comprehensive Social Security Assistance Scheme (CSSA) and the rates of allowances under the Social Security Allowance Scheme (SSA) with effect from 1 February 2013, and to note the financial implication of \$1,017 million in annual recurrent expenditure.

10. Ms CHAN Yuen-han, Chairman of the Panel on Welfare Services, said that the Panel discussed the funding proposal at its meeting held on 12 November 2012. Panel members did not object to the proposal. However, some Panel members considered that the indices and indicators used to assess the basic needs of CSSA households lagged far behind inflation and the proposed adjustments could not reflect accurately the actual movement in price levels. The Panel passed a motion at the abovementioned meeting requesting the Administration to revert to the inflation forecast methodology adopted before 2000 for adjusting the rates of social security payment and the Social Security Assistance Index of Prices (SSAIP) with reference to the expenditure level of households in the lowest 5% expenditure group.

11. Permanent Secretary for Labour and Welfare (PSLW) advised that it was not appropriate to revert to the inflation forecast methodology for adjusting the rates of social security payment. She explained that the Director of Audit had investigated into the administration of the CSSA and SSA Schemes from late 1998 to early 1999, and noted, amongst other things, that the Government had over-estimated the upward movement of SSAIP in the previous years and, as a result, the forecast methodology had a significant impact on Government expenditure. Any over-estimation would have to be taken into account in calculating the adjustment of payment rates for the following year. Under such circumstances, CSSA and SSA recipients might face difficulties if the Government had to adjust CSSA and SSA payment rates downward.

12. Dr Fernando CHEUNG Chiu-hung criticized the Administration for being too rigid in adjusting CSSA and SSA payment rates, and that it had overlooked the actual needs of target recipients. Although he would not object to the funding application, Dr Fernando CHEUNG criticized that the proposed adjustment of CSSA or SSA payment rates could not keep pace with the actual inflation, and could not enable recipients to meet basic needs.

13. Mr WU Chi-wai commented that CSSA was reduced by 11.1% in view of deflation in 2003. He asked if the Administration would restore the reduction and then calculate future adjustment on that restored basis. Mr LEUNG Yiu-chung expressed a similar view.

14. DDSW(Admin) said that the Hong Kong economy experienced deflation in 1999 which continued for some years. By March 2002, the cumulated over-shoot in SSAIP forecast had exceeded 12.4%. The Administration decided to reduce the CSSA and SSA rates by 11.1% in 2003 to reflect deflation. The Administration had no plan to restore the reduced rate.

15. Mr LEUNG Kwok-hung said that Members had previously suggested that the Administration should adjust SSAIP with reference to the expenditure level of the households in the lowest 5% expenditure group. He commented that the Administration had not made any feedback to Members' suggestion.

Rent allowance under CSSA

16. PSLW said that the amount of rent allowance payable to a CSSA recipient was based on the actual rent paid by a CSSA recipient or the maximum rate of the rent allowance (MRA) under CSSA, which, in turn, were adjusted annually with reference to the 12-month moving average of the Consumer Price Index (A) (CPI(A)) rent index for private housing.

17. Dr Fernando CHEUNG Chiu-hung commented that the rates of rent allowance could not cover actual rental cost. Even the Administration's own statistics showed that more than half of the CSSA recipients had to meet the shortfall within the CSSA payments by cutting down on food and other expenses. Mr WU Chi-wai shared Dr Fernando CHEUNG's views and said that many CSSA recipients resided in units smaller than 400 square feet, where the rental price levels had increased by 92% since 2003. However, the Government had only adjusted the rate of rent allowance once in 2011 by mere 5.7%. They suggested that the Administration should review the mechanism for adjusting rent allowance.

18. Dr Kwok Ka-ki said that he would not object to the funding proposal. He added that, as a result of stepped-up enforcement against subdivided flats and redevelopment of old tenement buildings, the supply of small-sized flats was on the decline and the rental levels had increased by about 30%. The proposed 5.7% increase in rent allowance could not catch up with the actual increase in rental costs.

