

**For information  
on 10 March 2004**

Paper No. CB(2)1616/03-04(03)

## **LegCo Panel on Welfare Services**

### **Subcommittee to study issues relating to the Comprehensive Social Security Assistance and Social Security Allowance Schemes**

#### **Residence requirements for Comprehensive Social Security Assistance and Social Security Allowance**

##### **Purpose**

This paper provides the Administration's consolidated response to a number of issues raised at the meeting held on 26 February 2004 concerning the new residence requirements for Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA) effective from 1 January 2004.

##### **Rationale behind the seven-year residence requirement for social security**

2. With the approval of the Finance Committee of the Legislative Council, the new residence requirements for CSSA and SSA have come into effect since 1 January 2004. As explained in an earlier paper (LC Paper No. CB(2)834/03-04(02)), the rationale of the new residence requirements for social security is to provide a more rational basis for the allocation of public resources in the light of rising social expenditure and limited financial

resources and to ensure the long-term sustainability of the provision of social security benefits which are heavily subsidised by public funds.

3. CSSA is entirely financed from General Revenue. The estimated CSSA expenditure on new arrivals (i.e. those with less than seven years' residence in Hong Kong) increased significantly by 38.4% from \$1,467 million (10.8% of total CSSA expenditure) in 1999-2000 to \$2,031 million (12.6% of total CSSA expenditure) in 2002-03. As at the end of 2003, the proportion of new arrivals aged 18 or above relying on CSSA was 17% whereas only 6% of those aged 18 or above of the rest of the population were CSSA recipients.

4. The Administration takes the view that the seven-year residence requirement for CSSA strikes a reasonable balance among the interests of various sectors of the community, having regard to the long-term sustainability of our social security system and the need for a rational basis on which our public resources are allocated in the light of fiscal constraints and ever-rising demands. It is good policy to encourage new arrivals who can work to try their best to stand on their own feet before turning to welfare assistance. It is also good policy to send a clear message to potential migrants that they should plan carefully and ensure that they have sufficient means to support themselves in Hong Kong.

5. CSSA is not the only form of assistance for people in need. Other forms of assistance and support (see paragraphs 14-19 below) are available to new arrivals who do not satisfy the residence requirement for CSSA. In cases of genuine hardship, the Director of Social Welfare (DSW) can exercise discretion to waive the residence requirement for CSSA. There is no question that the Government remains committed to providing an effective and sustainable safety net to ensure that no one will lack the essential means of subsistence.

### **Exercise of discretion under the CSSA Scheme to waive the seven-year residence requirement**

6. The existence of DSW's discretionary power to waive the

residence requirements for CSSA is widely publicized through the 'Guide to CSSA', the pamphlet on CSSA, the leaflet on the residence requirements for CSSA and SSA, the Social Welfare Department (SWD)'s homepage, etc.

7. To determine whether discretion should be exercised to exempt a person from meeting the seven-year residence requirement for CSSA, DSW will take into account all relevant factors of the case, as he did before 1 January 2004 when the one-year residence requirement was in force, to establish whether there is genuine hardship. Each case is to be considered on its own merits. The main factors to be considered include:

- the applicant's means of livelihood since arrival;
- the cause of the present hardship;
- resources available and possible sources of help in Hong Kong;
- whether other forms of assistance are available; and
- the possibility of the applicant returning to his place of origin.

8. In the past, there were many instances of battered spouses being exempted from the one-year residence requirement for CSSA on account of their financial hardship after falling victim to domestic violence. Other examples of cases being granted exemption included those who encountered genuine financial hardship after their arrival in Hong Kong because of the sudden death or serious illness of the chief breadwinner of the family. In cases where a new arrival in a family was working to support himself and his family members, discretion would normally be exercised to treat him as an eligible member for the purpose of CSSA in recognition of the new arrival's efforts to become self-supporting. In other words, we would take into account the new arrival's assessable income (i.e. his monthly income less any amount that may be disregarded) as well as his recognized needs when assessing the amount of CSSA payable to the family.

9. We have been adopting the same approach and there has not been any tightening of the exercise of discretion since the implementation of the

seven-year residence requirement on 1 January 2004<sup>1</sup>.

