

**For information
on 5 March 2009**

LEGCO PANEL ON WELFARE SERVICES

Subcommittee on Poverty Alleviation

Government's Response to the Report of Subcommittee on Review of the Comprehensive Social Security Assistance Scheme

Purpose

This paper briefs members on the follow-up actions taken by the Administration in response to the Report of Subcommittee on Review of the Comprehensive Social Security Assistance (CSSA) Scheme.

The CSSA Scheme

2. The CSSA Scheme aims to provide a safety net for those who cannot support themselves financially to meet their basic needs, which is a well-accepted policy principle which we will continue to adhere to. An explanatory note of the Scheme is at Annex. It has to be noted that apart from payments under CSSA, there are other Government social services covering education, housing, health and welfare available to those in need.

3. The Government provided in June 2008 one additional month of the CSSA standard rate payments for CSSA recipients, so as to share the fruits of economic prosperity. To ease the inflationary pressure on social security recipients, one additional month of the CSSA standard rate payments were also made in September 2008 to CSSA recipients. These two initiatives amounted to \$2.0 billion and benefited over 470 000 CSSA 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 adjusted the CSSA standard payment rates upward by 4.7% in accordance with the established mechanism on 1 February 2009. In

collaboration with the Census and Statistics Department, the Social Welfare Department (SWD) has also started preparatory work for conducting a new round of the Household Expenditure Survey on CSSA households in 2009-10 with a view to updating the latest expenditure patterns of CSSA households and the weighting of SSAIP.

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 \$9,920. We will continue to monitor closely the SSAIP movements in order to maintain the purchasing power of CSSA payments.

6. The Administration also revised the CSSA asset limits upward by 2.6% in accordance with the movement of the Consumer Price Index (A). The new asset limits, implemented on 1 February 2009, are as follows –

| | Asset Limit (\$) |
|---|---------------------|
| <u>Single person cases</u> | |
| Able-bodied adult | 22,500 |
| Child, elderly person, disabled person or person medically certified to be in ill-health | 35,000 |
| <u>Family cases involving any able-bodied adult</u> | |
| (i) Able-bodied adults/children | |
| Each member | 15,000 |
| Up to a maximum for four or more members | 60,000 |
| (ii) Elderly persons, disabled persons or persons medically certified to be in ill-health | |
| One such member | 35,000 |
| Each additional such member | 17,500 |
| <u>Family cases involving no able-bodied adult</u> | |
| 1st member | 35,000 |
| Each additional member | 17,500 |

Disregarded Earnings arrangements under the CSSA Scheme

7. The Administration had already 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 the first \$800 of earnings from employment and half of the remaining earnings until the total amount of DE reaches the maximum limit of \$2,500. As at end-January 2009, a total of 36 574 CSSA recipients benefited under the DE arrangements and the average amount of DE was \$1,817 per month. During the period from April 2008 to January 2009, the financial implication of the arrangements was \$709 million.

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

Adjustment to CSSA standard payment rates ahead of the annual adjustment cycle according to the SSAIP movement at time of high inflation

9. To ease the impact of inflation on CSSA recipients during 2008, an adjustment to the CSSA standard payment rates was made in accordance with the existing mechanism ahead of the normal cycle. The Finance Committee of LegCo approved an increase in CSSA standard payment rates by 4.4% at its meeting on 6 June 2008. We implemented the new rates on 1 August 2008.

Residence requirement for applying for CSSA

10. The seven-year residence requirement provides a rational basis for the allocation of public resources 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 underlines the need for potential immigrants to plan ahead to ensure that they have sufficient means 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 SWD would generally exercise discretion to waive the residence requirement to recognize their efforts in

striving for self-reliance. Between 1 January 2004 and 31 January 2009, the SWD has exercised discretion to waive the residence requirement of 2 994 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 subject to meeting the respective eligibility criteria, other forms of assistance are available to new arrivals. 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.

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 discretionary power delegated by the Director of Social Welfare (DSW) meet regularly to share their experience in exercising the discretion. Between 1 January 2004 and 31 January 2009, 5 023 cases involving applicants who were in genuine hardship were granted discretion. We will continue to monitor closely the operation of the mechanism to ensure that people in genuine need are given appropriate assistance and support. In fact, if any person is not satisfied with the decision of the SWD in respect of eligibility and payment of social security benefits, he/she may lodge an appeal to the Social Security Appeal Board (the Board). The Board is an independent body and its Chairman and Members are all non-officials appointed by the Chief Executive.

Application 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. This system is fair and equitable.

15. Furthermore, the amount of assistance is assessed on the basis of 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 qualify for higher CSSA entitlements. Where an elder who is living with his/her family does not receive any financial support from other family members for whatever reasons, DSW may exercise discretion to allow him/her to apply for CSSA on his/her own.

Dental grant

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 for specified treatment items (i.e. dentures, crowns, bridges, scalings, fillings and root canal treatment) set by the SWD in consultation with Department of Health (DH). In order to provide greater convenience to CSSA recipients who are old, disabled or medically certified to be in ill-health, from 1 December 2008, the dental grant was also extended to cover expenses of tooth extraction for the said group of CSSA recipients.

