

LEGCO PANEL ON WELFARE SERVICES

Comprehensive Social Security Assistance Scheme: Social Security Assistance Index of Prices and Rent Allowance

Purpose

This paper briefs Members on the Social Security Assistance Index of Prices (SSAIP) used for adjusting standard payment rates¹, and the adjustment mechanism for rent allowance, under the Comprehensive Social Security Assistance (CSSA) Scheme.

The SSAIP

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 to reflect changes in the prices of goods and services consumed by households, except items which are covered by special grants under the CSSA Scheme (e.g. rent) or public services provided free to CSSA recipients (e.g. medical services).

3. The Administration reviews standard payment rates under the CSSA Scheme on an annual basis taking into account changes in the 12-month moving average of the SSAIP as at the end of October. The proposed adjustment will then be submitted to the Finance Committee of the Legislative Council for approval in December to take effect from the following February.

4. The weighting system of the SSAIP (i.e. the relative expenditure shares of individual items of goods and services covered by the index) is updated every five years with reference to the Household Expenditure Survey (HES) on CSSA Households, so that the index can more accurately reflect the latest expenditure pattern of CSSA households. The HES on CSSA Households collects information on the expenditure of CSSA households on all commodities and services they consume. All domestic households with at least one member receiving the CSSA standard rate are covered in the survey. The

¹ CSSA standard payment rates include the CSSA standard rates, supplements and monthly meal allowance under the special grants category.

Social Welfare Department (SWD) draws a random sample of CSSA households from various geographical areas and categories of households to participate in the survey.

5. SWD is conducting the 2009-10 round of the HES on CSSA Households in collaboration with C&SD, and has completed the data collection work. Report preparation and the work for updating the expenditure weights for compiling the SSAIP will take place between March and October 2011.

6. Annual adjustment of the standard payment rates and regular updating of the weighting system of SSAIP ensure that the purchasing power of CSSA is maintained.

Adjustment mechanism for rent allowance

7. Rent allowance is payable to all CSSA households to meet their accommodation expenses. The amount of the allowance is the actual rent paid by the household, or the maximum level determined with reference to the number of members in the household who are eligible for CSSA, whichever is the less. The prevailing maximum levels of rent allowance (MRA) are as follows -

Number of members in the household eligible for CSSA	Monthly MRA
1	\$1,265
2	\$2,550
3	\$3,330
4	\$3,545
5	\$3,550
6 or above	\$4,435

8. The MRA is adjusted annually in accordance with the movement of the Consumer Price Index (A) rent index for private housing. The index is compiled by C&SD on a monthly basis. It is able to reflect the movement of private housing rent faced by the relatively low expenditure group of households and has therefore been used as an objective basis for updating the MRA since its endorsement by the legislature in 1998.

9. At present, the MRA can cover the actual rent paid by the majority (86%) of beneficiaries. For CSSA recipients living in private housing, who are on the waiting list for compassionate rehousing or admission to a subvented home for the elderly, the Director of Social Welfare may exercise discretion to

approve a rent allowance higher than the applicable MRA level to cover the actual rent paid.

10. The MRA was last adjusted in June 2003. Although the Consumer Price Index (A) rent index for private housing indicated that there was room for downward adjustment of the rates in the following years, the Administration has frozen the MRA at 2003 levels having regard to the state of the economy. As at the end of November 2010, there was still room for downward adjustment of MRA by 0.2%. We will continue to monitor the situation, and adjust the MRA in accordance with the established mechanism when necessary.

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