10. When a CSSA application involving any person not meeting the residence requirements is received by a Social Security Field Unit (SSFU), it is the responsibility of the caseworker to whom the case is assigned to obtain all relevant information and submit a report to his senior officers for a decision. There is no question of the frontline staff of SSFUs rejecting any CSSA applications in the first instance.

### **Review of the seven-year residence requirement for CSSA**

11. It is suggested that SWD should review the seven-year residence requirement for CSSA six months after its implementation. As explained in paragraph 2 above, the adoption of a seven-year residence requirement for all heavily subsidized public services is part of the population policy as put forth by the Task Force on Population Policy chaired by the Chief Secretary for Administration. It would not be appropriate for SWD to initiate such a review.

12. It is worth noting that the seven-year residence requirement applies only to CSSA applicants aged 18 and above and admitted into Hong Kong on or after 1 January 2004. Given the original one-year residence requirement, it will not have any impact on these new arrivals until one year after its implementation.

### **Legality of the new residence requirements**

13. The new residence requirements for CSSA and SSA are in conformity with the Basic Law and other international covenants applicable to the Hong Kong Special Administrative Region. This issue will be separately discussed at the meeting on 10 March 2004.

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<sup>1</sup> During the month of January 2004, no CSSA applications were rejected because of the applicant's failure to meet the seven-year residence requirement.

## **Other forms of assistance and support for new arrivals who are not eligible for CSSA**

14. Other forms of assistance and support are available to new arrivals irrespective of their length of residence in Hong Kong. These include employment support services, emergency relief, grants from charitable trust funds, medical waivers, assistance in kind, referrals to singleton hostels for accommodation and day relief centres for meals.

15. There are four major charitable trust funds, namely, Tang Shiu Kin & Ho Tim Charitable Fund, Li Po Chun Charitable Trust Fund, Brewin Trust Fund and Kwan Fong Trust Fund for the Needy, administered by the service units of SWD and some subvented non-governmental organizations (NGOs) (applicable to Li Po Chun Trust Charitable Fund and Brewin Trust Fund). Where appropriate, these trust funds would be tapped to assist people in family crisis and temporary financial hardship, mainly in the form of one-off grants.

16. There are also other trust funds administered by different NGOs and local organizations, providing temporary financial assistance for persons and families in need. Yan Chai Emergency Assistance Relief Fund and Po Leung Kuk Tang Shiu Kin Charitable Fund are two examples.

17. Other than the mainstream services provided by SWD and NGOs, different community resources in kind are available to assist individuals or families in distress. Some examples are provided below:

- St. James' Settlement People's Canteen and People's Food Bank provide foodstuffs and hot meals for the needy (including the unemployed, low-income families, street sleepers, etc.) through a network of local charities.
- The Neighbourhood Advice-Action Council Tung Chung Integrated Services Centre collects second-hand household furniture and electrical appliances, and distributes them to the needy.

- Crossroads International collects second-hand household furniture, electrical appliances, clothing, stationery, books and toys, etc., and makes them available to the needy.

18. Moreover, volunteers are always mobilized by the service units and local organizations to provide tangible volunteer services, such as home cleansing, hair cutting, or occasional child caring to address the needs of vulnerable targets.

19. Besides, the 40 Intensive Employment Assistance Projects commissioned by SWD and launched in October 2003 are open to unemployed people not on CSSA, and these projects provide non-CSSA participants not only with employment-related services but also cash assistance to tide them over temporary financial hardship and help them move towards self-reliance.

### **Handling of CSSA cases by staff of SSFUs**

20. SWD attaches great importance to the system of management control, whereby staff of SSFUs are constantly guided through operational guidelines and instructions, briefing and sharing sessions, staff training and supervision, internal auditing, etc., to ensure as far as possible that all the cases are properly handled.

21. SWD is also committed to providing quality customer service. Frontline staff are required to adopt a courteous, understanding and responsive attitude towards their customers, and provide them with clear and accessible help and information. In-service training programmes are organized regularly for the frontline staff of SSFUs to enhance, among other things, their interview techniques, communication skills, and their understanding of customers' problems and needs.

