

Elderly Commission
Minutes of the 87th Meeting

Conference Room 4, G/F, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong
9:30 a.m., 7 June 2016 (Tuesday)

Present:

Chairman

Dr LAM Ching-choi, BBS, JP

Members

Mrs CHAN LUI Ling-yee, Lilian

Ms CHAN Man-ki, Maggie, MH, JP

Miss CHAN Man-yee, Grace

Mr LAM Hoi-cheung, Victor

Mr SHIE Wai-hung, Henry

Mrs SO CHAN Wai-hang, Susan, BBS

Mr WONG Fan-foung, Jackson, MH

Mr WONG Kit-loong

Mr WONG Tai-lun, Kenneth

Mrs WONG WONG Yu-sum, Doris

Dr YEUNG Ka-ching

Miss TAM Kam-lan, Annie, JP

Mr CHAN Wai-kee, Howard, JP

Ms Carol YIP, JP

Mr LAM Ka-tai, JP

Mr LEE Kwok-wing, Albert, JP

Dr LI Mun-pik, Teresa

Mr Andy WAN

Permanent Secretary for Labour and Welfare

Deputy Secretary for Food & Health (Health)

Director of Social Welfare

Deputy Director of Social Welfare (Services)

Deputy Director of Housing (Estate Management)

Assistant Director of Health (Family and Elderly Health Services), Department of Health

Manager (Elderly and Palliative Care), Hospital Authority

In attendance:

Mr CHEN Yee, Donald, JP

Deputy Secretary for Labour and Welfare

Miss CHANG Lai-chu, Stella

Principal Assistant Secretary for Labour and Welfare

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| Mr TSE Ling-chun, Steve | Principal Assistant Secretary for Labour and Welfare |
| Ms CHEUNG Jick-man, Lilian | Chief Social Work Officer, Social Welfare Department |
| Ms CHU Wing-yin, Diana | Chief Social Work Officer, Social Welfare Department |
| Mr TSE Shu-to, Sebastian | Chief Social Work Officer, Social Welfare Department |
| Ms YU Siu-ngan, Tammy | Senior Social Work Officer, Social Welfare Department |
| Ms HO Suk-fun | Senior Social Work Officer, Social Welfare Department |
| Dr Tonny NG | Senior Medical and Health Officer (Visiting Health Team), Department of Health |
| Miss LO Chung-man, Florence | Assistant Secretary for Labour and Welfare |
| Mr TO Yick-ting, Justin | Assistant Secretary for Labour and Welfare |
| Mr LEUNG Sing-lung, Edric | Assistant Secretary for Labour and Welfare |
| Miss LEE Ngan-chau, Martina | Chief Executive Officer, Labour and Welfare Bureau |
| Miss HO Wing-wa, Vitinie | Executive Officer, Labour and Welfare Bureau |

Agenda item 3

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| Ms HO Pui-ling, Doris, JP | Head, Policy and Project Co-ordination Unit, Chief Secretary for Administration's Private Office |
| Ms CHEUNG Chung-sze, Joyce | Senior Economist (Policy and Project Co-ordination Unit), Chief Secretary for Administration's Private Office |

Agenda item 4

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| Dr LAW Chi-kwong, GBS, JP | Associate Professor, Department of Social Work and Social Administration, The University of Hong Kong |
| Ms Rose YU | Senior Research Assistant, Department of Social Work and Social Administration, The University of Hong Kong |

Absent with apologies:

Mr CHEUNG Leong
 Prof LEE Tze-fan, Diana
 Dr Vivian LOU Wei-qun
 Dr TSE Man-wah, Doris
 Dr TUNG Sau-ying, MH

Secretary

Mr CHONG Kwok-wing, Gordon

Principal Assistant Secretary for Labour
and Welfare

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Dr LAM Ching-choi, the Chairman, welcomed Members to the meeting. In particular, he welcomed Dr Vivian LOU Wei-qun to the Commission. Dr LOU was unable to attend the meeting due to other commitments. He also expressed his gratitude to Prof Alfred CHAN Cheung-ming, the outgoing Chairman, for his contribution to the Commission during his tenure.

2. The Chairman reminded Members to make a declaration when there was a potential conflict between their own interests and the matters to be discussed.

