

ITEM FOR FINANCE COMMITTEE

HEAD 170 - SOCIAL WELFARE DEPARTMENT Subhead 180 Social security allowance scheme

Members are invited to approve supplementary provision of \$55 million under Subhead 180 Social security allowance scheme.

PROBLEM

The approved provision for the Social Security Allowance (SSA) Scheme is inadequate to meet increased expenditure in 2000-01.

PROPOSAL

2. The Director of Social Welfare (DSW) proposes supplementary provision of \$55 million under Subhead 180 Social security allowance scheme.

JUSTIFICATION

3. On the basis of the actual expenditure for the nine months from April to December 2000, DSW estimates that the expenditure for the whole financial year on the SSA Scheme will exceed the approved provision by \$55 million, calculated as follows –

/(a)

	\$ million
(a) Expenditure from 1 April to 31 December 2000	3,794.4
(b) Estimated expenditure from 1 January to 31 March 2001	1,371.6
(c) Estimated total expenditure for 2000-01 [(a) + (b)]	5,166.0
<i>Less</i> (d) Approved provision	5,111.0
(e) Estimated shortfall [(c) - (d)]	55.0

4. The requirement for supplementary provision is due to –

(a) ***Minor deviations in the various types of SSA cases***

The approved provision for SSA for 2000-01 was based on an estimated increase in Higher Old Age Allowance (HOAA), Normal Old Age Allowance (NOAA), Higher Disability Allowance (HDA) and Normal Disability Allowance (NDA) paid cases of 4%, 1%, 9% and 10% respectively. Based on the actual caseload in the first nine months from 1 April to 31 December 2000, which shows a slightly higher than expected increase in the number of HOAA and NDA cases but a drop in NOAA cases, we estimate that the rate of change for the entire year will be +6% for HOAA, -5% for NOAA, +8% for HDA and +10% for NDA. The net effect of these minor deviations in caseload projection is an increase in SSA expenditure of about \$3 million, which represents 0.06% of the approved provision; and

(b) ***An advancement to end-March 2001 of payments to recipients due on 1 April 2001***

As 1 April 2001 is a public holiday, the payments due on this day are to be advanced to the current financial year. This is in accordance with the normal arrangement for payments due on holidays to ensure that SSA recipients can receive their payment without delay. About 12% of SSA recipients have their payment due on the first day of the month. The estimated amount required for this purpose is about \$52 million, which represents 1% of the approved provision.

FINANCIAL IMPLICATIONS

5. We are seeking supplementary provision of \$55 million for the SSA Scheme. Subject to Members' approval of the proposal, we shall offset the supplementary provision required by deleting an equivalent amount under Head 170 Social Welfare Department Subhead 179 Comprehensive social security assistance scheme (CSSA) as the estimated expenditure on CSSA for the 2000-01 financial year will be below the approved provision.

BACKGROUND INFORMATION

Encl. 6. An explanatory note on the SSA Scheme is at the Enclosure.

7. The Legislative Council Panel on Welfare Services has been consulted on 12 February 2001. Panel Members have no objection to the application.

8. In June 2000, Members were informed vide FCRI(2000-01)9 that the Administration would maintain the standard payment rates under the CSSA and SSA Schemes at their current levels for another year, as from August 2000.

Health and Welfare Bureau
February 2001

Social Security Allowance Scheme

Introduction

The aim of the Social Security Allowance (SSA) Scheme is to help the severely disabled and the elders to meet the special needs arising from disability or old age.

Eligibility

2. The SSA Scheme is non-contributory. Applicants for SSA are not subject to means test but persons aged between 65 and 69 applying for the Normal Old Age Allowance have to declare that their income and assets do not exceed the prescribed levels. Besides, there is a residence requirement.

The SSA Scheme

3. Four allowances are payable under this scheme as follows –

(a) Normal Disability Allowance

For severely disabled persons who, broadly speaking, suffer from a 100% loss of earning capacity, or who are profoundly deaf.

(b) Higher Disability Allowance

For severely disabled persons who require constant attendance from others in their daily life but are not receiving such care in a government or subvented institution or a medical institution under the Hospital Authority.

(c) Normal Old Age Allowance

For persons aged between 65 and 69 whose income and assets do not exceed the prescribed levels.

(d) Higher Old Age Allowance

For persons aged 70 or above.