

**Speaking Note for the Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2014-15 Draft Estimates
on 3 April 2014**

Welfare and Women

Chairman and Honourable Members,

In 2014-15, government recurrent spending on social welfare and women's interests will reach \$56.9 billion, accounting for 18.5% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2013-14 (\$51.9 billion), there is an increase of \$5 billion (i.e. 9.7%). This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the elderly, persons with disabilities, low-income families and those in need. Now, let me highlight how the Labour and Welfare Bureau (LWB) will make use of such substantial resources.

Elderly Services

2. All along, the Government attaches great importance to elderly services and allocates additional resources every year to enhance the standard and quantity in this area. In 2014-15, the recurrent government expenditure on elderly services is estimated to reach \$6.2 billion, representing about 10.9% of the total recurrent government expenditure on social welfare, and an increase of 15% over the revised estimate of \$5.4 billion in 2013-14.

3. Insofar as the strengthening of community support and services for elderly persons is concerned, the Government will provide additional subvention to 211 elderly centres over the territory for employing more social workers to strengthen counselling services, enhancing information dissemination and handling of care need assessments and service applications for the elderly. We will also enhance support services for elderly persons with dementia and their carers provided by the District Elderly Community Centres. Furthermore, we propose to provide an additional 1 500 Enhanced Home and Community Care Services (EHCCS) places, amounting to an increase of 27% over the existing provision. The service content of the new and about 5 580 EHCCS existing places would be strengthened, e.g. to

enhance home-based on-site carer training so as to help more frail elderly persons age in the community. The above initiatives would involve an annual recurrent funding of some \$336 million.

4. For those frail elderly people who need institutional care, we will allocate additional resources to provide some 950 additional subsidised residential care places through a multi-pronged approach. Besides, we propose to raise the unit subsidies of all the bought places under the Enhanced Bought Place Scheme and the Nursing Home Place Purchase Scheme. We will also extend the continuum of care arrangement to six subvented Nursing Homes and five new contract homes with a view to enhancing the service quality and strengthening the care for frail elderly. The above initiatives would involve an annual recurrent funding of some \$325 million.

5. With the aims of providing more diversified choices for elderly persons and incentivising service providers to enhance the quality of their services, the Government is experimenting the new funding mode of “money-following-the-user” through the use of vouchers.

6. The Government is conscious of the challenges posed by our ageing population. We have therefore attached great importance to the short, medium and long-term planning work. In this connection, the Chief Executive has announced in his 2014 Policy Address that the Elderly Commission will be tasked to formulate an Elderly Services Programme Plan (Programme Plan). We are grateful for the support of the Legislative Council (LegCo) Panel on Welfare Services for our proposal of creating a Principal Assistant Secretary (Special Duties) post at the Administrative Officer Staff Grade C rank in LWB to provide dedicated support to the formulation of the Programme Plan. The Elderly Commission, during the process of formulating the Programme Plan, will take into account both the existing services and those expected to be provided in future, as well as the different modes of service delivery, including among others the study on a voucher scheme for residential care services for the elderly. At the same time, the Government is implementing the Special Scheme on Privately Owned Sites for Welfare Uses (Special Scheme) to encourage non-governmental organisations (NGOs) with their own land to provide diversified services, in particular services for the elderly. The Special Scheme will provide a concrete basis for planning of welfare facilities and manpower demand for elderly services in the medium to long term.

Public transport fare concessions for the elderly and eligible persons with disabilities

7. Since the launch of the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme), the number of daily average passenger trips so far is around 700 000, with about 620 000 trips (88%) made by the elderly and the remaining 80 000 trips (12%) by eligible persons with disabilities. We are preparing to extend the Scheme to eligible children with disabilities aged below 12 next month (May) and to extend the Scheme to green minibuses (GMB) in phases starting from the first quarter next year. The Transport Department is exploring with the GMB trade and the Octopus Cards Limited to resolve the technical, operational, accounting and auditing issues, and the expenditure involved.