Agenda item 1: Confirmation of the minutes of the 86th meeting

3. As Members had not proposed any amendments to the Chinese (revised) and English versions of the draft minutes issued by the Secretariat on 13 May 2016, the minutes were confirmed.

Agenda item 2: Matters arising

4. There were no matters arising from the minutes of the 86th meeting.

Agenda item 3: Public Consultation on Retirement Protection

5. Ms Doris HO Pui-ling, Head, Policy and Project Co-ordination Unit of the Chief Secretary for Administration's Office, briefed Members on the background and details of the public consultation exercise on retirement protection with a PowerPoint presentation (Annex 1).

6. After the briefing, the Chairman and Members raised the following suggestions and views:

Overall direction

- (a) The Government should explain to the public what retirement protection is, who the target beneficiaries are and whether the Government would set any age limit on the beneficiaries.
- (b) The Government should explain to the public the causes of elderly poverty so that the public could have a better understanding of the rationale and need for establishing a retirement protection system.
- (c) It was quite some time since the public consultation exercise on retirement protection was launched. How would the Government interpret the public opinions on retirement protection and resolve the difference between the community and the Government?
- (d) Retirement protection should only be provided for those with financial needs to ensure effective use of limited public financial resources.

Demographic challenges

- (e) To tackle demographic challenges, the Government should encourage the second generation of Hong Kong emigrants to return to Hong Kong. Policies, should be formulated to assist them to tackle the problems upon returning to Hong Kong, particularly in respect of education. This would help attract talents among the second generation to come back.

Public finance challenges

- (f) As a mature economy, Hong Kong's economic growth would be slowing down. With an ageing population, the welfare burden on the Government was expected to increase. It would be difficult for the present taxation system to cope with the additional expenditure arising from the enhancement of retirement protection. If government revenue would be raised through tax increase or introduction of new tax, their implications for Hong Kong's competitiveness should be considered.
- (g) In a referendum held in Switzerland in early June 2016, the proposal of

providing an unconditional basic income for all local citizens was voted down, showing the awareness of the Swiss about the possible devastating impact on public finances as a result of excessive welfare benefits. Hong Kong could take this as reference. A recent survey conducted by a political party in Hong Kong showed that among the respondents from business associations, over 50% agreed that enhanced protection and support should be provided for the elderly, while only 20% to 30% opposed to the idea. Of the respondents who agreed with the proposal, over 80% were of the view that the Government should only provide support for those elderly with financial needs and adhere to the principle of keeping the expenditure within the limits of revenue so as to prevent itself from running into deficit.

“Offsetting” arrangement of the Mandatory Provident Fund

- (h) The legislation enacted for the implementation of the Mandatory Provident Fund (MPF) System allowed offsetting of severance payment and long service payment against employers’ contributions and investment returns. The industrial and commercial sectors considered this a pledge of the Government. So, the proposed abolition of the MPF’s “offsetting” mechanism was expected to be met with resistance of the industrial and commercial sectors. They were of the view that retirement protection was already provided for employees under the MPF and abolition of the “offsetting” mechanism would, in effect, mean providing employees with double protection.
- (i) The sectors were concerned that the abolition of the MPF’s “offsetting” mechanism would increase the financial burden on businesses. Some small and medium enterprises might apply for winding up their business so as to avoid paying long service and severance payments to their employees.

Who foots the bill?

- (j) What was the rationale of setting the asset limit at \$80,000 for singleton elderly under the simulated “those with financial needs” option?
- (k) The healthcare needs of elderly people would increase with age. The proposed asset limit of \$80,000 under the “those with financial needs” option was too low. Some elderly people might transfer their assets so as to meet the asset requirement.

- (l) If the Government was going to raise the asset limit of the simulated “those with financial needs” option in the future, what would be the new level? What would be used as a reference?
- (m) When formulating the retirement protection measures, the Government should strike a balance amongst the asset limit, and the magnitude of tax increase and introduction of new tax. The Government should also examine whether the retirement protection system could be further enhanced by improving the existing social security measures, such as the Old Age Allowance (OAA) (commonly known as “fruit money”) and Old Age Living Allowance (OALA), etc.
- (n) The Government should encourage the public to invest in low-risk products (such as iBond issued by the Government, etc.) to increase the value of their savings for retirement. This could help reduce the burden on public finances.

