

LEGCO PANEL ON WELFARE SERVICES

Annual Adjustment of Payment Rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme, and Proposed Increase in Flat-rate Grant for Selected Items of School-related Expenses under the CSSA Scheme

Purpose

This paper informs Members of the latest position of the Social Security Assistance Index of Prices¹ (SSAIP) and the estimated corresponding adjustment to standard payment rates² under the Comprehensive Social Security Assistance (CSSA) Scheme and rates of allowances under the Social Security Allowance (SSA) Scheme as from February 2011. It also briefs Members on the proposed increase in the flat-rate grant for selected items of school-related expenses (flat-rate grant for SRE) payable to full-time students at primary and secondary levels on CSSA.

Payment Rates under the CSSA Scheme and the SSA Scheme

The annual adjustment mechanism

2. At the meeting of this Panel on 14 November 2005, Members noted that the Government would adjust standard rates under the CSSA Scheme and rates of allowances under the SSA Scheme on an annual basis taking into account the inflation/deflation reflected by the SSAIP, taking steps in the following sequence –

- (a) presentation of relevant information to the Panel on Welfare Services;
- (b) submission to the Finance Committee (FC) of the Legislative Council for approval in December, on the basis of the movement of

¹ 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.

² CSSA standard payment rates include the CSSA standard rates, supplements and monthly meal allowance under the special grants category.

the SSAIP for the past 12 months (i.e. from 1 November of a year to 31 October of the following year); and

- (c) implementation of the adjusted rates in February, so that the Social Welfare Department (SWD) can have sufficient time to make the necessary adjustment to its computer system for making the adjusted payments to CSSA and SSA recipients.

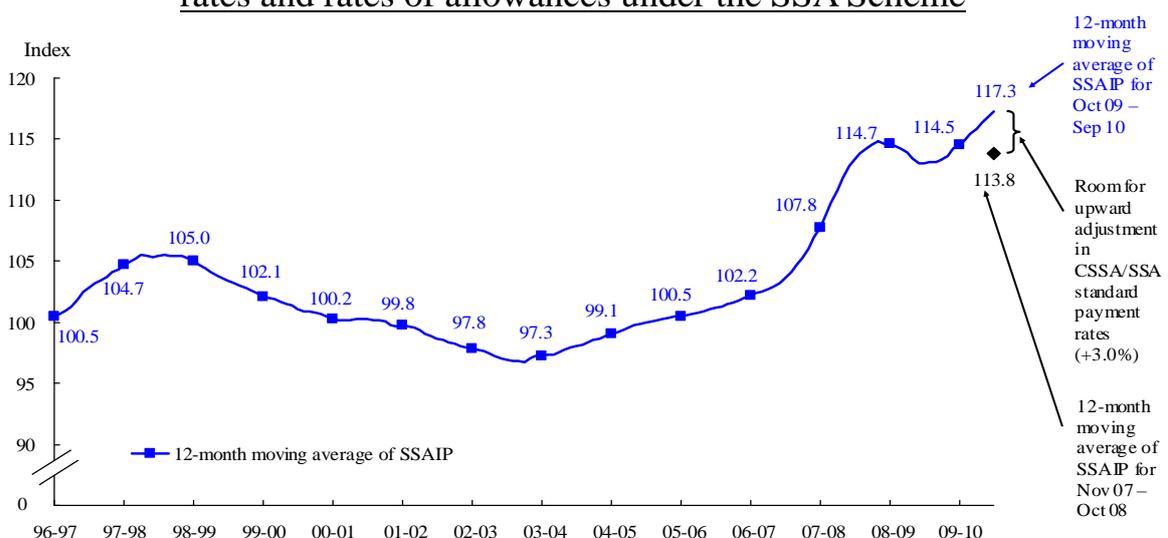
3. At the meeting on 9 November 2009, this Panel noted the Administration's intention to keep standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme at their current levels for 12 months as from February 2010. FC was informed by way of an Information Note in December 2009.

4. The current average monthly CSSA payments for households of different sizes and the rates of Disability Allowance and Old Age Allowance under the SSA Scheme are set out at Annex A.

Movement of the SSAIP in 2009-10 and recommendation on the adjustment of payment rates

5. As shown in the chart below, the 12-month moving average of the SSAIP from October 2009 to September 2010 registered a cumulative increase of 3.0%, when compared with that in the period from November 2007 to October 2008³.

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



³ Since the 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 period from November 2007 to October 2008.

6. The data for October 2010 will be ready by the end of November 2010 for calculating the movement of the SSAIP up to 31 October 2010. On present trend, we expect it to register a positive change. We will adopt the SSAIP figure for October 2010 in our final submission to FC.

Flat-rate grant for SRE for full-time students at primary and secondary levels on CSSA

7. In view of the continued increase in education-related expenses of primary and secondary students during the past few 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 significantly increased from \$408 to \$1,000 for full-grant students, and from \$204 to \$500 for half-grant students, with effect from the 2011/12 school year.

8. To better assist CSSA households to meet school-related expenses of their children, we propose to similarly increase the annual flat-rate grant for SRE payable to full-time students at primary and secondary levels on CSSA by \$592 in 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 living standards for themselves and their families.

9. About 120 000 primary and secondary school students on CSSA are expected to benefit from the proposed increase. Rates of the flat-rate grant for SRE payable to these students in the 2011/12 school year after the increase are set out at **Annex B**.

Financial implications

10. As explained above, the data necessary for completing our calculation of the annual movement of the SSAIP can only be available, and therefore the financial implication can only be confirmed, at a later stage. The financial implication of the proposed increase in the flat-rate grant for SRE under the CSSA Scheme is estimated to be around \$71 million per annum.

Supplementary provision

11. The approved provisions for CSSA and SSA in 2010-11 are \$18,586 million and \$8,876 million respectively. As at the end of September 2010, the cumulative expenditure on CSSA for the first six months of the current

financial year was \$8,914 million and that on SSA was \$4,197 million, representing 48.0% and 47.3% of the approved provisions respectively.⁴

12. The CSSA and SSA Schemes are both non-cash-limited schemes. We will continue to monitor the expenditure position under these two schemes, and seek the approval of FC for supplementary provision if necessary, so as to ensure that adequate funds will be available to make payments on time.

The way forward

13. We will seek the approval of FC for the proposals on standard payment rates and the flat-rate grant for SRE under the CSSA Scheme and rates of allowances under the SSA Scheme, and for supplementary provision where necessary, having regard to the latest SSAIP figure.

14. Subject to FC's approval, the proposed adjustments to standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme will take effect from 1 February 2011, and the adjustment of the flat-rate grant for SRE will take effect before the start of the 2011/12 school year.

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⁴ The approved provisions and the cumulative expenditure do not include a special one-off provision of \$1,800 million by FC on 14 May 2010 for one additional month of payment to CSSA and SSA recipients.

Average monthly Comprehensive Social Security Assistance (CSSA) payments by the number of eligible members in a household

(Refer to the situation when CSSA households do not have incomes other than CSSA payments. The estimate is based on CSSA cases during the period from November 2008 to October 2009 using the CSSA rates implemented since 1 February 2009.)

Number of eligible members in a household	Average monthly CSSA payments
1	\$3,947
2	\$6,343
3	\$8,373
4	\$9,878
5	\$11,588

Monthly rates of Disability Allowance (DA) implemented since 1 February 2009

Type	Monthly rate
Normal DA	\$1,280
Higher DA	\$2,560

Monthly rates of Old Age Allowance (OAA) implemented since 1 January 2009

Type	Monthly rate
Normal OAA	\$1,000
Higher OAA	

**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		