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**Panel on Welfare Services**

**Updated background brief prepared by the Legislative Council Secretariat  
for the meeting on 12 May 2014**

**Additional provision for social security recipients**

**Purpose**

This paper provides background information and gives an account of the discussions of the Panel on Welfare Services ("the Panel") on the Administration's one-off relief measures to provide recipients of Comprehensive Social Security Assistance ("CSSA") and Social Security Allowance ("SSA") with extra payments.

**One-off measures to provide additional payments to CSSA and SSA recipients**

2007-2008 financial year

2. The Financial Secretary ("FS") proposed in the 2007-2008 Budget Speech delivered on 28 February 2007 the provision of one additional month of standard rate payments for CSSA recipients and one additional month of allowance for SSA (comprising Old Age Allowance ("OAA") and Disability Allowance ("DA")) recipients. The additional payments were disbursed in May 2007.

2008-2009 financial year

3. To share the fruits of the economic prosperity, FS announced in the 2008-2009 Budget the proposal to provide social security recipients with one additional month of CSSA standard rate payments and one additional month of DA. FS also proposed to provide each OAA recipient with a one-off grant of \$3,000. The additional payments were effected in June 2008.

4. To ease the impact of rising prices on CSSA households, the Administration also proposed adjusting the CSSA standard rates in accordance with the existing mechanism<sup>1</sup> ahead of the normal annual adjustment cycle in 2008-2009. Following the approval of the Finance Committee ("FC"), the CSSA standard rates were increased by 4.4% with effect from 1 August 2008.

5. During the Question and Answer Session at the Legislative Council ("LegCo") on 16 July 2008, the Chief Executive announced a package of relief measures, including the provision of one additional month of the standard rate payments for CSSA recipients, one additional month of allowance for DA recipients, and two additional months of allowance for OAA recipients. The additional payments were effected in September 2008.

#### 2009-2010 to 2012-2013 financial years

6. On 26 May 2009, FS announced a package of additional relief measures which included, among other things, the provision of one additional month of the standard rate payments for CSSA recipients and one additional month of allowance for SSA (comprising OAA and DA) recipients. According to the Administration, this one-off measure was proposed in consideration of the profound impact of the financial turmoil on different walks of life including the grassroots. The additional payments were effected in September 2009.

7. Such an additional provision for social security recipients was also proposed in the Budgets for the following three financial years (i.e. 2010-2011 to 2012-2013). The additional payments were effected in July of the financial years concerned.

#### 2013-2014 to 2014-2015 financial years

8. FS had proposed in the 2013-2014 and 2014-2015 Budgets the aforesaid additional provision for recipients of CSSA, OAA and DA as well as the provision of one additional month of allowance for the recipients of Old Age Living Allowance ("OALA") which was introduced under the SSA Scheme in April 2013. In addition, the extra payments for OAA recipients proposed in 2014-2015 Budget will be further extended to

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<sup>1</sup> The CSSA payment rates are adjusted annually in February taking into account the movement of the Social Security Assistance Index of Prices ("SSAIP") in the past 12 months. SSAIP is compiled by the Census and Statistics Department to measure inflation according to the expenditure pattern of CSSA households.

the recipients of the Guangdong Scheme<sup>2</sup> which was launched in October 2013.

### **Deliberations by the Panel**

9. While expressing support for additional relief measures for the disadvantaged, some members were concerned about the long-term effectiveness of the proposed one-off measures to assist recipients of CSSA and SSA. Pointing out that the Administration had provided the one-off relief measures consecutively in the past years, these members were of the view that the Administration should address the crux of the problem and consider adjusting upwards the standard payment rates of CSSA and SSA rates if the current payment levels were proven to be inadequate for the recipients even at times of economic downturn. Members were also gravely concerned about the impact of rising inflation on CSSA recipients. They strongly requested the Administration to conduct an in-depth study on the needs of the impoverished groups and a comprehensive review of the CSSA and SSA payment rates.