Others

- (o) It was noted that the Chief Secretary for Administration (CS) and the Secretary for Labour and Welfare (SLW) were the key officials attending the public consultation sessions on retirement protection. However, as retirement protection and elderly services straddled the areas of welfare, healthcare, housing and transport, it was proposed that apart from SLW, the Secretary for Food and Health and the Secretary for Transport and Housing should also attend the public consultation sessions.
- (p) At present, elderly people accounted for about 15% of Hong Kong’s total population. The annual expenditure spent on elderly-related healthcare items amounted to almost 70% of the Government’s total expenditure on healthcare. However, the public often only focused their attention on the Elderly Health Care Voucher Scheme (which provides \$2,000 per year) when considering the healthcare support provided by the Government for the elderly people. The resulted in a misconception that the Government had not allocated adequate resources to elderly healthcare.

7. In response to the suggestions and comments made by Members, Ms HO replied as follows:

Overall direction

- (a) There was no statutory retirement age in Hong Kong. Therefore, employees could take the liberty to decide when to retire, while the eligible age for retirement protection was generally set at 65 or above. The Government hoped that the discussions on retirement protection would give the public a chance to think about who should take up the responsibility for providing retirement protection and the scope of retirement protection measures. Hong Kong valued self-reliance, and retirees and their family should be responsible for their retirement needs. Where necessary, the Government would provide assistance through various social security schemes, such as the Comprehensive Social Security Assistance (CSSA), OAA and OALA, etc. The eligible age of each scheme was set in accordance with its policy objectives. The Government would continue to promote the message of “retirement protection starts with individual and family” through the public consultation exercise.
- (b) It was noted that opinion surveys conducted by various local organisations and community groups indicated general support for enhancing retirement protection in society. However, the surveys carried out by The University of Hong Kong (HKU) and The Chinese University of Hong Kong showed that views were divided over adopting of the simulated “regardless of rich or poor” option or “those with financial needs” option to enhance retirement protection. Of the respondents in the survey conducted by the HKU, 40%+ opted for the simulated “regardless of rich or poor” option while 50%+ preferred the simulated “those with financial needs” option. The Government and the Commission on Poverty (CoP) would take into consideration the results of related studies, surveys and discussions in formulating the retirement protection proposal.
- (c) From the perspectives of sustainability and optimising the use of public resources, the Government was more inclined to support the “those with financial needs” principle, and would put forward more specific directions and proposals for retirement protection in the 2017 Policy Address.
- (d) At present, many elderly service users were elderly people living in poverty and in need of support. If the “regardless of rich or poor” option was adopted, it would be difficult for the Government to focus its resources on the elderly most in need. As elderly service providers were expected to handle more nursing care cases or more complicated cases in the future, the unit cost of elderly

services would be significantly higher. The Government believed that adopting the “regardless of rich or poor” option would make the provision of elderly services even more difficult and would further stretch the already tight resources.

Demographic challenges

- (e) Following the release of the report entitled Population Policy — Strategies and Initiatives by CS in early 2015, the Government launched a pilot scheme in mid-2015 to attract the second generation of Chinese Hong Kong permanent residents who had migrated overseas to return to Hong Kong. The pilot scheme facilitated their entry to and their stay in Hong Kong, with a view to strengthening Hong Kong’s workforce in both quantity and quality. The Chief Executive and CS promoted the pilot scheme and met Hong Kong emigrants during their overseas visits. The Government would continue to explore ways to enhance the relevant arrangements, such as those relating to education and job opportunities.

Public finance challenges

- (f) Retirement protection straddled different policy areas, and should not be confined to providing income support. To many elderly people, the provision of elderly services (including housing and healthcare, etc.) was as important as income support. As such, the retirement protection consultation document placed special emphasis on the Government’s substantial expenditure on elderly-related services (including healthcare), which also represented a significant part of the Government’s recurrent expenditure.

