

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Subhead 180 Social security allowance scheme

Members are invited to –

- (a) approve an increase in standard payment rates under the Comprehensive Social Security Assistance Scheme¹ and the rates of allowances under the Social Security Allowance Scheme with effect from 1 February 2011, and note the financial implication at \$797 million in annual recurrent expenditure; and
- (b) approve an increase in the flat-rate grant for selected items of school-related expenses payable to full-time primary and secondary students under the Comprehensive Social Security Assistance Scheme, with effect from the 2011/12 school year, and note the financial implication at \$71 million in annual recurrent expenditure.

PROBLEM

Standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the rates of allowances under the Social Security Allowance (SSA) Scheme are due for adjustment according to the existing mechanism. To help primary and secondary students from low-income families to meet school-related expenses, we also consider it necessary to increase the relevant grant under the CSSA Scheme.

/PROPOSAL

¹ Standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme include the CSSA standard rates, supplements and monthly meal allowance under the special grants category.

PROPOSAL

2. We propose to –
- (a) increase the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme by 3.4% with effect from 1 February 2011; and
 - (b) increase the flat-rate grant for selected items of school-related expenses (flat-rate grant for SRE) payable to full-time primary and secondary students under the CSSA Scheme by \$592 starting from the 2011/12 school year.
3. If Members approve the above proposals, the revised CSSA and SSA rates will be as set out in Enclosure 1, and the revised rates of the flat-rate grant for SRE in Enclosure 2.

Encl. 1
Encl. 2

JUSTIFICATIONS**Increasing the CSSA standard payment rates and the SSA rates**

4. In accordance with the established adjustment mechanism, the Government adjusts standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme on an annual basis taking into account inflation/deflation reflected by the Social Security Assistance Index of Prices² (SSAIP). Members were informed by way of an Information Note in December 2009 that the 12-month moving average of the SSAIP since November 2008 registered a cumulative decrease of 0.6% when compared to that in the corresponding period in 2007, and that having regard to the state of the economy, the Administration would keep standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme at their current levels for 12 months as from February 2010.

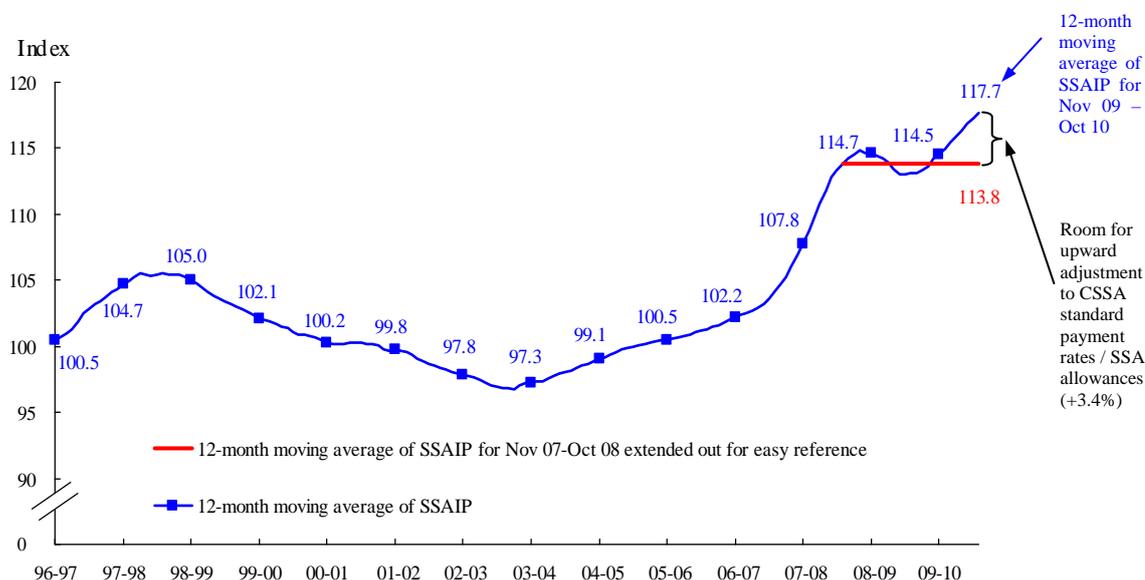
5. As at the end of October 2010, the 12-month moving average of the SSAIP from November 2009 registered a cumulative increase of 3.4%, when compared with that in the period from November 2007 to October 2008³.