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

8. 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. Taking into account the expenditure of LWB, the Social Welfare Department (SWD) (excluding related expenditure under the Comprehensive Social Security Assistance (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 some \$2.8 billion in 2007-08 to nearly \$4.3 billion in 2013-14, representing an increase of about 52%. In 2014-15, the relevant recurrent expenditure will further increase to \$5.1 billion, representing an increase of about 19% over 2013-14.

9. We propose to allocate an additional annual recurrent expenditure of about \$360 million from 2014-15 onwards for the continued improvement and enhancement of rehabilitation services for persons with disabilities, thereby facilitating the development of the potential of persons with disabilities and their full integration into the community.

10. We propose to allocate an additional provision of some \$152 million to regularise three Community Care Fund programmes, including providing training subsidy for children with disabilities from low-income families, thereby enabling them to receive self-financing services while wait-listing for subvented pre-school rehabilitation services; and offering subsidies to persons with severe physical disabilities living in the community for renting medical equipment and acquiring medical consumables, with

one-stop integrated support service co-ordinated by case managers according to their needs.

11. We are mindful of the need of rehabilitation service users for a higher level of care and support owing to ageing. We propose to allocate an additional provision of about \$93 million to increase the manpower for day training centres for persons with disabilities to strengthen the care and support for ageing service users.

12. SWD launched the four-year Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities (BPS) in October 2010 to encourage private residential care homes for persons with disabilities (RCHDs) to upgrade their service standards, increase the supply of subsidised residential care places and provide more residential service options for persons with disabilities. Having regard to the support from stakeholders, the Government proposes to allocate an additional provision of about \$40 million to regularise BPS, with the cap of subsidised places in each home raised from 55% to 70%, and the number of places to be bought increased from 300 to 450.

13. We are also committed to strengthening community support for persons with disabilities. To further relieve family members/carers of their pressure in taking care of persons with disabilities, we propose to allocate an additional provision of about \$23.8 million to increase 442 places of short-term day care and residential care services for persons with disabilities aged 6 or above, so that their family members/carers may take a planned short break or attend to their personal business. This also helps to temporarily relieve the families or carers from their caring duties and alleviate their stress. Besides, we propose to allocate an additional provision of about \$10.6 million to strengthen the manpower of the District Support Centres and introduce a case management service approach with a view to providing service users with more comprehensive and convenient support. We propose to allocate an additional provision of about \$2.57 million to strengthen the manpower of the Multi-service Centres for the Hearing Impaired Persons and the Social and Recreational Centres for the Disabled which are offering sign language interpretation service, with a view to enhancing sign language interpretation services for persons with hearing impairment. We also propose to allocate an additional provision of about \$5.28 million to the “Financial Support Scheme for Self-help Organisations of People with Disabilities/Chronic Illness” to better support the operation and development of the self-help organisations of persons with disabilities/chronic illness.

14. Noting the keen demand of persons with disabilities for rehabilitation services, the Administration will continue to adopt a multi-pronged approach to actively identify suitable sites to provide more service places. During the current term of the Government, we will provide 6 200 additional places of rehabilitation services for persons with disabilities. In 2014-15, we propose to increase 331 places of rehabilitation services for persons with disabilities, involving a full-year additional provision of about \$21.6 million.

15. The Government is mindful of the needs of persons with mental health problems and their families/carers. In 2014-15, we will allocate an additional provision of \$9.3 million to enhance the services of the Integrated Community Centres for Mental Wellness (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 \$205 million in 2014-15.

16. Currently, there are 135 rehabuses in the Rehabus fleet. In 2014-15, the Government will allocate an additional capital expenditure of about \$13.2 million for procuring six new rehabuses and replacing seven existing ones of higher vehicle age, thereby increasing the fleet to 141. The Government will also allocate about \$55.62 million (including an additional provision of \$4.2 million) to subsidise the recurrent expenditure of the Rehabus service with a view to further enhancing the service and management of the Rehabus.