19. DDSW(Admin) explained that the CPI(A) rent index for private housing fell by 17.3% from 2003 to the lowest level in 2005, but the Administration did not correspondingly reduce the rates of rent allowance at that time having regard to the state of economy. Instead, the rate of rent allowance was frozen at 2003 level during the deflationary period. Between 2005 and the present, the CPI(A) rent index for private housing had increased by about 30%. It was appropriate that the Administration adjusted upward the rent allowance by 5.7% in 2012, and proposed another 7.8% increase through this funding application. Mr WU Chi-wai asked if the Administration would review the arrangement on rent allowance and set out the detailed rationale in a paper for members' discussion. PSLW responded that if FC approved the item, the new adjustment would take effect from 1 February 2013 onwards.

20. Mr WU Chi-wai said that as rent allowance was provided on reimbursement basis, recipients would not have net gain even if the rates were to be increased in line with the market trend. DDSW(Admin) responded that rental expenses of eligible CSSA recipients were paid by the actual rent incurred up to the prescribed maximum level. An adjustment mechanism of MRA was in place and it would not be a prudent use of public resources to adjust the levels of MRA simply to catch up with the constantly changing rent level in the private market.

21. Mr WONG Kwok-hing said that a singleton CSSA recipient could receive \$1,335 single-person rent allowance per month while \$2,650 per month was payable for a two-person family. He queried whether these levels of allowance were sufficient for renting any proper accommodation at present.

22. Ms Starry LEE Wai-king commented that the Administration still failed to acknowledge the fact that the current rates of rent allowance were not sufficient to cover the actual rental expenses incurred by CSSA recipients. She suggested that the Administration should review the situation and prescribe suitable measures to tackle the situation.

23. DDSW(Admin) said that at present, 86% of the CSSA cases with rent and relating expenses had their rental charges sufficiently covered by the current levels of MRA, and the proportion would be increased to 89% after the proposed 7.8% adjustment in the current funding proposal. Although the corresponding figures were 43% and 53%, for cases residing in private housing, there would still be an improvement. PSLW said that the Administration would continue to monitor the situation of CSSA and SSA recipients in meeting rental expenses.

24. Mr LEUNG Kwok-hung argued that, even if the Administration's assessment were correct, CSSA recipients would still have difficulties in meeting the shortfall in rental costs. He suggested that rent allowance should be paid on full reimbursement basis to meet recipients' actual expenditure in rent.

25. DDSW(Admin) reiterated that it would not be prudent for the Administration to adjust rent allowance to align with the level of the private rental market.

26. Dr Fernando CHEUNG Chiu-hung said that some 80% of CSSA recipients were elderly people, people with disabilities or single-parent families, many of whom were living in tenement housing units. The rent allowance was not sufficient to cover the rental expenses and many recipients had to meet the shortfall by cutting other expenses. Dr Fernando CHEUNG queried whether there were rooms for recipients to manoeuvre within the CSSA payment, which was already very stringent. He said that the Administration had completed a review on CSSA in 1996 and the review report suggested that the rental allowance should cover about 90% of rental expenses. He suggested that the Administration should align rent allowance with this objective.

27. Mr TANG Ka-piu said that it was not reasonable for CSSA recipients to have to use part of their CSSA payment otherwise needed for living expenses to meet accommodation costs. As most of CSSA recipients living in a private flat were applying for public housing, Mr TANG suggested that sufficient rent allowance should be provided to enable CSSA recipients to meet the actual rental expenses of private accommodation while awaiting housing allocation. He asked the Administration to provide information about the total amount of expenses CSSA recipients have to incur on top of their rent allowance to meet actual rental expenses. DDSW(Admin) undertook to check if such information was available.

CSSA and Disability Allowance

28. Mr WONG Kwok-hing said that at recent meetings with disabled people's groups, deputations reflected to Members that, disabled CSSA recipients received an additional allowance which was less than the rate otherwise received by an eligible applicant with similar disabilities under the Disability Allowance scheme (DA). Under the current policy, disabled CSSA recipients were not eligible to receive DA at the same time. Mr WONG Kwok-hing considered that CSSA and DA were independent schemes that served different needs; they should not be mutually exclusive. Ms Starry LEE expressed a similar view and added that, in particular, elderly people with

disabilities should receive more support than currently available under either DA or OAA alone. She urged the Administration to review the policy.

