

**Speaking Note for Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
for Examination of the 2013-14 Draft Estimates  
on 11 April 2013**

Welfare and Women
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Chairman and Honourable Members,

In 2013-14, government recurrent spending on social welfare and women's interests will reach \$55.7 billion, accounting for 19.1% of the total recurrent government expenditure of the same year, second only to education. In comparison with the revised estimate for 2012-13 (\$42.7 billion), there is an increase of \$13 billion (i.e. about 30.5%). This reflects our commitment to supporting the disadvantaged. Providing support to the elderly and those with disabilities is our main focus in caring for people's livelihood this year as unveiled in the Budget Speech. Now, let me highlight how our Bureau will make use of the resources.

**Strengthening elderly care services**

2. In 2013-14, the Administration's estimated expenditure on elderly care services in the social welfare policy area amounts to \$5.58 billion, representing an increase of 12% when compared with the revised estimate (\$4.98 billion) of last year. This reflects our commitment in this area. I will introduce the new initiatives to be implemented by the Administration with additional resources allocated in 2013-14 as follows.

**Community care services (CCS) for the elderly**

3. The Administration's policy objective in elderly care services is to encourage "ageing in place as the core, institutional care as back-up". To further promote "ageing in place", the Administration will continue to strengthen CCS. Specific measures include the launch of the First Phase of the Pilot Scheme on CCS Voucher for the Elderly this September, the provision of additional resources for additional day care places and extended service hours at the new day care centres and units for the elderly.

### *Launching the Pilot Scheme on CCS Voucher for the Elderly*

4. The Administration has allocated \$380 million from the Lotteries Fund to launch the First Phase of the Pilot Scheme on CCS Voucher for the Elderly from September 2013 onwards. By adopting the “money-follows-the-user” approach in the provision of assistance, eligible elderly under the Pilot Scheme can, through the use of voucher, choose CCS that suit their individual needs freely and flexibly. We can also encourage different types of service providers (including non-governmental organisations (NGOs) and social enterprises (SEs)) to provide diversified CCS. To encourage NGOs and SEs to participate in the First Phase of the Pilot Scheme, the Administration will provide one-off seed money to them for the purchase of the required vehicles, furniture and equipment.

5. The First Phase of the Pilot Scheme (which will last for two years) will be launched in eight selected districts<sup>1</sup>. The Social Welfare Department (SWD) estimates that a maximum of 1 200 vouchers will be issued during the First Phase, serving elderly applicants who are moderately impaired.

### *Increasing the provision of CCS places*

6. The implementation of the Pilot Scheme for CCS voucher for the Elderly will not affect the provision of existing subsidised CCS. We will continue to increase conventional subsidised service places (including day care services and home care services) to cope with the demand. In the past five years (from 2008-09 to 2012-13), the Administration had allocated additional funding to provide about 2 600 CCS places for the elderly (about 2 000 places for the Enhanced Home and Community Care Services and 600 day care places). In 2013-14, the Administration proposed to increase funding by about \$9 million to provide an additional 100 day care places and extend the service hours of the new day care centres and units for the elderly.

### *Residential care services (RCS) for the elderly*

7. Although we have strengthened CCS, some frail elderly still need RCS. The Administration will continue to allocate additional resources to increase the provision of subsidised residential care places and enhance the quality of residential care places offering a continuum of care (COC).

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<sup>1</sup> Eastern, Wong Tai Sin, Kwun Tong, Sham Shui Po (covering the district, as well as eligible elders living in Yau Tsim Mong and Kowloon City districts), Shatin, Tai Po, Tsuen Wan and Tuen Mun.

8. From 2013-14 to 2015-16, seven new contract residential care homes for the elderly (RCHEs) will commence operation. The Administration has also earmarked sites in another eight development projects for the construction of new contract RCHEs. With the new funding proposed in 2013-14 and other committed resources, over 1 180 additional subsidised residential care places for the elderly (including about 730 nursing home places and about 450 care-and-attention places) will commence service from 2013-14 to 2015-16.

9. Apart from increasing the provision of residential care places, we also attach great importance to the quality of residential care places. The Administration proposed to allocate about \$164 million additional recurrent funding to increase the subvention for about 7 000 residential care places with COC by 10% in 2013-14 so that RCHEs can provide more targeted services for the elderly, and to upgrade the remaining 7 850 ordinary residential care places in subvented RCHEs to places with COC, so that more elderly people can receive COC in these RCHEs.