22. It should, however, be noted that the CSSA Scheme is a complex system involving huge Government expenditure and a large clientele. Despite an ever-increasing caseload, there has been no corresponding increase in manpower resources. Staff of SSFUs are under extreme pressure and in an unenviable situation. On the one hand, in order to safeguard public funds, it is

incumbent upon them to investigate all applications thoroughly to ensure that assistance goes to people genuinely in need. CSSA expenditure now accounts for about 8% of Government recurrent expenditure, compared with 2.6% in 1993-94. The Ombudsman has asked DSW in her Investigation Report on Prevention of Abuse of CSSA released in December 2003 to step up efforts to prevent fraud and abuse, and as far as the new residence requirements for CSSA are concerned, to exercise discretion most sparingly<sup>2</sup>.

23. On the other hand, staff of SSFUs need to provide prompt and efficient service for a large number of social security applicants and beneficiaries. During 2003, staff of SSFUs were required to process a monthly average of 7 500 CSSA applications. As at the end of January 2004, they handled 290 000 CSSA cases as well as 560 000 SSA cases, serving well over 1 million Hong Kong people.

24. Considering the great number of cases being served, coupled with the complexity of the system, it is inevitable that problems may arise occasionally over the handling of some individual cases. Nevertheless, these cases are isolated ones and where necessary, problems are rectified as soon as possible.

### **Mechanisms for dealing with complaints and appeals**

25. A CSSA or SSA applicant can ask to see the supervisor of the SSFU if he is not satisfied with the attitude of the officer handling his case or the way his case is being handled. He can also lodge a complaint with the District Social Welfare Officer, whose name and contact telephone number are displayed at the reception area of the SSFU. All complaints, whether written or oral, will be dealt with expeditiously and impartially.

26. A CSSA or SSA applicant can lodge an appeal with the Social Security Appeal Board (SSAB) if he is not satisfied with the decision made by SWD. The SSAB is an independent body whose members are appointed by the Chief Executive from outside the civil service. Whenever a CSSA or SSA application is approved or rejected, the applicant will be informed in writing of

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<sup>2</sup> See paragraph 5.21 of the Investigation Report.

the result of his application and his right of appeal against SWD's decision.

### **Child care services for working parents**

27. NGOs operate aided day crèches (for children aged below 2) and aided day nurseries (for children aged 2 to below 6) for parents who cannot care for their children during the day due to work or other social commitments. In 2003-04, there are 960 aided day crèche places and 28 973 aided day nursery places over the territory. The average enrollment rates are both 83%. Parents who have financial difficulty can apply for assistance under the Child Care Fee Assistance Scheme. Both the applicants and their children must be Hong Kong residents, but there is no requirement for a prior period of residence in Hong Kong.

28. Occasional child care service and extended hours service are also provided in some child care centres to meet parents' need for child care occasionally and outside normal operating hours (8:00 a.m. – 6:00 p.m.) of these centres. At present there are 717 occasional child care service places and 1 518 extended hours service places. The average utilization rates are 44% and 50% respectively. There is still service capacity to cater for the need of working parents (including single parents) with child care problems.

29. In addition, parents can make use of the flexible child care service of Mutual Help Child Care Centres run by social welfare agencies, church bodies, women's and kai-fong associations on a self-financing and non-profit-making basis. The service is delivered by parents and volunteers on a mutual help basis at the neighbourhood level, and each centre provides a flexible form of child care and supervision for up to a maximum of 14 children (at any one point of time) under the age of six. At present there are 18 and 13 Mutual Help Child Care Centres operated by NGOs and SWD respectively.

### **Individual cases**

30. As regards the individual cases raised at the meeting on 26 February 2004, this is to report that of all the 11 cases that we can identify,



10 have been granted CSSA (9 of which were in fact granted before the meeting) and only one has been rejected as the applicant is an able-bodied adult available for full-time employment<sup>3</sup>.

**Health, Welfare and Food Bureau/Social Welfare Department**  
**March 2004**

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<sup>3</sup> The two other members in the family are in receipt of CSSA, one being an unemployed adult and the other, a full-day school student.