10. The Administration advised that the proposed additional payment was a one-off relief measure. The decision to provide additional one-off payments in the past few years was based on individual circumstances on each occasion. This did not mean that the Administration considered the existing CSSA and SSA payment rates inadequate. The standard payment rates of CSSA and SSA rates would continue to be reviewed annually in accordance with the established adjustment mechanism. The Administration would seek the FC's approval to adjust the payment rates ahead of the annual adjustment cycle if movements of SSAIP and other economic indicators pointed to persistently high inflation.

11. Pointing out that half of the CSSA recipients living in private rental housing were paying rents which exceeded the maximum rent allowance under the CSSA Scheme, members called on the Administration to review and increase the level of rent allowance. The Administration advised that it would take into account the movement of the Consumer Price Index (A) rent index for private housing in adjusting the rental subsidy every year in accordance with the established mechanism. For 2012 and 2013, the rate of rental subsidy had been increased by 5.7% and 7.8% respectively and about 51% of CSSA households living in private rental housing could meet the rental expenses using the rental subsidy. Noting the need for the

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<sup>2</sup> Under the Guangdong Scheme, eligible Hong Kong elderly people aged 65 or above who choose to reside in Guangdong will receive the monthly OAA without the need to return to Hong Kong each year.

remaining half of the CSSA households to cut their living expenses to make up for the rental payment, some members criticized that the existing adjustment mechanism was not effective and should be reviewed. The Administration stressed that any changes to the established mechanism required careful consideration of various implications such as stimulating an escalation in rental levels.

12. Some members suggested that the Administration should consider providing CSSA recipients living in private rental housing with an extra month of rent allowance or non-accountable rent allowance. The Administration advised that the Community Care Fund would re-launch the "Subsidy for CSSA Recipients Living in Rented Private Housing" programme to provide a one-off subsidy to about 17 000 CSSA households living in private rental housing and paying a rent which exceeded the maximum rent allowance under the CSSA Scheme. The subsidy would be disbursed in November 2013 onwards.

13. Some members also raised concern that the one-off relief measure could not provide immediate and direct assistance to the low-income group and the unemployed, who did not benefit from the package of relief measures but were the most severely affected group under the financial turmoil. These members considered that the Administration should provide concrete assistance, such as unemployment subsidy, to the unemployed.

14. According to the Administration, the main focus of its measures to tackle the economic downturn was to preserve jobs. In this respect, the Labour Department had launched a series of measures to strengthen employment assistance and support. CSSA was not the only source of assistance available for those in need. Where there were proven needs, other forms of assistance, such as emergency relief, temporary cash grants from charitable trust funds and assistance in kind were available. The Social Welfare Department staff would, having regard to individual circumstances, render appropriate assistance to those in need.

### **Latest development**

15. The Administration will brief the Panel on its funding proposal for providing the extra payments to recipients of CSSA, DA, OAA (including the Guangdong Scheme) and OALA at its meeting on 12 May 2014 before its submission to FC for approval.

**Relevant papers**

16. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
5 May 2014

## Appendix

### Relevant papers on additional provision for social security recipients

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Welfare Services	30 March 2007 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	20 April 2007 (Item 3)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	17 March 2008 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	16 May 2008 (Item 2)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Legislative Council	16 July 2008	<a href="#">Official Record of Proceedings Page 11</a>
Panel on Welfare Services	8 June 2009 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	19 June 2009 (Item 6)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	12 April 2010 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	14 May 2010 (Item 2)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	9 May 2011 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	10 June 2011 (Item 2)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	12 April 2012 (Item VI)	<a href="#">Agenda</a> <a href="#">Minutes</a>

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Finance Committee	1 June 2012 (Item 1)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	21 May 2013 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	7 June 2013 (Item 3)	<a href="#">Agenda</a> <a href="#">Minutes</a>

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