#### **Public transport concessions for the elderly and persons with disabilities**

10. To encourage the elderly and eligible persons with disabilities to participate more in community activities, and hence helps build a caring and inclusive society, the Administration has launched the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) to enable elderly people aged 65 or above and eligible persons with disabilities to travel on MTR, franchised buses and ferries any time at a concessionary fare of \$2 per trip. Following the launch of the Scheme on MTR and four franchised bus companies in end-June and early-August 2012 respectively, the Administration launched the Scheme on ferries and the New Lantao Bus on 3 March 2013. By the end of January 2013, the average daily trips of beneficiaries exceeded 600 000.

#### **Enhancing rehabilitation and support services for persons with disabilities and their carers**

11. The rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. To this end, the Administration has been allocating additional resources to strengthen the rehabilitation services. Taking into account the expenditure of the Labour and Welfare Bureau (LWB), SWD (excluding related expenditure under CSSA Scheme and Social Security Allowance (SSA) Scheme) and Transport Department (Rehabus

service) alone, the overall recurrent expenditure for rehabilitation services has already increased from \$2.8 billion in 2007-08 to \$4 billion in 2012-13. In 2013-14, the relevant recurrent expenditure will further increase to \$4.4 billion, representing an increase of 57% (or \$1.6 billion) when compared with 2007-08.

*Increase the number of places of rehabilitation services*

12. Residential care services are provided for persons with disabilities who cannot live independently and those who cannot be adequately cared for by their families/carers. At present, there are 11 730 subvented residential care and 16 774 day training service places. In 2013-14, additional funding of \$35.6 million will be allocated to provide 145 residential care and 145 day training places. Coupled with the allocation for recurrent expenditure already earmarked, a total of 522 additional residential care and 426 day training places in 2013-14 will come on stream.

13. We are now actively studying the feasibility of redeveloping the former sites of Siu Lam Hospital in Tuen Mun and Kai Nang Sheltered Workshop and Hostel in Kwun Tong into integrated rehabilitation services centres. Subject to the findings of the technical feasibility study and progress of preparation work, we estimate to provide an additional of about 2 147 residential care and 1 590 day training places for the period of 2014-15 to 2017-18. We will continue to proactively identify other sites for use by rehabilitation services to meet demand.

14. We are mindful of the need of the service users of residential care homes and day training centres for persons with disabilities for a higher level of care and support owing to ageing. We will allocate an additional annual recurrent provision of \$67.9 million to increase the manpower for residential care homes and day training centres for persons with disabilities to meet the needs of ageing service users.

*Enhance employment support services for persons with disabilities*

15. To promote the employment for persons with disabilities, thereby facilitating their self-reliance and integration into the community, we have all along provided employment support and vocational rehabilitation training for them so as to enhance their job skills and assist them in securing suitable employment commensurate with their abilities.

16. We will allocate an annual recurrent provision of \$4.8 million to increase the job attachment allowance and wage subsidy for job trial under

the “On the Job Training Programme for People with Disabilities” and the “Sunnyway – On the Job Training Programme for Young People with Disabilities” respectively. The job attachment allowance will be raised from \$1,250 to \$2,000 per month, with a payment period up to 3 months. The maximum monthly payment of the wage subsidy will be increased from \$3,000 to \$4,000. The maximum payment period will be extended from three to six months.

17. Under the Work Orientation and Placement Scheme (WOPS) of the Labour Department (LD), an employer is granted an allowance for employing a job seeker with disabilities. The amount of allowance is equivalent to two-thirds of the monthly salary of the employee with disabilities (subject to a maximum of \$4,000 per month). The payment period of allowance is up to six months. In tandem, a mentor arranged by the employer for the employee with disabilities will receive an incentive pay of \$500. To encourage employers to offer persons with disabilities more openings, LD will introduce a two-month work adaptation period under WOPS. An additional allowance up to a maximum of \$5,500 per month for two months will be paid to an employer who employs a person with disabilities with employment difficulties and provide him/her with training or support during the work adaptation period. The mentor will also receive an additional incentive pay of \$500. The additional annual recurrent expenditure is estimated to be \$7.1 million.

