

ITEM FOR FINANCE COMMITTEE

HEAD 170 - SOCIAL WELFARE DEPARTMENT Subhead 179 Comprehensive social security assistance scheme

Members are invited to approve supplementary provision of \$150 million under Subhead 179 Comprehensive social security assistance scheme.

PROBLEM

The approved provision for the Comprehensive Social Security Assistance (CSSA) Scheme may be inadequate to meet increased expenditure in 2001-02.

PROPOSAL

2. The Director of Social Welfare proposes supplementary provision of \$150 million under Subhead 179 Comprehensive social security assistance scheme.

JUSTIFICATION

Upward Trend of CSSA Caseload

3. After a period of stabilisation following the introduction of the Support for Self-reliance (SFS) Scheme in June 1999, we have observed an upward trend of CSSA cases since late 2000, particularly in the unemployment category. As at December 2001, total CSSA caseload amounted to 241 673. This represents an increase of 6% over December 2000.

4. Between April and December 2001, overall CSSA caseload increased by 5.9%. The largest increases were registered in the categories of unemployment (24.2%), single parent family (9.3%) and low earnings (8.3%). As a result, these three categories of able-bodied CSSA recipients totaling 66 398 are now accounting for 27.5% of total CSSA caseload. We believe that the economic downturn and rising unemployment are the main contributing factors.

Supplementary Provision Required

5. The approved CSSA provision for 2001-02 is \$14,500 million. This has already allowed for an increase of \$1,000 million over the revised estimate for 2000-01, representing a growth rate of 7.5%. As at end of December 2001, the cumulative expenditure was \$10,721.4 million. This leaves a balance of \$3,778.6 million for meeting the three-month expenditure from January to March 2002, including also an advance payment for 1 April 2002 which is a public holiday.

6. CSSA is a non-cash-limited scheme and payment should not be withheld or delayed to those in need. As the trend of increase is likely to continue in the near future, we are seeking supplementary provision of \$150 million to ensure that adequate funds will be available to meet payment on time, estimated as follows -

	\$ Million
Approved provision	14,500
Expenditure from 1 April to 31 December 2001	(10,721.4)
Estimated expenditure from 1 January to 31 March 2002	(3,781.5)
Advance payment for 1 April 2002	(142.8)
Estimated shortfall	145.7
	say \$150 million

The estimated expenditure for the period January to March 2002 is projected on the basis of the highest month-to-month increase for the respective categories of CSSA caseload that we have seen recently and therefore should be adequate to meet increasing demand for CSSA. Given the nature of CSSA spending, any excess in the approved provision cannot be redeployed for other purposes.

FINANCIAL IMPLICATIONS

7. We are seeking supplementary provision of \$150 million for the CSSA 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 180 Social security allowance (SSA) scheme as the estimated expenditure on SSA for the 2001-02 financial year will be below the approved provision.

BACKGROUND INFORMATION

8. Encl. The CSSA Scheme provides a safety net for individuals and families who are unable to support themselves financially. An explanatory note on the Scheme is at the Enclosure.

9. The administration of the CSSA system has changed quite significantly following the implementation of a package of measures under the SFS Scheme since June 1999. These measures include the implementation of the Active Employment Assistance programme and Community Work programme to help unemployed recipients become more self-reliant, rationalisation of payments and eligibility requirements for able-bodied recipients, and tightened controls to safeguard public expenditure against fraud and abuse. These efforts together have resulted in stabilisation of CSSA expenditure, and ensure that public resources are targeted towards those genuinely in need.

10. We briefed the Legislative Council Panel on Welfare Services on the need to seek supplementary provision at its meeting on 14 January 2002. Panel Members supported the application.

Comprehensive Social Security Assistance Scheme

Introduction

The Comprehensive Social Security Assistance Scheme is designed to provide a safety net for individuals or families who are unable to support themselves financially because of age, disability, illness, low earnings, unemployment or family circumstances. It provides cash assistance to bring the income of such individuals or families up to a prescribed level to meet their basic and essential needs.

Eligibility

2. The Scheme is non-contributory and means-tested. Applicants must be Hong Kong residents. They are required to satisfy a one-year residence requirement although in exceptional circumstances, the Director of Social Welfare may exercise discretion to waive this requirement. In addition, able-bodied adults who are unemployed or working part-time but available for full-time work are required to actively seek work and participate in the Support for Self-reliance Scheme as a condition of receiving assistance.

Payment

3. The amount of assistance is determined by the monthly income and needs of a family. The difference between the total assessable monthly income of a family and its total monthly needs as recognised under the Scheme in terms of various types of payment will be the amount of assistance payable. When assessing a family's monthly income, earnings from employment and training/retraining allowance can be disregarded up to a prescribed level so as to provide an incentive to work and training/retraining.

4. The Scheme embraces different standard rates to meet normal day-to-day living needs, such as food, fuel and light, clothing and footwear, of different categories of recipients.

5. In addition, an annual long-term supplement is paid to those who are old, disabled or medically certified to be in ill-health and who have been receiving assistance continuously for more than 12 months for the replacement of household and durable goods. A monthly supplement is also paid to single parents in recognition of the special difficulties they face in bringing up families on their own without the support of spouses.

6. Apart from the standard payments, non-standard payments in the form of special grants are payable to cover rent, water charge, burial expenses, schooling expenses and child care centre fees. Recipients who are old, disabled or medically certified to be in ill-health are also entitled to other special grants to meet their special needs such as medically recommended diets and appliances.