Room

² The SSAIP is compiled by the Census and Statistics Department (C&SD) on a monthly basis to reflect the impact of price changes on CSSA recipients. It consists of all items covered in other Consumer Price Indices compiled by C&SD, except items which are covered by special grants under the CSSA Scheme or provided free by the Government.

³ Since standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme have remained unchanged for 12 months from February 2010, the basis of comparison should be the moving average of the SSAIP for the period from November 2007 to October 2008.

Room for upward adjustment of CSSA standard payment rates and the rates of allowances under the SSA Scheme



6. We therefore propose to increase the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme by 3.4% accordingly with effect from 1 February 2011.

Increasing the flat-rate grant for SRE payable to full-time primary and secondary students under the CSSA Scheme

7. In view of the increase in education-related expenses of primary and secondary students in recent years, the Chief Executive announced in the 2010-11 Policy Address that the flat-rate grant under the School Textbook Assistance Scheme (STAS) would be increased from \$408 by \$592 to \$1,000 for full-grant students, and from \$204 by \$296 to \$500 for half-grant students, with effect from the 2011/12 school year, to help students from low-income families cover such expenses. As students from CSSA households do not participate in STAS but apply for a relevant grant under the CSSA Scheme, we propose to similarly increase the flat-rate grant for SRE payable to full-time primary and secondary students under the CSSA Scheme by \$592 with effect from the 2011/12 school year. The proposed increase is in line with our policy to invest in education to enhance the quality of our next generation and raise their competitiveness in a knowledge-based society, with a view to enabling them to improve their living standard and that of their families. About 120 000 primary and secondary school students on CSSA are expected to benefit from this proposal. The rates of the flat-rate grant for SRE will continue to be adjusted each year by the Director of Social Welfare (DSW), using the established mechanism, from the 2012/13 school year onwards under delegated authority in accordance with the movements of the Consumer Price Index (A).

/FINANCIAL

FINANCIAL IMPLICATIONS

Increasing the CSSA standard payment rates and the rates of allowances under the SSA Scheme

8. Based on up-to-date caseload statistics, we estimate that the total increase in recurrent expenditure arising from the two proposals will be about \$797 million per year, with breakdowns as follows –

	\$ million
(a) 3.4 % increase in CSSA standard payment rates	488
(b) 3.4% increase in Old Age Allowance (OAA) rates	220
(c) 3.4% increase in Disability Allowance (DA) rates	89
Total	797

Increasing the flat-rate grant for SRE payable to full-time primary and secondary students under the CSSA Scheme

9. Based on up-to-date caseload statistics, the financial implication of the proposal is estimated to be around \$71 million per annum. We will earmark sufficient provision in the 2011-12 draft Estimates to meet the additional expenditure in the 2011/12 school year.

PUBLIC CONSULTATION

10. On 8 November 2010, we briefed the Panel on Welfare Services on the proposals in this paper. Members had no objection to the proposals. Some Members urged the Administration to closely monitor the latest movements of the SSAIP and adjust standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme ahead of the next annual review where necessary.

BACKGROUND

Encl. 3 11. An explanatory note on the CSSA and SSA Schemes is at Enclosure 3 for Members' reference. The Government adjusts standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme each year taking into account the movements of the SSAIP. As for special grants and financial limits under the CSSA and SSA Schemes, they are adjusted annually in accordance with changes to the relevant price indices under delegated authority.

12. In December 2009, the Administration informed Members that standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme would be frozen at their current levels for 12 months as from February 2010. Members were also informed that asset limits of CSSA and Normal OAA under the SSA Scheme, income limits of Normal OAA and maximum levels of rent allowance (MRA) under the CSSA Scheme would also be frozen. Having regard to movement in the Consumer Price Index (A) private housing rent index, the MRA will continue to be frozen in 2011-12⁴ while other special grants and financial limits will be adjusted in accordance with changes to the relevant price indices.

Labour and Welfare Bureau
December 2010

⁴ The 12-month moving average of the Consumer Price Index (A) private housing rent index from November 2009 to October 2010, on which the adjustments to the MRA is based, was 0.4% lower than the 12-month moving average of the index from April 2001 to March 2002 (i.e. the basis of the last adjustment).