“Offsetting” arrangement of the Mandatory Provident Fund

- (g) The Government was aware of the commercial and industrial sectors’ concern about abolishing the MPF’s “offsetting” mechanism. When the Mandatory Provident Fund Schemes Ordinance was enacted in 1995, the parties concerned had reached a consensus that the “offsetting” arrangement was a prerequisite for the sector to support establishing the MPF system. The Government, therefore, would bear this in mind when formulating an option to properly handle the “offsetting” issue.

- (h) CS had mentioned on several occasions that leaving employers and employees to solve the “offsetting” issue by themselves might not be the best solution. As such, the retirement protection consultation document specifically invited the community to consider the role of the Government in view of finding a solution for the issue through some form of mitigation measures or related initiatives. In recent months, quite a number of academics and think-tanks put forward more detailed proposals on the abolition of the “offsetting” mechanism which would facilitate further discussions.
- (i) With an ageing population, public expenditure would continue to increase in the future. So, Hong Kong people had to consider how personal assets and public reserves should be deployed. Some options suggested that the financial problems arising from the provision of universal retirement protection could be solved by tax increase or introduction of new tax. However, it was doubtful that big enterprises which could change their base for doing business easily (such as banks) would continue to invest in Hong Kong in the face of changes in taxation. Therefore, the Government had to consider each retirement protection option very carefully.

Who foots the bill?

- (j) The asset limit for elderly singletons under the simulated “those with financial needs” option was set with reference to the asset limit of the CSSA Scheme (about \$40,000 for elderly applicants who were single). When formulating the simulated option, the Government set the asset limit for elderly people with financial needs twice as much as the limit for elderly CSSA recipients (i.e. \$80,000) to facilitate the calculation of expenditure. If the public in general considered the asset level too low, the Government could adjust it as appropriate with reference to the views of the public. The application and vetting mechanisms would be modelled on the OALA. It should be noted that raising the asset limit would weaken the effect of poverty alleviation and place additional pressure on public finances.
- (k) The Government shared the view that issuing government bonds and encouraging elderly people to invest in such products could help the elderly people optimise the use of their accumulated assets and unlock the value of the assets, thereby providing themselves with better retirement support. The Government hoped that different sectors of the community would provide their

views and proposals on retirement protection during the public consultation exercise.

Others

- (l) Although CS and SLW were the key officials attending the public consultation activities, various policy bureaux, departments and related public organisations, such as the Transport and Housing Bureau (THB) and the Hospital Authority, were also involved in the preparation process (including drafting of the consultation document). Moreover, the Secretary for Food and Health or his representative was a member of the CoP chaired by CS.

- (m) The 2016 Policy Address proposed building age-friendly communities. THB was implementing the policy on Housing for Senior Citizens in public rental housing, flats under the Home Ownership Scheme, and the housing stock of Hong Kong Housing Society. The discussions on retirement protection also included options to improve future town planning. This indicated that a wide range of issues were covered under the consultation. Though some of the issues might not be fully explored in the current public consultation exercise, the Government would continue to take into account the needs of the elderly people in different policy areas.

8. The Chairman concluded that retirement protection was an issue of great importance and affected the financial well-being of the elderly people after their retirement. The Commission had been paying close attention to it. Over the past decade, various attempts made by the Government in reforming financing in healthcare, etc and revamping the taxation system had met with limited success. He hoped that the Government could collect more constructive views during the consultation on retirement protection (which would end on 21 June 2016) and present its proposals to CoP after consolidating the views. The Chairman worried that while the community focused on the discussions about retirement protection, they might overlook the problems currently faced by the elderly people. He was of the view that given the limited community resources, allocation of resources had to be prioritised. An ageing population would put our society under pressure on various fronts, particularly in healthcare. Longer life expectancy would lengthen the waiting time for elderly services and reduce the number of bed days available for elderly patients. This would be undesirable. He also worried that if the discussion on various financial proposals continued to drag on, some resources might be locked up, making it impossible for the Government to divert public resources to the most pressing

problems. The Chairman agreed that other existing pillars of retirement protection had room for improvement. For example, employers could consider making additional MPF contributions as recognition of their employees' outstanding performance, and the Government could consider providing preferential tax treatments for employers or employees to encourage employers to make additional MPF contributions for their employees. These measures would be a clear signal to the public about Government's support for the continued development of MPF Scheme.