29. PSLW said that the CSSA and DA schemes served different objectives and different recipients. The CSSA scheme was designed to help recipients meet basic living expenses, whereas DA was provided to address the special needs of people with severe disabilities. DDSW(Admin) added that the standard rates under the CSSA scheme for people with disabilities were higher than the standard rates for able-bodied recipients, and had been increased by about 10% to 17% in 2011. He further said that to avoid double benefits, CSSA and DA could not be received at the same time. Applicants could apply for the social security assistance/allowance that best suited their needs.

30. Dr Kwok Ka-ki noted that DA was introduced for people with severe of disabilities to buy necessary medical equipment or meet medication costs. However, the cost escalation of those items far exceeded the proposed increase in DA rates. Dr KWOK asked if the Administration had conducted any survey on the medical equipment or medication needs of recipients when evaluating the payment rates under CSSA or SSA.

31. DDSW(Admin) explained that the payment rates were adjusted according to the movement of SSAIP. Recipients of DA had flexibility in using the payment for purchase of medications or medical equipment. Disabled persons on CSSA were provided with special grants to meet the cost of medical equipment or relevant medications subject to medical certification.

32. Dr KWOK Ka-ki argued that recipients needed doctor's prescriptions to justify applications for the allowance to buy the required medical supplies or equipment. DDSW(Admin) clarified again that DA recipients could deploy the allowance freely for various medication or equipment purposes. For CSSA recipients, in addition to the standard rates, they could claim special grants to meet the cost of medical equipment or medications subject to medical certification.

33. Mr TANG Ka-piu noted that some disabled persons' groups had reflected to him that the payment for DA recipients would be reduced if they stayed in hospitals, residential care homes or other types of subsidized institutions. He requested the Administration to review the arrangement because the recipients would still have to incur expenses during their stay in such institutions.

34. DDSW(Admin) explained that certain institutions such as residential care homes were already subsidized by public funds, therefore recipients of Higher DA receiving constant care in these subsidized institutions could only receive the Normal DA rates.

35. Mr TANG Ka-piu requested that the Administration to provide information on the total amount of deduction from recipients of DA as a result of their being admitted to hospitals, residential homes or other types of subsidized institutions.

36. Mr TANG Ka-piu said that many elderly people found the Old Age Allowance (OAA) system full of pitfalls. At present, if a recipient had resided in Hong Kong for less than 60 days in a payment year, he was eligible to receive allowance only for the periods during which he/she had resided in Hong Kong. Mr TANG cited a case where an elderly recipient was asked to return some \$10,000 as he inadvertently stayed in Hong Kong for only 55 days in a payment year. Mr TANG said that he had brought the case to SLW's personal attention, but to no avail so far.

37. DDSW(Admin) said that an OAA recipient was required to reside in Hong Kong for at least 60 days during the payment year in order to be eligible for a full year's allowance. Any overpayment would be clawed back if he or she was absent from Hong Kong for more than the number of days permitted. The Social Welfare Department (SWD) would make suitable arrangements for repayment if the recipient had financial difficulties in repaying the amount in a single instalment.

38. Mr TANG Ka-piu requested that Administration to provide information on the total amount of OAA the Administration has clawed back from beneficiaries as a result of their staying away from Hong Kong for more than the number of days permitted.

(Post meeting note: the information provided by the Administration was issued to members vide LC Paper No. FC95/12-13 on 28 January 2013.)

Meal allowance and supplements for recipients with special needs

39. Dr Kwok Ka-ki noted that the Administration proposed to increase meal allowance for students of CSSA families by \$10 from \$235 to \$245. Mr LEUNG Yiu-chung said that an increase by \$10 a month represented an extra \$0.4 a day. Dr Kwok Ka-ki criticized that the increase was too meagre as compared with the 10% to 20% increase in meal costs in many restaurants, and

he asked if the Administration had conducted any survey on how much students from CSSA families needed to spend on food when evaluating the level of increase. DDSW(Admin) responded that the increase was based on the movement of SSAIP, which should have reflected the movement in the cost of food or meal. He further clarified that the revised amount of \$245 for meal allowance was an extra grant for CSSA families with children attending full-day school when they needed to take lunch away from home, since the standard payment rates under CSSA had already covered the expenses on meals.

