

**For information
on 8 April 2005**

LEGCO PANEL ON WELFARE SERVICES

Subcommittee on Review of the Comprehensive Social Security Assistance Scheme

The seven-year residence requirement for Comprehensive Social Security Assistance

PURPOSE

This paper provides information on the seven-year residence requirement for Comprehensive Social Security Assistance (CSSA), which came into effect on 1 January 2004.

BACKGROUND

Introduction of the New Rules

2. The new residence requirements for CSSA and Social Security Allowance (SSA) came into effect on January 2004. Under the new rules, CSSA applicants aged 18 or above and admitted into Hong Kong on or after 1 January 2004 must have been a Hong Kong resident for at least seven years apart from meeting other eligibility requirements. The policy change was one of the recommendations of the Task Force on Population Policy Report published in February 2003. It was approved by the Executive Council in June 2003 and endorsed by the Finance Committee of this Council in June 2003. A sub-committee was also set up under the Panel on Welfare Services of this Council in January 2004 to conduct an in-depth study on issues

relating to the new residence requirements. The sub-committee submitted its report to the Panel in July 2004.

Exemption and Discretion

3. The seven-year residence requirement for CSSA does not apply to persons having acquired Hong Kong resident status before 1 January 2004. Moreover, children aged below 18 are exempted from any prior residence requirement. This represents a relaxation of the past policy, whereby minors were also subject to the one-year residence rule. For adult applicants, exceptional circumstances, the Director of Social Welfare (DSW) can exercise discretion to grant CSSA to a person who does not meet the seven-year residence requirement.

RATIONALE FOR THE SEVEN-YEAR RESIDENCE REQUIREMENT FOR CSSA

4. The estimated CSSA expenditure on new arrivals (defined as those with less than seven years' residence in Hong Kong) increased significantly by 41% from \$1,467 million (or 10.8% of total CSSA expenditure) in 1999-2000 to \$1,728 million in 2001-2002 and further to \$2,071 million (or 12.0% of total CSSA expenditure) in 2003-04. Of the amount paid to the new arrivals in 2003-04, \$1,007 million were paid to those aged below 18, and \$1,064 million to those aged 18 or above. This rising trend had caused much public concern and discussion.

5. As explained in detail in the Legislative Council brief issued to Members on 3 June 2003 and subsequent discussions, the seven-year residence requirement for CSSA ensures a rational basis on which our public resources are allocated and the long-term sustainability of a non-contributory social security system entirely funded by public revenue. This policy helps encourage new arrivals who can work to try their best to be self-reliant rather than falling on to welfare assistance. It also underlies the need for potential immigrants to plan carefully and ensure that they have sufficient means to be self-supporting before setting in Hong Kong.

6. CSSA is not the only form of assistance for people in need. Other forms of assistance and support are available to new arrivals. In cases of genuine hardship, DSW can exercise discretion to waive the seven-year residence requirement for CSSA.

OPERATION OF DISCRETION

7. To determine whether discretion should be exercised to exempt a person from meeting the seven-year rule for CSSA, DSW will take into account all relevant factors of the case, to establish whether there is genuine hardship. Each case is to be considered on its own merits. The main factors to be considered include:

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

8. In cases where a new arrival is working to support himself and his family members, discretion is normally exercised to treat him as an eligible member of the family 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 assistance payable to the family.

9. When a CSSA application involving any person not meeting the seven-year residence requirement is received by a Social Security Field Unit, the caseworker will explain to the applicant, among other things, DSW's discretionary power to waive the seven-year residence requirement for genuine hardship case. The caseworker will obtain relevant information and submit a report to his senior officers for a decision. It has been standard practice since October 2004 that a copy of the pamphlet on residence requirements for CSSA and SSA be given to each and every CSSA applicant who does not meet the seven-year residence requirement. The pamphlet explains in detail the residence requirements for CSSA and SSA with the aid of FAQs. Whether the application is approved or rejected, the applicant will be informed in writing of the result of his application as well as his right to lodge an appeal with the Social Security Appeal Board (SSAB) if he is not satisfied with the decision made by the Social Welfare Department (SWD). The SSAB is an independent body whose members are

all appointed by the Chief Executive from outside the civil service.

Other Form of Assistance

10. 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 waiver child care services, assistance in kind, referrals to singleton hostels for accommodation and day relief centre for meals.

11. 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 subvented non-governmental organizations (NGOs). Where appropriate, these trust funds will be tapped to assist people in family crisis and temporary financial hardship, mainly in the form of one-off cash grants.

12. The 70 Intensive Employment Assistance Projects commissioned by SWD and introduced since October 2003 are open to unemployed people not on CSSA. 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 toward self-reliance. Volunteers are also 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.

Latest Development and Trend since Introduction of the Seven-year Residence Requirement

13. During the 14-month period from 1 January 2004 to 28 February 2005, SWD had received a total of 1 582 CSSA applications involving persons aged 18 or above who were admitted into Hong Kong on or after 1 January 2004 and therefore unable to meet the seven-year residence requirement. As at the end of February 2005, of these applications, 198 had been approved with discretion and 17 rejected. Of the remaining applications, 1 230 had been withdrawn by the applicants and 137 were being processed.

14. At the same time, the exemption of Hong Kong residents aged below 18

from meeting any prior residence requirement has led to a sharp increase in the number of CSSA recipients aged below 18 with less than one year's residence in Hong Kong. During the year ending 31 December 2003, CSSA was approved under DSW's discretionary power to 731 persons aged below 18 with less than one year's residence in Hong Kong. During the year ending 31 December 2004, CSSA was approved to 2 766 persons aged below 18 with less than one year's residence in Hong Kong, representing an increase of 278%, or 21.7% take-up rate of new arrivals aged below 18 during the same period.

15. In the first eleven months in 2004-05, \$948 million and \$997 million were paid to new arrivals (including those already on CSSA prior to 1 January 2004) aged below 18 and those aged 18 or above respectively under the CSSA Scheme. It is estimated that \$2,122 million would be paid to new arrivals in 2004-05, representing a 2% increase over the previous year. Of this amount, \$1,034 million and \$1,088 million would be paid to those aged below 18 and those aged 18 or above respectively.

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