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\$664m 'miscalculation' won't hit welfare payouts

By Cynthia Wan and James Kelly

THE Social Welfare Department is to revise the formula for working out adjustments to the Comprehensive Social Service Allowance (CSSA) following a \$664-million miscalculation.

But Director of Social Welfare Andrew Leung Kin-pong said changes would not mean reduced payouts for welfare recipients.

He said the department had over-estimated the inflation rate used to decide CSSA increments by 3 per cent — or \$300 million — for the 1996-97 budget and 3.6 per cent (\$364 million) for 1997-98.

Government Economist Tang Kwong-yiu said the miscalculation was caused by an over-estimation of food costs following floods early last year.

But the government would neither reduce the proposed rate — 6.5 per cent for next fiscal year — nor reclaim the excess in allowance paid to recipients this year.

"All our recipients are from a poor and difficult situation," he said. "We won't ask them to reimburse the government."

Democratic Party legislator and Legislative Council social welfare panellist Law Chi-kwong believed it was a mathematical problem that should not be used as an excuse to lower allowances.

Mr Law said he would go along with the 6.5 per cent rise when the Finance Committee met next Friday, but he would keep pressing for additional subsidies for elderly

and poor families living in rented private flats.

Financial Secretary Donald Tsang Yam-kuen failed to convince legislators yesterday that welfare payments for the aged could not be increased.

In his first briefing with legislators since announcing the budget on Wednesday, Mr Tsang said raises would be considered for next year's budget.

Legislators wanted to know why the government could not do more considering that a surplus of \$32 billion was forecast for the coming financial year.

Democratic Party legislator Lee Wing-tat accused Mr Tsang of bowing to political pressure from Beijing rather than considering the interests of the elderly.

"Why didn't he do it this year? Why is he making old people wait?" Mr Lee asked.

"Maybe Donald Tsang did that to give an opportunity for the Chief Executive-designate Tung Chee-hwa to give some good news to Hong Kong people when he becomes boss in July."

Mr Tsang said welfare spending would be increased 9.4 per cent in real terms in 1997-98, "but members still felt that we should do more for the elderly", he said.

"I agreed with them. We should apply our resources and join forces and consider what is the appropriate level of improvement in that regard so we can consider it in the context of preparation of next year's budget."