*Enhance community support services for persons with disabilities*

18. In March 2011, SWD launched a three-year pilot scheme to provide persons with severe disabilities who are living in the community and are on the waiting lists for subvented residential care services with a package of home-based care services. Following the completion of the three-year pilot scheme, we will regularise the service in March 2014, and extend it to all the districts in Hong Kong. We will also extend the coverage of service targets to include persons with severe disabilities who are not on the waiting list for residential care home services. We anticipate that 3 250 persons with severe disabilities will be served, and the annual recurrent expenditure will amount to \$203.3 million.

*Strengthen rehabus service*

19. In tandem with the Administration’s on-going efforts to improve the accessibility of public transport for persons with disabilities, Rehabus provides point-to-point scheduled and dial-a-ride transport services for persons with disabilities who have difficulties in using public transport. The

rehabus fleet currently comprises 129 vehicles, running 83 scheduled routes, three feeder routes and the Dial-a-ride service. Having regard to service demand and to enhance service quality, the Administration will provide additional funding of about \$5.9 million to increase the rehabus fleet to 135 by acquiring six new buses in 2013-14. The Administration will also allocate \$49.2 million to subsidise the recurrent expenditure of the rehabus service. This allocation represents more than 80% of its total operating cost.

### **Enhancing social rehabilitation services for persons with mental health problems**

20. The Administration is mindful of the needs of persons with mental health problems and their families/carers, and keeps under regular review the operation and provision of community support services in response to changing demand.

21. In 2010, we have consolidated the existing resources of \$65 million, together with an additional provision of \$70 million, to revamp the existing mental health community support services and rolled out the district-based one-stop service delivery mode of the Integrated Community Centres for Mental Wellness (ICCMWs) across the territory. During the period from the commencement of service in various districts in 2010 to end-2012, ICCMWs had served about 27 000 ex-mentally ill persons and persons who are suspected to have mental health problems. The outcome is considered satisfactory. ICCMWs have also organised over 5 700 public education activities to enhance community understanding of mental health. In 2011-12 and 2012-13, we allocated additional provision of \$48 million. In 2013-14, we will continue to allocate additional provision of \$12.5 million to enhance the manpower of ICCMWs with a view to dovetailing with the Case Management Programme implemented by the Hospital Authority, and providing services for more persons in need. In other words, the total amount of resources allocated for ICCMWs will be over \$190 million in 2013-14.

### **Social Security**

22. The social security system in Hong Kong is made up of two key components: the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2013-14 is about \$39.3 billion, which is 38.9% higher than the revised estimate (\$28.3

billion) last year. The increase is mainly for the implementation of the Old Age Living Allowance (OALA). The estimated total expenditure of these two schemes represents 13.5% of the recurrent government expenditure, compared with 10.7% last year, and represents 70.6% of the recurrent social welfare expenditure, compared with 66.3% last year.

### OALA

23. SWD launched OALA this April to supplement the living expenses of needy elderly persons aged 65 or above. Eligible elderly persons can receive \$2,200 per month, and SWD has made lump-sum allowance payment dating back to 1 December 2012 at the earliest on 5 April to more than 270 000 OALA recipients through the “auto-conversion” arrangement. The new allowance, involving an additional allocation of about \$8.3 billion in 2013-14, is expected to benefit more than 400 000 elderly people.

### Providing an extra payment to recipients of CSSA, Old Age Allowance (OAA), OALA and Disability Allowance (DA)

24. Besides, the Financial Secretary proposes to provide an extra allowance to CSSA recipients, equal to one month of the standard rate CSSA payments; and an extra allowance to OAA, OALA and DA recipients, equal to one month of the allowances. This proposal will involve an additional expenditure of about \$2.7 billion. We estimate that about 1.12 million recipients will benefit.

### **Long-term social welfare planning**

25. In view of the rapidly changing social and economic environment in Hong Kong and the increasing complexity of social problems, the planning cycle should keep pace with development. The Administration has, since 2012, implemented the enhanced mechanism as proposed by the Social Welfare Advisory Committee after consultation with the social welfare sector. The mechanism provides an annual platform for consultation and planning for the future development and delivery of welfare services at district level, central level, and advisory committees level on a regular basis. We will continue to closely monitor the implementation and effectiveness of the enhanced mechanism.