Agenda item 4: Pilot Scheme on Residential Care Service Voucher for the Elderly

(Discussion Paper No. EC/D/02-16)

9. The Chairman said that the Working Group on Long Term Care Model under the Commission held its 23rd meeting on 31 March 2016. At the meeting, Members gave many constructive comments on the Pilot Scheme on Residential Care Service Voucher for the Elderly (Pilot Scheme), including issues relating to the quality of residential care homes for the elderly (RCHEs) and how the Pilot Scheme could accord priority to meet the need of CSSA recipients on the Central Waiting List (CWL) who were waiting for subsidised care-and-attention (C&A) places. The Commission was pleased to note that the consultant team had revised the draft report where appropriate in response to the comments. The Commission also met with concern groups to discuss matters relating to the Pilot Scheme. The Chairman, government officials concerned and some Members had meetings with the concern groups and representatives of the “關注家居照顧服務大聯盟” on 20 April and 1 June 2016 respectively. The views expressed at the meetings had been referred to the consultant team for consideration. The Chairman, Mr Henry SHIE Wai-hung and Mr Jackson WONG Fan-foung declared that they had involvement in the operation of RCHEs.

10. With the aid of a PowerPoint presentation, Dr LAW Chi-kwong of the consultant team from the Department of Social Work and Social Administration, HKU, briefed Members on the Discussion Paper No. 02-16 regarding the Pilot Scheme (Annex 2). His briefing included the background and objectives of the study, the funding mode of “money-following-the-user”, findings of the study, public concern arising from the incident at Cambridge Nursing Home, and how the proposed Pilot Scheme could address the concerns of the community/stakeholders.

11. After the briefing, the Chairman and Members made the following suggestions and comments:

Overall direction

- (a) The Commission thanked the consultant team for their effort to study the implementation of the Pilot Scheme. The study report gave a clear account of the questions and views of various sectors about the introduction of residential care service (RCS) vouchers as well as the response and recommendations made by the consultant team.
- (b) It was noted that the Pilot Scheme had met much opposition from the community. One of the concerns was that EA1 homes were of varied service quality. The Government should make more effort to explain to stakeholders the advantages of RCS vouchers, for example, the vouchers could provide the elders with an alternative option of elderly services and improve the quality of life of elderly CSSA recipients residing in private RCHEs. By doing so, the Government would be able to gain more support for the Pilot Scheme. When drawing up the implementation details of the Pilot Scheme, the Government should make the process more transparent as far as possible to collect views of stakeholders on the implementation arrangements.
- (c) Would the Government review the Pilot Scheme if it received encouraging response after implementation? Would flexibility be allowed in the proposed three phases to review the arrangement and make timely adjustment where necessary?
- (d) As the ultimate goal of the Pilot Scheme was to benefit the elderly people, the Government should liaise closely with various community organisations during the implementation stage so as to narrow any difference and ensure the smooth delivery of elderly services.
- (e) It was agreed that the “money-following-the-user” approach should be adopted, and considered that the Pilot Scheme a step forward to upgrading the standard of services of the elderly service sector. Some people had doubts about the quality of private RCHEs, while some concern groups pointed out that the service quality of some RCHEs was not up to the standard and there was a lack of transparency in the fees which they charged. The Government should draw up clear guidelines on service delivery and fee charging, and apply certain criteria and indicators where appropriate during the implementation of the Pilot Scheme. This could enhance public confidence in the standard of service of the participating RCHEs.