17. Furthermore, we propose to allocate an additional funding of \$2.34 million for upgrading the Commissioner for Rehabilitation post and strengthening the establishment of the Commissioner's team to enhance co-ordination among various bureaux and departments in implementing the United Nations Convention on the Rights of Persons with Disabilities. We thank the LegCo Panel on Welfare Services for supporting the proposal.

Social Security

18. For social security, we will continue to provide economic assistance to those in need through CSSA and SSA Schemes in the coming year. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2014-15 is about \$39.1 billion, which is 7.8% higher than the revised estimate (\$36.3 billion) last year. This represents 68.7% of the recurrent social welfare expenditure (\$56.9 billion) and 12.7% of the

recurrent government expenditure (\$307.4 billion).

CSSA

19. Regarding the CSSA Scheme, based on the established adjustment mechanism, we have increased the standard payment rates and the levels of maximum rent allowance by 4.1% and 6.5% respectively since 1 February 2014. In addition, the annual recurrent expenditure of the CSSA Scheme will be increased by about \$126 million from 2014-15 onwards to support a number of targeted measures to improve the CSSA Scheme, which include increasing the amount of flat-rate grant for selected items of school-related expenses for primary and secondary CSSA students; including post-secondary students of CSSA families in the calculation of rent allowance; and providing rent allowance to CSSA recipients who have been Tenants Purchase Scheme flat owners for more than five years.

Old Age Living Allowance

20. Regarding the Old Age Living Allowance (OALA), we will review OALA by the end of this year to ascertain, among other things, whether the asset limits should be relaxed.

One-off relief measure

21. Besides, the Financial Secretary proposes to provide an extra one-month allowance to the recipients of the CSSA Scheme, Old Age Allowance (including the Guangdong Scheme), OALA and Disability Allowance. This proposal will involve an additional expenditure of about \$2.7 billion and about 1.2 million recipients will benefit from the extra allowance.

Low-income Working Family Allowance

22. The current-term Government is determined to tackle the root problem of poverty. Our poverty alleviation policy is to encourage young people and adults to become self-reliant through employment, strengthen family support, promote upward mobility and alleviate inter-generational poverty. The proposed Low-income Working Family Allowance (LIFA) has been designed following the above policy direction. It is tied to employment and working hours to encourage self-reliance. More allowance will be granted to those who work more. The LIFA has a particular focus on children and young people of low-income working families to alleviate

inter-generational poverty.

23. The LIFA is estimated to cost \$3 billion per year. Over 200 000 low-income families (involving 710 000 persons) will benefit. Beneficiaries include over 180 000 eligible children or young people under the age of 21. We are listening to the community's views on LIFA and working out the detailed arrangements. Our target is to implement LIFA in 2015.

Providing additional resources for the Child Development Fund

24. Since its establishment in 2008, the Child Development Fund (CDF) has provided suitable induction to underprivileged children to widen their horizons and enhance their exposure, help them develop a saving habit and plan for the future. Up till now, CDF projects have already benefited more than 6 000 underprivileged children. The Government will earmark an additional \$300 million for CDF in the 2014-15 financial year to ensure the sustainable development of CDF projects, with a view to benefiting more children from a disadvantaged background.

Strengthening Day Child Care Services

25. We understand that some parents may be unable to take care of their children temporarily because of work or other reasons. To provide child care services with greater flexibility, the Government will enhance the Neighborhood Support Child Care Project from 2014-15, including lifting the age limit of service beneficiaries from under six to under nine; providing at least 234 additional places for home-based child care service; and increasing funding to operators to enhance social work support for the service.

