

**Progress Report on the Motion on
The Report of Subcommittee on
Review of the Comprehensive Social Security Assistance Scheme
At the Legislative Council Meeting on 20 February 2008**

Background

At the Legislative Council meeting on 20 February 2008, the following motion of Hon. CHEUNG Chiu-hung, Fernando was carried:

“That this Council notes the Report of the Subcommittee on Review of the Comprehensive Social Security Assistance Scheme.”

2. This is to inform members of the follow-up actions taken by the Administration.

Conduct a comprehensive review on the Comprehensive Social Security Assistance (CSSA) Scheme and CSSA adjustment mechanism expeditiously

3. In the 2008-09 Budget, the Administration has proposed to provide one additional month of the CSSA standard rate payments for CSSA recipients and one additional month of allowance for recipients of Disability Allowance (DA) to share with them the fruits of economic prosperity. The proposal will cost \$1.2 billion and benefit around 490 000 CSSA recipients and 120 000 DA recipients.

4. All along, the Administration adjusts the CSSA standard payment rates according to the movement of the Social Security Assistance Index of Prices (SSAIP) annually, in order to maintain the purchasing power of the payments. We have adjusted the CSSA standard payment rates upwards by 2.8% in accordance with the established mechanism on 1 February 2008.

5. Apart from standard rates, the CSSA Scheme also provides supplements and special grants to help different categories of recipients, in particular children and the elderly, meet their needs. School children may receive various kinds of special grants in accordance with their circumstances to cover school fees, fares to and from schools, examination fees and meal allowance, etc. For the elderly, there are special grants to cover the costs of glasses, dentures, removal expenses, fares to and from hospital/clinic,

medically-recommended diet and appliances. At present, a four-member CSSA family without any income can receive on average a monthly CSSA payment of \$9,451. We will continue to monitor closely the SSAIP movements in order to maintain the purchasing power of CSSA payments.

Relax the Disregarded Earnings arrangements under the CSSA Scheme

6. The Administration has completed a review on the arrangements of disregarded earnings (DE) and implemented the new arrangements on 1 December 2007. Under the new arrangements, recipients can retain all of the first \$800 of earnings from employment and half of the earnings from the remaining \$3,400 until the total amount reaches the maximum limit of \$2,500. As at end-February 2008, a total of 39 836 CSSA recipients benefited under the arrangements and the average amount of monthly DE was \$1,838. In 2007-08, the financial implication of the arrangements was \$790 million up to end-February 2008.

7. The Administration needs to strike a balance between encouraging the recipients to find and remain in employment and ensuring proper use of public resources. The CSSA payment for larger households is already appreciably higher than the market wage for low-skilled jobs. A higher level of monthly DE will further push the total resources of CSSA family with an employed member further above the market wage level.

Make adjustments to CSSA standard payments rates ahead of the annual adjustment cycle according to the SSAIP movements of the latest month at times of high inflation

8. To ease the impact of rising prices on CSSA households, the Administration has proposed to adjust the CSSA standard payment rates in accordance with the existing mechanism ahead of the normal schedule this year. The adjustment will take into account the movement of the SSAIP up to April 2008. We will implement the proposed measures as soon as possible.

9. In view of the impact of seasonal factors on consumer prices, we believe that the 12-month moving average of SSAIP offers a better basis for determining CSSA standard payment rates than the SSAIP movements of the latest month.

Relax the residence requirement for applying for CSSA

10. The seven-year residence requirement provides a rational basis on which our public resources are allocated and helps to sustain a non-contributory social security system. It encourages new arrivals who can work to be self-reliant rather than relying on welfare benefits. It underlies the need for potential immigrants to plan carefully and ensure that they have sufficient money to be self-supporting before settling in Hong Kong.

11. For new arrivals who work to support themselves and their families but still cannot meet their basic needs, the Social Welfare Department (SWD) would generally exercise discretion to waive the residence requirement to recognize their efforts in striving for self-reliance. Between 1 January 2004 and 29 February 2008, the SWD has exercised discretion to waive the residence requirement of 2 205 new arrivals who have worked to support themselves.

12. CSSA is not the only source of assistance available for those in need. When there are proven needs and in accordance with respective eligibility criteria, other forms of assistance are available to new arrivals irrespective of their length of residence in Hong Kong. These include employment support services, emergency relief, temporary grants from charity trust funds, medical waivers, child care services, assistance in kind, and placement in singleton hostels.

Conduct a review on the operation of discretionary mechanism in respect of the residence requirement

13. To ensure that all applicants would receive fair and equal treatment under the mechanism, the Senior Social Security Officers (District) of SWD with delegated discretionary power by the Director of Social Welfare (DSW) meet regularly to share their experience in exercising the discretion. Between 1 January 2004 and 29 February 2008, 3 660 cases involving applicants who were in genuine hardship were granted discretion. We will also monitor closely the operation of the mechanism to ensure that people in genuine need are given appropriate assistance and support.

Review and relax the policy of requiring CSSA applicants, especially the elderly applicants, to apply for CSSA on a household basis

14. CSSA applicants living with their families are required to apply on a household basis since families constitute the core units of a community. Members of the same family should provide support and assistance to each other. The income-earners should take up the responsibility of supporting family members who have no financial means. This requirement encourages mutual support within a family. It also prevents people from singling out any economically inactive members, who may be old, sick, disabled or unemployed, to apply for CSSA on their own, thus shifting the responsibility of supporting their family members to the taxpayers. Where the total income of a family is assessed to be insufficient to meet its total recognized needs, CSSA is provided to meet the needs. We consider this system to be fair and equitable.

15. Furthermore, the amount of assistance is assessed on the basis of monthly household income and recognized needs under the CSSA Scheme. Since the recognized needs of the elders (i.e. their CSSA entitlements) are higher than that of the family members of other categories, the requirement for making application on a household basis means that families with elderly members in financial difficulties may find it easier to meet the eligibility requirement and qualify for higher CSSA entitlement. Where an elder is living with his/her family but he/she does not receive any financial support from other family members for whatever reasons, DSW may still exercise discretion and allow him/her to apply for CSSA on his/her own.

Allow CSSA recipients on dental grant to receive dental treatment and emergency dental services at the same designated dental clinics

16. Under the CSSA Scheme, CSSA recipients who are old, disabled or medically certified to be in ill-health are given special grant for dental treatment (dental grant) to cover the actual expenses of the relevant treatment. The maximum grant is the ceiling amount of the treatment items (dentures, crowns, bridges, scalings, fillings and root canal treatment) set by the SWD in consultation with Department of Health (DH).

17. Under the existing arrangements, eligible CSSA recipients may seek services from 36 dental clinics designated by SWD. They are entitled to a special grant to cover the cost of registration and examination (including estimate of costs). (The registration and check-up fee is normally less than \$50 at designated clinics.) They may also apply for an advance payment of grant, if necessary.

18. After the check-up and upon the receipt of an estimate of cost from a designated dental clinic, the CSSA recipient may apply for the dental grant from the SWD. Upon receipt of the estimate of cost and the completion of the vetting process, the SWD will normally disburse the dental grant within seven working days. The CSSA recipient, upon receiving approval of the dental grant, is free to call on a registered dentist of a non-designated clinic for the same service.

19. Apart from that, DH also provides free emergency dental services, such as teeth extraction, to the public (including CSSA recipients). We will continue to monitor the situation closely. We will also keep an open mind towards the views of the Subcommittee members and CSSA recipients on improving the arrangements.

20. Members are invited to note the content of this report.

Labour and Welfare Bureau
April 2008