40. Mr LEUNG Yiu-chung said that the standard rate of CSSA payment for a single elderly person aged 60 or above was proposed to be increased by \$115 a month. This represented an additional \$3.8 a day, or slightly more than \$1 per meal. He queried whether the increase was meaningful in practice. Mr LEUNG Yiu-chung said that the basis of adjustment was too small to start with. Even though the Administration's proposed percentage increase was in line with inflation, the actual additional amount available to recipients was insignificant for any practical purpose. He suggested that the Administration should thoroughly review the formula for adjusting CSSA rates.

41. PSLW said that the Administration calculated the rates of adjustment based on the movement of SSAIP which should have captured the price changes on CSSA recipients. For elderly CSSA recipients, additional supplement would be provided to cater for their special needs such as the purchase of spectacles or dental charges together with waiver of medical treatment fees and hospital charges.

42. Ms Claudia MO said that it was the responsibility of the government in any civilized society to take care of its vulnerable members. Ms MO noted that CSSA families having children with 50% disability would receive \$110 more each month under the proposed adjustment, representing an average of less than \$4 a day. She said that the proposed increase was too small. Ms MO suggested that the Director of Social Welfare should have the discretion to increase the amount of payment to elderly people with disabilities with special needs.

43. PSLW responded that different standard rates were available for recipients with different degree of disabilities; and the standard rates would be revised according to the existing adjustment mechanism and subject to the Committee's approval of the funding application.

44. Ms Claudia MO said that some CSSA recipients who participated in the Neighbourhood Support Child Care Project as home-based child cares had subsequently quit because their CSSA payment would be reduced by the same

amount as their income from being a child care. Ms MO said that home-based child-caring service incurred expenditure, and it was reasonable that child cares recovered expenses from their income. Under the current arrangement, child cares who were receiving CSSA were, in effect, penalized for rendering service, and Ms MO said the Administration should review the arrangement.

Restriction on able-bodied unemployed persons receiving CSSA

45. Mr James TIEN Pei-chun said that Members belonging to the Liberal Party supported the funding proposal. Mr James TIEN commented that able-bodied unemployed persons aged less than 60 were capable of taking up employment. They should not rely on CSSA for more than two years. He asked the Administration if there was any abuse in the CSSA system.

46. DDSW(Admin) said that less than 1% of CSSA cases involved fraud or abuse. SWD staff conducted reviews and checks on the situation of the recipients. A complaint hotline had been set up to receive reports of fraud or abuse of CSSA. On the other hand, able-bodied unemployed persons receiving CSSA were required to participate in Support for Self-reliance (SFS) scheme, where they would receive employment assistance services including job counselling and skills training, etc. Participants of the SFS scheme might also be required to participate in community work. CSSA payment to these able-bodied employable recipients would normally not be terminated solely because they were employable but not employed, unless they refused to take part in the SFS scheme.

47. At the request of Mr James TIEN, the Chairman asked the Administration to provide information on the number of able-bodied person who were aged below 60 and fit for employment but had been receiving CSSA for two years or more. The Administration was also requested to provide information on the amount of public expenditure that could be saved if these recipients were to cease receiving CSSA.

(Post meeting note: the information provided by the Administration was issued to members vide LC Paper No. FC95/12-13 on 28 January 2013.)

48. The Chairman put the item to vote. The Committee approved the funding application.

Item No. 3 – FCR(2012-13)62
HEAD 90 – LABOUR DEPARTMENT
Subhead 700 General non-recurrent
Item 841 Work Incentive Transport Subsidy Scheme

49. The Chairman advised that the item sought FC's approval on the enhancement proposals of the mid-term review of the Work Incentive Transport Subsidy (WITS) Scheme.

50. Mr LEE Cheuk-yan, Chairman of the Panel on Manpower, reported that the Panel discussed the proposal at its special meeting held on 3 December 2012. While members expressed support in principle for the proposal which allowed individual-based applications as an alternative to household-based applications, they requested the Administration to consider granting low-income earners who resided in remote areas and also incurred heavy travelling expenses a subsidy at a rate more than the present full-rate WITS at \$600. Panel members also expressed concern about the design of the application form which was too complicated for members of the public, and urged the Administration to improve the application form and simplify the application process.