26. The planning of sites and manpower for welfare services, which featured in this year’s Policy Address, are among the major concerns of the welfare sector. We understand and are concerned about the shortage of sites

for welfare services, in particular for residential care places. The current-term Government will, therefore, focus on the work and planning in this respect. We have adopted a multi-pronged approach to identify suitable sites in a pragmatic and flexible manner. It is worth noting that LWB has been discussing with the Hong Kong Council of Social Service and social welfare organisations on how to make better use of the land owned by the non-governmental organisations through redevelopment or in-situ expansion to provide diversified subvented and self-financing facilities to meet the needs of welfare services. We will, in the process, proactively consider using the Lotteries Fund more flexibly and work out ways to provide targeted assistance to landowners during the planning and development process.

27. On the other hand, we are concerned about the shortage of allied health workers and frontline care staff in the welfare sector, particularly in the elderly services and rehabilitation services for persons with disabilities. To address the problem, we have allocated funding to increase the number of training places for nurses and allied health professionals (including physiotherapists, occupational therapists, etc.) for the three years starting from 2012-13. In view of the expansion of RCS and the acute demand for the paramedical staff of the welfare sector, the Administration proposed to allocate \$160 million in the five-year period starting from 2013-14 to 2017-18 to organise 10 more classes of the two-year full-time Enrolled Nurse Training Programme for the Welfare Sector. The Programme will provide a total of 1 240 training places. Trainees have to work for the welfare sector for at least two years after satisfactory completion of the training. It will help the welfare sector (especially RCHes) recruit and retain EN graduates to alleviate the shortage of nurses. Relevant policy bureaux will work with the welfare sector and relevant organisations to explore feasible options for retaining existing workers and attracting new recruits to the elderly services and rehabilitation services for persons with disabilities.

### **Complementing the work of Commission on Poverty**

28. Poverty alleviation is one of the priorities of this term of the Government. The Commission on Poverty (CoP) has commenced its work. Its focus is to develop poverty alleviation policies. This includes reviewing the effectiveness of existing poverty alleviation policies, formulating new policies to prevent and alleviate both poverty and social exclusion, as well as promoting upward social mobility. As one of the official members of CoP, I and my colleagues in LWB and other relevant policy bureaux will complement the work of the CoP.



29. One of the priority tasks of the CoP is to set Hong Kong's poverty line in the light of our actual situation. The CoP and its Social Security and Retirement Protection Task Force (SS&RPTF) are considering this in detail. The Chief Secretary for Administration is the chairperson of this Task Force, and I am the vice chairperson. Poverty line can be viewed as a tool for analysis. Its functions are to enable us to identify and target various groups of people, formulate poverty alleviation initiatives targeted at the specific characteristics and needs of the identified groups, and analyse and monitor the effectiveness of the initiatives through comparison of changes in the population below the poverty line before and after the implementation of the various poverty alleviation initiatives, thereby enabling the Government to assist the needy people in a more focused and targeted manner with better use of our limited public resources. We are confident that we could set the poverty line for Hong Kong within 2013.

30. I understand that the community is also interested in the subject of retirement protection. The SS&RPTF has agreed to invite Professor Nelson Chow to conduct a study to review our three-pillar retirement protection system, namely the Mandatory Provident Fund system, the social security system and voluntary private savings. The study will assess the combined retirement protection effect of the current three-pillar system, and analyse the different retirement protection options put forth by the community. Retirement protection is a very complex and controversial subject. With a comprehensive, in-depth and objective study, we think we can provide a solid foundation for discussion in the future. We expect the study would be completed within a year or so.

### **Enhancing short-term food assistance service projects**

31. The Short-term Food Assistance Service Projects aim at providing short-term food assistance to people who have temporary difficulty coping with basic food expenditure. By the end of January 2013, these projects had served over 110 000 persons in total. A sum of \$100 million was earmarked in the Budget last year to continue the services. The Financial Secretary, in his Budget this year, announced that the Administration will allocate another \$100 million for the services when necessary. The Administration will explore possible enhancements to the service, and then seek approval of the Legislative Council Finance Committee in around mid-2013 for the additional funding earmarked in the Budget.

## **Women's Interests**

32. The Administration has been working closely with the Women's Commission (WoC) to promote women's well-being and interests through a three-pronged strategy, viz. the provision of an enabling environment, empowerment of women and public education. In 2013-14, we have earmarked \$29.6 million to promote women's interests and support the Commission's work. This includes the provision for assisting WoC in implementing the "Funding Scheme for Women's Development" and "Capacity Building Mileage Programme" with a view to supporting women's groups to organise programmes that facilitate women's development and support women's learning needs.

33. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

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