

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Members are invited to approve –

- (a) an increase in the standard rates under the Comprehensive Social Security Assistance Scheme for adult recipients aged below 60 who are either persons with disabilities or in ill-health;
- (b) an extension of the coverage of the Community Living Supplement under the Comprehensive Social Security Assistance Scheme to include recipients who are not living in institutions and who are either persons with disabilities at non-severe levels, persons in ill-health or elders;
- (c) an increase in the monthly rate of the Community Living Supplement from \$120 to \$250; and
- (d) a supplementary provision of \$514 million under Head 170 Social Welfare Department Subhead 179 Comprehensive social security assistance scheme to implement the above measures.

/PROBLEM

PROBLEM

We need to implement the package of proposals as announced by the Financial Secretary (FS) in the 2011-12 Budget to enhance the support for elders, persons with disabilities and persons in ill-health under the Comprehensive Social Security Assistance (CSSA) Scheme.

PROPOSAL

2. We propose to –
 - (a) raise the standard rates under the CSSA Scheme for adult recipients aged below 60 who are either persons with disabilities or in ill-health, to the same level as those for elderly CSSA recipients in similar health conditions; and
 - (b) extend the coverage of the Community Living Supplement (CLS) to include CSSA recipients who are not living in institutions and who are either persons with disabilities at non-severe levels, persons in ill-health or elders; and
 - (c) increase the amount of the monthly rate of CLS from \$120 to \$250.

JUSTIFICATION***Standard rates for adult CSSA recipients under the age of 60 with disabilities or in ill-health***

3. The proposed increase in standard rates under the CSSA Scheme for adult recipients aged below 60 who are either persons with disabilities or in ill-health, to the same level as those for elderly CSSA recipients in similar health conditions, will more effectively help the recipients concerned meet their special needs arising from disabilities and poor health conditions. This proposal is expected to benefit about 55 000 people. If Members approve this proposal, the payment levels before and after the adjustment will be as set out at Enclosure 1.

Encl. 1

CLS

4. At present, CLS is payable to CSSA recipients who are 100% disabled (i.e. severely disabled) or in need of constant attendance, and who are not living in institutions, in recognition of the additional expenses they may incur while living in the community. Since CSSA recipients who are either persons with

/disabilities

disabilities at non-severe levels, persons in ill-health and elders also have special care needs while living in the community, we propose to extend the coverage of CLS to also cover them. We also propose to increase the amount of the monthly CLS from \$120 to \$250 to better support the recipients’ stay in the community. The enhanced CLS is expected to benefit about 190 000 people, including about 130 000 new beneficiaries.

FINANCIAL IMPLICATIONS

5. Based on latest caseload statistics, the proposal in paragraph 3 above to raise the standard rates for adult CSSA recipients aged below 60 with disabilities or in ill-health is expected to involve an additional recurrent expenditure of about \$328 million per year. The proposals in paragraph 4 concerning CLS are expected to involve an additional recurrent expenditure of about \$590 million per year.

6. Subject to the approval of this Committee, we will take forward the proposals according to the implementation plan in paragraph 8 below. This will require a supplementary provision of \$514 million under Head 170 Subhead 179 Comprehensive social security assistance scheme for the remaining months in 2011-12. The breakdown is as follows –

	Supplementary provision
(a) To increase the standard rates for adult CSSA recipients aged below 60 with disabilities or in ill-health	\$218 million
(b) To extend the coverage of CLS and increase the monthly rate	\$296 million
Total	<u>\$514 million</u>

7. We have earmarked sufficient provision in the 2011-12 Estimates for the above purpose. The financial implications for 2012-13 and beyond will be reflected in the estimates of the relevant years.

/IMPLEMENTATION

IMPLEMENTATION PLAN

8. The Social Welfare Department will make necessary adjustments to its computer system to implement the proposals. As the proposals involve different computer programmes, the time required for system adjustment also differs. We will endeavour to effect the proposal to increase the standard rates for adult CSSA recipients aged below 60 with disabilities or in ill-health in August 2011, followed by the proposals to enhance CLS in October 2011.

PUBLIC CONSULTATION

9. On 9 May 2011, we briefed the Panel on Welfare Services on the proposals in this paper. Members supported the proposals.

BACKGROUND

10. FS proposed improvements to the CSSA Scheme as set out above in the 2011-12 Budget to enhance support for the recipients concerned in meeting their special needs.

Encl. 2 11. An explanatory note on the financial assistance provided under the CSSA Scheme is at Enclosure 2 for Members' reference.

Labour and Welfare Bureau
May 2011

Standard rates for adult Comprehensive Social Security Assistance recipients aged below 60 with disabilities or in ill-health

Health condition	Before the increase		After the increase	
	Single person (\$)	Family member (\$)	Single person (\$) (% change)	Family member (\$) (% change)
Ill-health/ 50% disabled	2,275	2,060	2,680 (17.8%)	2,530 (22.8%)
100% disabled	2,840	2,450	3,245 (14.3%)	2,870 (17.1%)
Requiring constant attendance	4,145	3,770	4,570 (10.3%)	4,190 (11.1%)

**Financial assistance provided under the
Comprehensive Social Security Assistance Scheme**

The aim of the Comprehensive Social Security Assistance (CSSA) Scheme is to provide financial assistance to families in need to meet basic expenses in daily life.

2. 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.

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

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

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, have disabilities or are certified by doctors 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 persons with severe disabilities or those in need of constant attendance and who are not living in residential institutions, in recognition of the additional expenses they may incur while living in the community; and to persons with severe disabilities aged between 12 and 64, to meet their 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 the recipients. These include payments for rent, school fees and other educational expenses, diets recommended on medical grounds, spectacles and dentures, etc.

4. As at the end of April 2011, there were 461 600 recipients under the CSSA Scheme. The estimated expenditure of CSSA for 2011-12 is about \$19.2 billion^{Note}, representing 7.9% of the estimated total recurrent government expenditure.

^{Note} This refers to the approved recurrent provision in the 2011-12 Estimates, which does not include the additional provision of some \$0.5 billion being sought in this paper and the additional one-off provision of about \$1.2 billion for CSSA recipients equal to one month of the CSSA standard rate payments (for which funding approval will be sought separately) as announced in the 2011-12 Budget.