17. Under the existing arrangements, eligible CSSA recipients may seek services from 38 dental clinics designated by SWD. They may apply for a special grant to cover the cost of registration and examination (including estimate of costs). 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, a 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 any registered dentist, including that 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).

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

**Labour and Welfare Bureau
Social Welfare Department
February 2009**

Comprehensive Social Security Assistance Scheme

INTRODUCTION

Our social security system provides a safety net for individuals and families who are unable to support themselves financially because of age, disability, illness, low earnings, unemployment or family circumstances. The aim of the Comprehensive Social Security Assistance (CSSA) Scheme is to provide financial assistance to individuals or families in need to meet their basic and essential needs.

ELIGIBILITY

2. CSSA Scheme is non-contributory and means-tested. There are residence requirements for the Scheme. In addition, able-bodied CSSA applicants 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

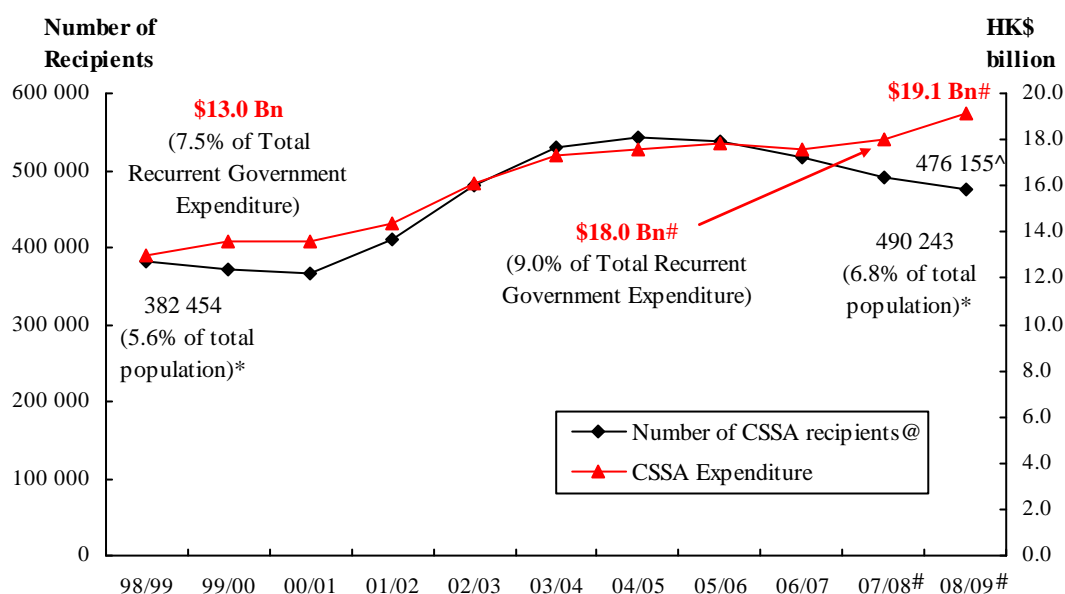
3. The amount of assistance is determined by the monthly income and needs of a family. The difference between the total assessable monthly income of a family and its total monthly needs as recognised under the Scheme in terms of various types of payment would be the amount of assistance payable. When 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. The current average monthly CSSA payments for different household sizes are given below –

| Number of eligible member(s) | Estimated average monthly CSSA payments¹ |
|-------------------------------------|--|
| 1 | \$3,874 |
| 2 | \$6,357 |
| 3 | \$8,409 |
| 4 | \$9,920 |
| 5 | \$11,660 |

¹ Refer to the situation when CSSA cases do not have income other than CSSA payment. The estimate is compiled based on CSSA cases during November 2007 – October 2008 and adjusted in accordance with 4.7% upward adjustment to CSSA standard payment rates as from 1 February 2009.

4. As at end-January 2009, there were 476 155 recipients under the CSSA Scheme. The estimated expenditure of CSSA Scheme for 2008-09 is \$19.1 billion². Overall, the CSSA expenditure increased from \$13.0 billion in 1998-99 to \$19.1 billion in 2008-09, representing an increase of 46.5%.

Overall CSSA Expenditure and Recipients in the Past Decade



Notes : # CSSA expenditure on 2007-08 includes one additional month of standard rate payment for CSSA cases and that of 2008-09 (approved provision) includes two additional months of standard rate payment for CSSA cases and provision of transport supplement for eligible recipients.

* Figures refer to end-1998 and end-2008 (provisional figure) respectively.

@ The number of CSSA recipients refers to end of the financial year.

^ Number of CSSA recipients as at end-Jan 2009.

² Figure for 2008-09 is approved provision in the 2008-09 Estimates plus supplementary provisions approved by the Finance Committee (FC) on 16 May 2008 and 18 July 2008 for two additional months of standard rate payment for CSSA recipients and provision of transport supplement for eligible recipients, and minus the deductions approved by the FC on 12.12.2008 to cover part of the supplementary provisions for Social Security Allowance Scheme.