The dual-track approach and the means tests

51. Mr WU Chi-wai said that the Democratic Party welcomed the proposal of dual-track approach to the WITS Scheme. Dr KWOK Ka-ki remarked that the Civic Party supported the dual-track approach. Mr TAM Yiu-chung said that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) was pleased to see the proposal because the additional option of individual-based applications would benefit more low-income earners.

52. Mr LEE Cheuk-yan said that as employment was related to an individual, the Labour Party had all along advocated the dual-track approach of allowing applicants to choose to be means-tested either on household or individual basis. He expressed regret that the Administration had not adopted his proposal on the dual-track approach when the WITS Scheme was first discussed by FC more than a year ago. The working poor could have benefited since the inception of the Scheme should the Administration accept his proposal. Mr LEUNG Yiu-chung expressed a similar view.

53. Mr WONG Kwok-hing said that the Hong Kong Federation of Trade Unions (HKFTU) had all along been pressing for a dual-track approach for the WITS Scheme. The number of successful applicants to the Scheme at around 55 000 up to the present moment was a vast deviation from the estimated

number of beneficiaries at around 240 000 and this had spoken for the need for extending the WITS Scheme to individual-based applications.

54. Referring to the asset limits of WITS which had been raised to three times the corresponding limits under the Comprehensive Social Security Assistance (CSSA) Scheme, Mr LEE Cheuk-yan considered that such requirement was even more stringent than the asset limit stipulated for applying for public rental housing. He urged the Administration to cancel the requirement of the means tests as a way of encouraging employment or align the requirement of asset limit with that for public rental housing.

55. Secretary for Labour and Welfare (SLW) explained that to avoid granting the subsidy to a low-income person who happened to hold many assets, setting the asset limit was necessary to ensure that public resources were channelled to low-income earners genuinely in need. As the objectives of WITS and public rental housing were different, the criteria for means tests for the two policies could not be compared.

56. Mr POON Siu-ping said that the Federation of Hong Kong and Kowloon Labour Unions had all along requested to cancel the means tests as they inevitably incurred high administrative costs and at the same time contradicted the policy of encouraging savings for retirement protection. WITS was also positioned vaguely as a form of financial assistance between low-income individuals and low-income households. He asked whether the Administration would consider removing the means tests from WITS in its mid-term review of the Scheme.

57. SLW advised that the Administration would conduct a comprehensive review of the WITS Scheme taking into account the various proposals, including the proposal on removing the asset limit from the eligibility criteria of the Scheme, after three years of operation. The Administration could also review the effectiveness of the Scheme and introduce further enhancements.

58. To make the assessment process more efficient, Mr TANG Ka-piu suggested that the Administration should approve all applications received upfront and conduct the means tests afterwards.

Separate subsidies for the working poor and low-income households

59. As a short to medium term measure to address the issue of working poor, Mr LEE Cheuk-yan suggested that employed persons in low-income households should continue to be granted a transport subsidy under the WITS

Scheme whereas low-income households should be protected by a maintenance grant scheme to be proposed by the Commission on Poverty (CoP). The two schemes should operate in parallel.

60. Pointing out that the recipient count of WITS recorded the most for household sizes of two to four and that the average income per member of such households was only around \$4,000 to \$7,000, Mr WONG Kwok-hing asked whether the Administration would, in the longer run, study the feasibility for transitioning the WITS Scheme to a maintenance grant scheme for low-income households. He said that HKFTU had already submitted to the Chief Executive the relevant proposal for his consideration. Dr Fernando CHEUNG expressed a similar view. He opined that travelling expenses subsidy should be provided to employed members of low-income households.

61. Mr TAM Yiu-chung opined that WITS was not a comprehensive means of assistance to low-income earners as applicants must incur travelling expenses in commuting to and from work. Also, there were in fact quite a large number of low-income workers who had to commute from either New Territories East or West to the Hong Kong Island for work and that the full-rate WITS at \$600 was in effect far from sufficient for meeting their actual travelling expenses. In this connection, he said that DAB had all along proposed replacing the WITS Scheme by a maintenance grant scheme for low-income households as a second safety net so as to enable households not eligible for CSSA but whose incomes were still on the low side to receive a monthly grant, with the rate of subsidy raised to become \$1,000 per month. DAB had already presented the proposal to CoP for its consideration.