26. Moreover, to enhance the after-school care services currently provided by NGOs for children aged 6 to 12, SWD will, starting from 2014-15, allocate additional resources to extend the service hours of some after-school care centres on weekday evenings, Saturdays, Sundays and school holidays, as well as to provide 360 additional fee-waiving and fee reduction quotas across the territory. The implementation of the above two initiatives will incur an annual recurrent expenditure of \$21.75 million.

Implementing the Special Scheme on Privately Owned Sites for Welfare Uses

27. LWB is implementing the Special Scheme to provide additional facilities for elderly and rehabilitation services. Based on the rough estimation of the applicant organisations, if all the proposals received under the Special Scheme could be implemented smoothly, about 17 000 additional service places would be provided for the elderly and persons with disabilities, including around 9 000 places for elderly services and 8 000 places for rehabilitation services. This will effectively relieve the pressure on service demand and shorten the waiting time. The Special Scheme will provide a concrete basis for planning for welfare services and manpower in the medium to long term. We believe that the projects involved in five of the 63 preliminary proposals may be completed by 2017-18. As for the remaining 58 preliminary proposals, they are expected to be completed in phases after 2017-18, depending on their technical feasibility.

28. The LegCo Finance Committee approved in February this year the proposal to arrange for the transfer of funds of \$10 billion to the Lotteries Fund (LF) to ensure sufficient resources to implement the feasible projects under the Special Scheme and other projects within the remit of LF.

Human Resources in Care Services

29. The Government launched a “first-hire-then-train” pilot scheme through LF in 2013. Under the pilot scheme, young people are recruited to provide care services at residential care homes for the elderly and receive on-the-job training. They are also provided with subsidies from the Government to pursue a relevant course. After completing the course, they could be promoted to a higher position and may move up the career ladder in the welfare sector. In the light of the positive response to the pilot scheme, we plan to expand and extend it to cover rehabilitation services in a project named the “Navigation Scheme for Young Persons in Care Services” (the Scheme), providing an additional 1 000 places in phases from 2014-15 for young people who have graduated from Secondary 5 or Secondary 6 level. The expenditure involved is approximately \$147 million. We hope that the Scheme will help address the demand for care personnel and provide the younger generation with more employment options.

Enhancing the Lump Sum Grant Subvention System

30. To further enhance the Lump Sum Grant Subvention System, the Government will increase the annual recurrent funding for NGOs to strengthen central administrative and supervisory support, and increase provision for “Other Charges” in the Lump Sum Grant subvention to help NGOs cope with other operating expenses including food costs. The Government will also provide additional resources to enable NGOs to recruit and retain paramedical staff more effectively or in hiring paramedical services. The above enhancement initiatives will incur an additional recurrent expenditure of about \$470 million in 2014-15. Besides, the Government will allow NGOs to transfer the surplus from their Provident Fund reserve for Snapshot Staff to their Provident Fund reserve for non-Snapshot Staff so as to improve NGOs’ contributions to the latter’s Provident Fund.

Injection into the Partnership Fund for the Disadvantaged

31. The Government plans to inject \$400 million into the Partnership Fund for the Disadvantaged to further encourage cross-sectoral collaboration in launching projects that can cater for various needs of the disadvantaged. Of this sum, \$200 million will be dedicated to provide more after-school learning and support initiatives for primary and secondary school students from grassroots families.

Women’s Interests

32. In 2014-15, we have earmarked around \$30 million to promote women’s interests and support the work of Women’s Commission (WoC). This includes the provision for assisting WoC in implementing the “Capacity Building Mileage Programme” to support women’s learning needs. LWB and WoC are conducting a survey to find out the reasons why Hong Kong women leave the labour market and the factors that attract them to take up employment again. The survey will be completed by end-2014 and the findings will serve as reference for policy formulation. We will also produce a one-stop information web portal on services in support of women employment. WoC has set women employment as the theme of its work in 2014-15 and will provide funding support for women’s groups and NGOs to organise projects that facilitate women employment through the “Funding Scheme for Women’s Development”.

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

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