**Standard payment rates under
the Comprehensive Social Security Assistance Scheme
and the rates of allowances
under the Social Security Allowance Scheme after adjustment**

Comprehensive Social Security Assistance Scheme

A. Standard Payment Rates

1. Elderly persons aged 60 or above and non-able-bodied recipients

	Existing (\$) (per month)		Proposed (\$) (per month)	
	Single person	Family member	Single person	Family member
(a) Elderly person aged 60 or above				
Able-bodied/50% disabled	2,590	2,445	2,680	2,530
100% disabled	3,140	2,775	3,245	2,870
Requiring constant attendance	4,420	4,050	4,570	4,190
(b) Ill-health/Disabled adult aged under 60				
Ill-health/50% disabled	2,200	1,990	2,275	2,060
100% disabled	2,745	2,370	2,840	2,450
Requiring constant attendance	4,010	3,645	4,145	3,770
(c) Disabled child				
50% disabled	2,925	2,550	3,025	2,635
100% disabled	3,465	3,100	3,585	3,205
Requiring constant attendance	4,740	4,375	4,900	4,525

2. Able-bodied recipients aged under 60

Category	Existing (per month) (\$)	Proposed (per month) (\$)
(a) Adult		
<i>Single parent/Family carer</i>		
– in a family comprising not more than two able-bodied adults/children	1,990	2,060
– in a family comprising three able-bodied adults/children	1,795	1,855
– in a family comprising four or more able-bodied adults/children	1,590	1,645
<i>Others</i>		
Single person	1,830	1,890
Family member		
– in a family comprising not more than two able-bodied adults/children	1,630	1,685
– in a family comprising three able-bodied adults/children	1,470	1,520
– in a family comprising four or more able-bodied adults/children	1,315	1,360
(b) Child		
Single person	2,200	2,275
Family member		
– in a family comprising not more than two able-bodied adults/children	1,820	1,880
– in a family comprising three able-bodied adults/children	1,635	1,690
– in a family comprising four or more able-bodied adults/children	1,455	1,505

B. Supplements

	Existing (\$)	Proposed (\$)
1. Annual long-term supplement (for those who are old, disabled or medically certified to be in ill-health, and who have received CSSA for 12 months or more)		
Family with one such eligible member	1,625	1,680
Family comprising two to four eligible members	3,255	3,365
Family comprising five or more eligible members	3,825	3,825 ¹
2. Monthly single parent supplement	255	265
3. Monthly community living supplement (for severely disabled persons who are medically certified to be 100% disabled, or in need of constant attendance, who are not living in institutions)	115	120
4. Monthly transport supplement (for severely disabled persons aged between 12 and 64 who are medically certified to be 100% disabled, or in need of constant attendance)	210	215

C. Special Grants

	Existing (\$) (per month)	Proposed (\$) (per month)
Meal allowance (for students attending full-day school and taking lunch away from home)	220	225

/Social

¹ The 1996 Review of the Comprehensive Social Security Assistance Scheme revealed that the annualised expenditure on replacement of major durable items by larger families (i.e. those with five or more members) was much less than the corresponding annual long-term supplement, and was in effect not significantly different from that of families with two to four members. Hence, the rate for such larger households should be frozen at \$3,825 of 1996-97 until it equated with that for families with two to four members. In accordance with the conclusion of the Review, the annual long-term supplement rate for families with five or more members has been retained at \$3,825 since 1997-98.

Social Security Allowance Scheme

	Existing (\$ (per month)	Proposed (\$ (per month)
A. Disability Allowance (DA)		
1. Normal DA	1,280	1,325
2. Higher DA ²	2,560	2,650
3. Transport supplement (for those aged between 12 and 64)	210	215
B. Old Age Allowance (OAA)		
1. Normal OAA	1,000	1,035
2. Higher OAA	1,000	1,035

² The rate of Higher DA is set at twice the amount of that of Normal DA, therefore will be \$2,650 after the adjustment (i.e. \$1,325 x 2)

Rates of the flat-rate grant for selected items of school-related expenses under the Comprehensive Social Security Assistance Scheme

Education level	Full grant per student	
	2010-11 school year	2011-12 school year
Primary 1-6	\$2,565	\$3,157
Secondary 1-3	\$3,895	\$4,487
Senior Secondary 1	\$3,285	\$3,877
Senior Secondary 2		
Secondary 6		
Secondary 7		

The Social Security System

Introduction

Our social security system aims to provide a safety net for individuals and families who are unable to support themselves financially because of old 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 families in need to meet their basic needs of living. The aim of the Social Security Allowance (SSA) Scheme is to provide monthly allowance to the severely disabled and elders to meet special needs arising from disability or old age. A person can apply for assistance under the CSSA Scheme or one of the allowances under the SSA Scheme.