Proposed design

- (f) Members generally agreed with the design of the Pilot Scheme proposed by the consultant. Some Members made the following comments on the design:
- The Pilot Scheme would be at a preparation stage in the first six months upon implementation, during which a lot of work would be involved. In particular, there was a need to ensure the service quality of the participating RCHEs. A Member enquired whether the preparation stage could be extended to 12 months so that the licensing and regulatory offices of the Social Welfare Department (SWD) would have sufficient time to work out the manpower deployment and details relating to the warning mechanism. This could maximise the benefits of the Pilot Scheme and reduce factors unfavourable to its implementation. The Member also suggested that the Government should consider slowing down the issue of RCS vouchers. For example, vouchers could first be issued to Level 0 users, then to users of Levels 1 to 6 in a progressive manner. This would allow more time for stakeholders who had reservations about certain arrangements of the Pilot Scheme (such as means test, co-payment mechanism and quality of RCHEs) to discuss the matters further.
 - The Member also suggested that in response to stakeholders' concern over the service quality of EA1 places, the Government could consider adding one more level on top of the EA1 category (such as "EA1*" category). The consultant team should deliberate ways to ensure the quality of RCHEs and make recommendations in this respect when formulating the Elderly Services Programme Plan.
 - The Member opined that the Government should consider requiring the participating RCHEs to provide a price list for their services. The consultant team might be asked to study any practical difficulties involved in such arrangements and whether the absence of a price list would result in overcharging by RCHEs. The consultant could make recommendations to the Commission accordingly.
 - Would the SWD find out the elderly people's intention to remain in the Pilot Scheme after they had used RCS vouchers for six months (i.e. when the "trial

period” was about to end), and their considerations in deciding whether to continue using the vouchers or return to CWL?

- Care supplement would be provided for level 0 voucher users subject to assessment of their need for additional disposable items. Would there be any supplement to cover funeral cost?
- The main purpose of RCS vouchers was to provide eligible elderly with subsidised C&A places. The elderly participants might need to move to RCHEs providing a more intensive care when their health deteriorated. Would the consultant team make any recommendations on the co-payment arrangement in this regard?

Application and eligibility criteria

- (g) The consultant team recommended that if the number of applications exceeded the voucher quota when the Pilot Scheme was open for application, the Government might consider setting up a priority system based on such factors as whether the applicants were CSSA recipients. In some cases, the elderly parents of a family were unable to apply for CSSA because their children were unwilling to sign the declaration on financial situation even though the children themselves were not well-off. They were also required to pay the residential care expenses for their parents. These elderly people needed RCS vouchers as much as the elderly CSSA recipients. Therefore, the SWD should take account of factors in addition to CSSA status when prioritising applications.
- (h) It was recommended that elderly CSSA recipients who continued to use the RCS vouchers at the end of the six-month “trial period” should withdraw from the CSSA Scheme. Should elderly recipients of Disability Allowance and Higher Disability Allowance cease receiving the allowances if they opted for the RCS vouchers?

Recognised service providers and scope of service

- (i) Self-financing homes were allowed to participate in Phase I of the Pilot Scheme. However, it was mentioned in the report that not all self-financing homes were able to meet the minimum standard (i.e. EA1 level) set for recognised service providers (RSPs). Was it true that only self-financing

homes of EA1 level were allowed to participate in the Pilot Scheme? Did self-financing homes refer to the RCHEs run by non-profit making groups/organisations?

- (j) The “money-following-the-user” approach would be effective in encouraging private RCHEs to upgrade their service quality. The Government should encourage those RCHEs applying for joining the Pilot Scheme to participate in accreditation schemes but state clearly that this was not a prerequisite for a successful application.
- (k) For those RCHEs which were participants of accreditation schemes and RSP applicants, if they had been warned for minor negligence (such as failure to keep cabinet doors closed) within one year prior to the date of their application, the SWD should have the discretion to decide how to handle their cases. This would serve as an incentive for private RCHEs to improve their service quality.
- (l) After the incident at Cambridge Nursing Home, the SWD had stepped up inspections at private RCHEs, in particular those under the Enhanced Bought Place Scheme (EBPS). Inspections were conducted almost once a month and many RCHEs under the EBPS had strived to improve their service quality. Strengthened inspections would inevitably mean more warnings to RCHEs. It was hoped that the SWD would review the warning mechanism and improve the present warning levels so that RCHEs under the EBPS would not be deprived of the opportunity to join the Pilot Scheme due to some minor inadequacies which might need time to rectify.

Others

- (m) There was public concern about a reduced provision of subsidised C&A places with the introduction of the Pilot Scheme. When announcing the details of the Pilot Scheme, the Government should keep stakeholders informed of the future provision of subsidised C&A places and assure the public that the Pilot Scheme could help shorten the waiting time of the elderly on CWL. This could help clear the public’s misunderstanding and doubt.
- (n) The general public might not know how to distinguish between EA1 homes and contract homes, resulting in a wrong impression of the service quality of private RCHEs. This, coupled with the fact that EA1 homes were of varied service quality, would make it even more difficult for the public to identify the

difference between the two types of elderly homes.

