

LEGCO PANEL ON WELFARE SERVICES

**Supplementary provision
for the Comprehensive Social Security Assistance Scheme**

PURPOSE

This paper informs Members that the approved provision for the Comprehensive Social Security Assistance (CSSA) Scheme may be inadequate to meet increased expenditure in 2003-04, and of the Administration's intention to apply for a supplementary provision of \$300 million for the CSSA Scheme from the Finance Committee in February 2004.

JUSTIFICATION

Upward Trend of CSSA Caseload

2. Despite the decrease in unemployment cases during the latter months of 2003, the overall CSSA caseload has continued to grow. As at December 2003, the overall CSSA caseload amounted to 290 206, representing an increase of 8.9% over December 2002.

3. Between April and December 2003, the overall CSSA caseload increased by 6.7%. Higher increases were recorded in the months from April to June 2003 due to the outbreak of Severe Acute Respiratory Syndrome (SARS). With the recovery of the economy after SARS and the introduction of intensified measures under our Support for Self-reliance Scheme since 1 June 2003, we have seen a more stabilized CSSA caseload in recent months. Nonetheless, the approved provision is likely to be inadequate to cope with the difficult situation caused by the unprecedented situation this financial year which, of course, could not have been predicted.

Supplementary Provision Required

4. The approved CSSA provision for 2003-04 is \$17,030 million. This has already allowed for an increase of some \$900 million over the actual expenditure in 2002-03, representing a growth rate of 5.6%. As at end of December 2003, the cumulative expenditure for the first nine months of this financial year was \$13,282.1 million, representing 78.0% of the approved provision. This leaves a balance of \$3,747.9 million to meet the three-month expenditure from January to March 2004.

5. CSSA is a non-cash-limited scheme and payment should not be withheld from or delayed to those in need. Based on the present trend of cases, we are seeking a supplementary provision of \$300 million to ensure that adequate funds will be available for the Social Welfare Department to make payments on time, estimated as follows: -

	<u>\$ Million</u>
Approved provision	17,030
Expenditure from 1 April to 31 December 2003	(13,282.1)
Estimated expenditure from 1 January to 31 March 2004	(4,045.0)
Estimated shortfall	<u>297.1</u>
	~ \$300 million

6. The estimated expenditure for the period January to March 2004 is projected on the basis of recent trends in individual categories of CSSA cases and taking into account the need to cater for unexpected increases in cases should the situation arise. The latter takes the form of a buffer of about \$50 million. Given the nature of CSSA, it is considered appropriate to have a buffer built into the estimated expenditure to meet increasing demand. Any excess in the approved provision for CSSA cannot be redeployed for other purposes and will therefore not be mis-directed if not required for CSSA purposes.

ADVICE SOUGHT

7. Members are invited to note the above information.

Health, Welfare and Food Bureau
February 2004