62. SLW replied that the Administration was open to members' proposals and he undertook to explore the proposals at CoP. Mr WONG Kwok-hing said that he was pleased with the Administration's positive response and he hoped that the Administration would remain open to members' future proposals.

Assistance for applicants in filing applications

63. Mr LEE Cheuk-yan was dissatisfied that the branch offices of the Labour Department did not provide a service to assist applicants to fill out application forms. Some applicants had to turn to his office for assistance and his personal assistants had to spend at least half an hour to help each applicant in the form filling. Mr TANG Ka-piu and Dr Fernando CHEUNG shared Mr LEE's concerns. Mr TANG Ka-piu pointed out that he had spent two hours filling out the form for the first time, inclusive of making photocopies of the relevant documents, and the process took at least half an hour for his personal assistants even who had experienced in it. Dr Fernando CHEUNG said that

the application form was very complicated. Based on the experience his office had in helping the applicants in filling the applicant forms at the initial stage of the Scheme, the Administration returned almost all the applications to the applicants for further input of information.

64. SLW responded that the Administration had endeavoured to keep the Scheme simple and user-friendly. The Administration had optimized the design of the application form in such a way that it only required information essential for eligibility assessment. Commissioner for Labour (C for L) added that applicants could call up the 1823 Call Centre for assistance if they faced a problem in filling out the form and where necessary, they might even visit the WITS Division in Tsim Sha Tsui in person for further assistance.

65. Mr TANG Ka-piu opined that the voluminous personal information required and the complicated application process of WITS might have contributed to the withdrawal of some 9 000 applications. He noted that the WITS application form as available from the government homepage contained some 40 pages and it was a fact that some applicants had to seek help from the office of district council members in the form filling. He considered it undesirable for applicants to have to visit the WITS Division or send out the applications by facsimile which would cost them a lot if they had to go to shops selling stationery for expensive facsimile service.

66. C for L said that the WITS application form actually contained six pages, inclusive of points to note which did not require data input. The completed application form with supporting documents could be submitted by mail usually at postage of \$3.7 or below. The application form would be further optimized in such a way that there were about two and a half pages for individual-based applications.

67. Mr TANG Ka-piu was unconvinced. He said that the forty-page application form contained guidance notes and quite a number of declarations which had to be filled out. C for L said that the declarations contained in the guidance notes were to be filled out on a need basis and some of which were to be completed by self-employed persons, which accounted for a mere four percent of the total applications received.

68. As regards Mr TANG Ka-piu's suggestion to the Administration to set up mobile service teams for all districts to help the needy applicants to file the applications, C for L said that not only would the proposal involve manpower considerations, but also the concern of privacy given rise by direct contact with the applicants' sensitive data like financial information.

69. Mr TAM Yiu-chung said that he had received a complaint case from an applicant whose application for WITS had been unsuccessful because of the money temporarily deposited to his account for organizing group activities. He urged the Administration to be flexible in accessing individual applications and to simplify the application process.

70. Dr Fernando CHEUNG pointed out that Yuen Long and Tuen Mun were among the districts with most WITS recipients and it would cause a great deal of inconvenience to applicants residing in remote districts if they were required to visit the WITS Division for assistance on filing an application. Noting that the 1823 Call Centre handled enquiries for 21 government departments, he opined that it was unlikely that applicants could receive useful help on this complicated application by phone. He asked if it was possible for branch offices of the Labour Department to assist applicants in filling out the form.

71. C for L said that the 1823 Call Centre had put some 50 to 60 hotline staff solely on answering enquiries relating to the portfolio of the Labour Department. These staff had been specially trained on handling, inter alia, enquiries about applications of the WITS Scheme. The Call Centre operated round-the-clock and applicants could seek help from the Call Centre at anytime convenient to them. C for L said that applicants could contact the WITS Division for further assistance only if they so wished.