- (o) Upon completion of the Pilot Scheme, the Government should consider exploring the feasibility of setting up an accreditation mechanism for RCHEs. Matters to be considered should include the implications of such a mechanism for different types of RCHEs and the likely response of the sector.

12. In response to the suggestions and comments made by Members, Dr LAW and Ms Carol YIP, Director of Social Welfare, replied as follows:

Overall direction

- (a) On the response to the Pilot Scheme, the consultant team had taken account of three key factors in its study, namely the number of persons in need of RCS vouchers, the number of suitable places available and case management. Even if the Pilot Scheme was well-received, the SWD still had to consider the number of private RCHEs which could be upgraded from EA2 to EA1 level and the provision of additional service places, as well as its manpower for case management before determining the quantity of vouchers to be issued. A huge increase in voucher quota might stretch beyond the SWD's manpower limit for case management.

Proposed design

- (b) The SWD currently adopted the same statutory standards to regulate subvented and private RCHEs. The SWD was reviewing the warning mechanism for RCHEs and had met representatives of the private and subvented RCHEs for this purpose. Upon completion of the review, the SWD would publish the list of incidents for which warning could be issued under the revised mechanism for public reference.
- (c) It would take time to prepare for the Pilot Scheme. For example, SWD had to work out its manpower requirement for case management and formulate the relevant operational procedures. Nevertheless, six months should be sufficient for preparation.
- (d) According to the proposed arrangement, elderly voucher users who continued to use the vouchers upon the expiry of the "trial period" would be seen as having withdrawn from CWL. When formulating this proposal, the consultant

team had taken account of the needs of elderly people under different scenarios and factors such as fairness for other elderly persons on CWL and effectiveness of the Pilot Scheme to help some elderly leave CWL. Elderly persons would be fully informed of the arrangements before they submitted their applications.

- (e) As regards the term “care supplement”, the consultant team would re-examine the wording in the study report to ensure that it was clear and precise. The SWD currently provided assistance through charitable funds for those non-CSSA recipients with financial needs and their families who had special needs, including meeting funeral expenses.
- (f) The consultant team had provided clear guidelines on making co-payments (e.g. equivalent to a certain percentage of voucher value) to give voucher users a better idea of the service fees.
- (g) The consultant team tended to require the RCHEs participating in the Pilot Scheme to make available a detailed price list of the services which were provided by them but not covered by RCS vouchers. To ensure effective regulation, the consultant team would be most willing to offer advice to the SWD and assist in drawing up the implementation details (such as the wordings) where necessary.

Application and eligibility criteria

- (h) The consultant team noted the comments made by the Commission on the priority system proposed for the Pilot Scheme. The consultant team was aware that elderly CSSA recipients living in private RCHEs without any family support had a stronger need for RCS vouchers than those elderly persons who could afford on their own or with family support the standard service packages or other enhanced/additional services provided by RCHEs. The SWD could take this into account when it came to formulate the proposals relating to the priority system.
- (i) Phase I of the Pilot Scheme would last for 12 months, and EA1 homes under the EBPS were not allowed to participate in this phase. In other words, the EA1 homes would have 12 months to upgrade their service quality, including re-deployment of manpower, in preparation for joining the Pilot Scheme.
- (j) Elderly persons participating in the Pilot Scheme could apply for OALA or

Disability Allowance if they met the relevant eligibility criteria. Under the current arrangement, Higher Disability Allowance was not applicable to elderly persons who were receiving subsidised residential care services.