Eligibility

2. Both Schemes are non-contributory. The CSSA Scheme is means-tested. Applicants for SSA are not subject to means test except that the income and assets of persons aged between 65 and 69 applying for Old Age Allowance (OAA) must not exceed the prescribed levels.

3. There are residence requirements for both Schemes. In addition, able-bodied CSSA applicants who are unemployed or working part-time but available for full-time employment are required to actively seek employment and participate in the Support for Self-reliance Scheme as a condition of receiving CSSA.

4. Elderly persons aged 60 or above who have been in receipt of CSSA continuously for not less than 12 months may join the Portable CSSA Scheme whereby they will continue to receive their monthly standard rates and annual long-term supplement should they choose to take up permanent residence in Guangdong or Fujian.

/Payment

Payment

The CSSA Scheme

5. The amount of assistance under the CSSA Scheme is determined by the monthly income and recognised needs of a family. The difference between the total assessable monthly income of a family and its total monthly needs as recognised under the CSSA Scheme in terms of various types of payment will 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.

6. CSSA payments can be broadly classified into three types –

- (a) standard rates;
- (b) supplements; and
- (c) special grants.

Under the CSSA Scheme, different standard rates are applicable to different categories of recipients. In addition, an annual long-term supplement is paid to families with members who are old, disabled or medically certified to be in ill-health and have been receiving assistance continuously for 12 months or more for the replacement of household and durable goods. Monthly supplements are also paid to single parents in recognition of the special difficulties they face in bringing up families on their own without the support of spouses, to severely disabled persons who are not living in residential institutions in recognition of the heavier expenses they may incur while living in the community, and to severely disabled persons aged between 12 and 64 to meet transport expenses, thus encouraging them to participate more in activities away from home. Apart from the above standard rates and supplements, a wide range of non-standard payments in the form of special grants are payable to meet the specific needs of an individual or family. These include payments to cover such expenses as rent, school fees and other educational expenses, medically recommended diets, spectacles and dentures, etc.

7. As at the end of October 2010, there were 467 809 recipients under the CSSA Scheme. The estimated expenditure of CSSA for 2010-11 is \$18.6 billion¹, representing 8.1% of the estimated total recurrent government expenditure.

/The

¹ The figure for 2010-11 is the approved provision in the Budget for that year, not including the one-off supplementary provision approved by this Committee on 14 May 2010 for one additional month of standard rate payment to CSSA recipients.

The SSA Scheme

8. Four types of allowances are payable on a monthly basis under the SSA Scheme, as follows –

- (a) Normal OAA (\$1,000): for elderly persons aged between 65 and 69 whose income and assets do not exceed the prescribed levels.
- (b) Higher OAA (\$1,000): for elderly persons aged 70 or above.
- (c) Normal Disability Allowance (DA) (\$1,280): for severely disabled persons who, broadly speaking, suffer from a 100% loss of earning capacity, or who are profoundly deaf.
- (d) Higher DA (\$2,560): for severely disabled persons who require constant attendance from others in their daily life, but are not receiving such care in a government or subvented residential institution or a medical institution under the Hospital Authority.

9. As at the end of October 2010, there were 636 013 recipients under the SSA Scheme. Of these recipients, 503 000 were OAA recipients and 133 013 were DA recipients. The estimated expenditures on OAA and DA for 2010-11 are \$6.3 billion and \$2.6 billion respectively², representing 2.7% and 1.1% of the estimated total recurrent government expenditure.

² The figures for 2010-11 are the approved provisions in the Budget for that year, not including the one-off supplementary provisions approved by this Committee on 14 May 2010 for one additional month of allowance to SSA recipients.