72. Dr Fernando CHEUNG criticized the Administration for failing to provide the required assistance to the applicants. This had driven the applicants to go to non-governmental organizations and office of district members for assistance. C for L advised that Labour Department had conducted two briefing sessions for non-governmental organizations, district-based bodies, trade unions, etc as these parties requested information about the WITS Scheme. C for L emphasized that applicants could contact the Labour Department direct if they faced problems in filing an application.

Review of the subsidy rate and effectiveness of the WITS Scheme

73. Mr WONG Kwok-hing urged the Administration to consider introducing a "monthly ticket scheme for all types of transport" which HKFTU had long proposed to help relieve the burden of low-income earners on travelling expenses. SLW replied that the Administration would conduct a comprehensive review of the WITS Scheme after three years of operation, and the proposal on monthly ticket scheme could be considered in due course to see if it were viable.

74. Noting that quite a number of transport utilities were about to increase their fares, Mr WU Chi-wai asked whether a mechanism would be in place for the full-rate WITS at \$600 to be adjusted accordingly. Mr LEUNG Yiu-chung and Dr Fernando CHEUNG expressed a similar concern. Pointing out that the WITS rate had remained unchanged since it was first set in 2010, Mr LEUNG Yiu-chung was of the view that the subsidy rate should be reviewed in connection with the impending fare increase of the transport utilities. Dr Fernando CHEUNG criticized the Administration for providing transport subsidy to the low-income earners on the one hand while allowing unreasonable fare increase for transport utilities on the other.

75. SLW replied that according to the General Household Survey (GHS) conducted by the Census and Statistics Department in the third quarter of 2011, the average monthly expense of target beneficiaries incurred for travelling to and from work was \$436, and that for those working across districts was \$472, which were only slightly above the respective figures of \$410 and \$460 in the second quarter of 2010 when the subsidy rate was first set. Since the objective of WITS was to subsidize and not to fully reimburse travelling expenses, the present full-rate WITS at \$600 per month should provide sufficient support to most eligible applicants. The Administration would monitor the new statistics in the GHS covering the period of the fourth quarter of 2012 scheduled for release in February to March 2013 and, if necessary, review the level of the subsidy.

76. Mr LEUNG Yiu-chung stressed that the Administration should state clearly the criteria to be taken into account in considering whether the level of the subsidy would be adjusted. Dr Fernando CHEUNG also enquired the scope and the party to be commissioned to conduct the review.

77. In response, SLW advised that it was very unlikely that the subsidy would be adjusted downward. The Administration would evaluate the need for upward adjustment of the subsidy based on the latest statistics.

78. Pointing out that workers living in remote areas like Tin Shui Wai and Tung Chung could spend over a thousand dollars a month for commuting to work, Dr KWOK Ka-ki opined that it was inappropriate to set a fixed full-rate WITS at \$600 basing upon the average monthly expense of the target beneficiaries. The monthly subsidy of \$600 per qualified applicant was, in his view, far too low and the subsidy should instead be granted on a full reimbursement basis.

79. SLW explained that the administrative cost would be very high if the subsidy was to be given on a full reimbursement basis. To keep the WITS Scheme simple and easy to administer, it was not advisable to provide a customized subsidy based on the beneficiaries' actual travelling expenses.

80. Dr KWOK Ka-ki did not subscribe to the Administration's explanation. He opined that travelling expenses of applicants could in fact be verified easily by a proof of the address of the employer and the Octopus Card records. Full reimbursement of travelling expenses could be provided only for eligible workers who had to travel very long distance. He urged the Administration to consider granting additional subsidy for workers who had to commute very long distance for work.

81. In reply, SLW said that expense proof by an Octopus Card might not be effective in all cases. For example, some early-morning workers travelling from very remote areas might have to take a means of transport, such as taxi, which did not accept payment by Octopus Card before transferring to another means of transport which accepted Octopus payment. Considering all relevant factors and to make the WITS Scheme accessible to the public, the Administration would maintain the present mode of operation. Notwithstanding, SLW undertook to consider members' suggestions in the comprehensive review with a view to enhancing the Scheme.

82. The Chairman put the item to vote. The Committee approved the proposal.

83. The meeting was adjourned at 4:58 pm.