Recognised service providers and scope of service

- (k) The self-financing homes mentioned in the report referred to those RCHEs run by non-governmental organisations/groups. Given that the potential readers of the report were not limited to those working in the elderly service sector, the consultant team would revise the report where appropriate to ensure that the reference to “self-financing homes” would not cause any confusion.
- (l) At present, over 60% of the self-financing homes had reached EA1 level. Their major concern was manpower shortage, not a lack of space.
- (m) Generally speaking, “brand name effects” applied to operators of self-financing home and it would not be difficult for them to attract service users as long as the elderly homes which they operated were able to reach EA1 level. The consultant team noticed that a number of self-financing homes were charging a fee of above \$12,000 even though the services provided by them had yet to reach EA1 level. There were elderly persons willing to wait for a place in such RCHEs because of factors like convenient access. Under such circumstances, the Pilot Scheme might not be able to attract participation of these elderly homes, and it would be difficult to encourage them to improve their service quality.
- (n) As regards the proposal of giving the SWD a discretion to approve RSP applications made by those RCHEs which had joined accreditation scheme, there were practical difficulties in implementing the proposal. As the accreditation scheme would take account of the workflow and operational efficiency of the elderly homes and annual reviews would be conducted as a part of the accreditation process, such RCHEs would be less likely to receive warning.

Others

- (o) The LWB had announced on several public occasions the number of RCS places for the elderly to be provided by projects under construction or planning, including those made available under the Special Scheme on Privately Owned

Sites for Welfare Uses. According to the LWB's statistics, almost 10 000 RCS places for the elderly would be brought on stream sometime in the future.

- (p) While the Government strived to increase the supply of RCS places for the elderly, 15 000 new applications for RCS places would be expected each year and the elderly population aged 80 or above would continue to grow. In view of these, the waiting time for RCS places would remain long even after the issue of the 3 000 RCS vouchers. It was not possible to work out an exact figure for the shortened waiting time for RCS places after the implementation of the Pilot Scheme.

13. The Chairman thanked the consultant team for their input to the Feasibility Study on Introducing a Voucher Scheme on Residential Care Services for the Elderly. He also thanked the team for addressing the needs of the concerned groups/organisations and making new recommendations to the Commission. The Chairman proposed to accept the report compiled by the consultant team for the Pilot Scheme and submit it to the Government after the necessary adjustments. Members endorsed the proposal.

Agenda Item 5: Progress Reports by Working Groups and Committee

Working Group on Long Term Care Model – Exploring the Feasibility of Introducing Residential Care Service Vouchers for the Elderly

14. The Chairman said that the Working Group on Long Term Care Model had discussed the report of the Feasibility Study on Introducing a Voucher Scheme on Residential Care Services for the Elderly at its 23rd meeting held on 31 March 2016. Details were reported in agenda item 4.

Working Group on Elderly Services Programme Plan

15. The Chairman said that the Working Group on Elderly Services Programme Plan had discussed the third round of preliminary recommendations at its 8th meeting held on 6 May 2016. So far, the Working Group had considered 15 of the 19 discussion topics. Further meetings would be conducted in due course to deliberate on the remaining four topics.

Working Group on Active Ageing

16. Mr Gordon CHONG Kwok-wing, Secretary of the Commission, informed the meeting that the Government had announced in the 2016 Policy Address the provision of additional resources for District Councils (DCs) to promote the building of elderly-friendly communities at district level. Subsequent to the briefing on the relevant details at the Commission's 86th meeting held on 1 February 2016, the LWB launched the Funding Scheme for Age-friendly Community on 1 April 2016 to support the 18 DCs in promoting age-friendliness at district level in 2016-17. DCs were also encouraged to participate in the World Health Organisation's "age-friendly community" accreditation scheme. Mrs Susan SO CHAN Wai-hang, Chairman of the Working Group on Active Ageing, had written to the Chairmen of the 18 DCs to appeal for their active participation.

Committee on Elder Academy Development Foundation

17. Mr CHONG said that the Investment Sub-committee of the Elder Academy Development Foundation had held a meeting on 21 March 2016 to discuss the future investment strategy of the Foundation. The Investment Sub-committee proposed that the current investment strategy endorsed by the Committee on Elder Academy Development Foundation (EADF Committee) in 2014 should be followed. The proposal was endorsed by the EADF Committee.

Agenda Item 7: Any other business

18. There was no other business for discussion at the meeting.

Time of adjournment

19. The meeting was adjourned at 1:00 p.m.

Date of next meeting

20. The date of next meeting would be announced in due course.
(Post-meeting note: The next meeting is scheduled for 26 September 2016.)

June 2016