

**For discussion  
on 9 November 2015**

**LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES**

**Annual adjustment of social security payment rates under the Social Security Allowance and the Comprehensive Social Security Assistance (CSSA) Schemes and issues relating to rent allowance under the CSSA Scheme**

**Purpose**

This paper briefs Members on –

- (a) the latest position of the Social Security Assistance Index of Prices (SSAIP)<sup>1</sup> and the estimated corresponding adjustment to rates of allowances under the Social Security Allowance (SSA) Scheme and standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme<sup>2</sup> as from 1 February 2016; and
- (b) the latest position of the Consumer Price Index (CPI) (A) rent index for private housing (rent index)<sup>3</sup> and the estimated corresponding adjustment to maximum rates of the rent allowance (MRA) under the CSSA Scheme as from 1 February 2016 as well as relevant information on MRA.

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<sup>1</sup> The SSAIP is compiled by the Census and Statistics Department (C&SD) on a monthly basis to reflect the impact of price changes on recipients of Comprehensive Social Security Assistance (CSSA). 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.

<sup>2</sup> CSSA standard payment rates include standard rates, supplements and the monthly meal allowance under the special grants.

<sup>3</sup> The rent index is compiled by C&SD on a monthly basis. It reflects the movement of private housing rent borne by households in the lower expenditure group.

## **Payment rates under the CSSA Scheme and SSA Scheme**

### **Annual adjustment mechanism**

2. The Government would take account of inflation or deflation as reflected by the SSAIP for the past 12 months (i.e. from 1 November of a year to 31 October of the following year) and adjust standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme (namely the Old Age Allowance (OAA)<sup>4</sup>, Old Age Living Allowance (OALA) and Disability Allowance (DA)) on an annual basis.

3. The prevailing practice is for the Government to present the relevant information to this Panel and follow by submission to the Finance Committee (FC) of the Legislative Council (LegCo) in December every year<sup>5</sup> before implementation of the new rates in February of the following year to allow sufficient time for the Social Welfare Department (SWD) to adjust its computer system for making the latest payments to the CSSA and SSA recipients.

4. The current average monthly CSSA payments for households of different sizes, and the rates of OAA, OALA and DA under the SSA Scheme, are set out at **Annex 1**.

### **Movement of the SSAIP in 2014-15 and recommendation on the adjustment of payment rates**

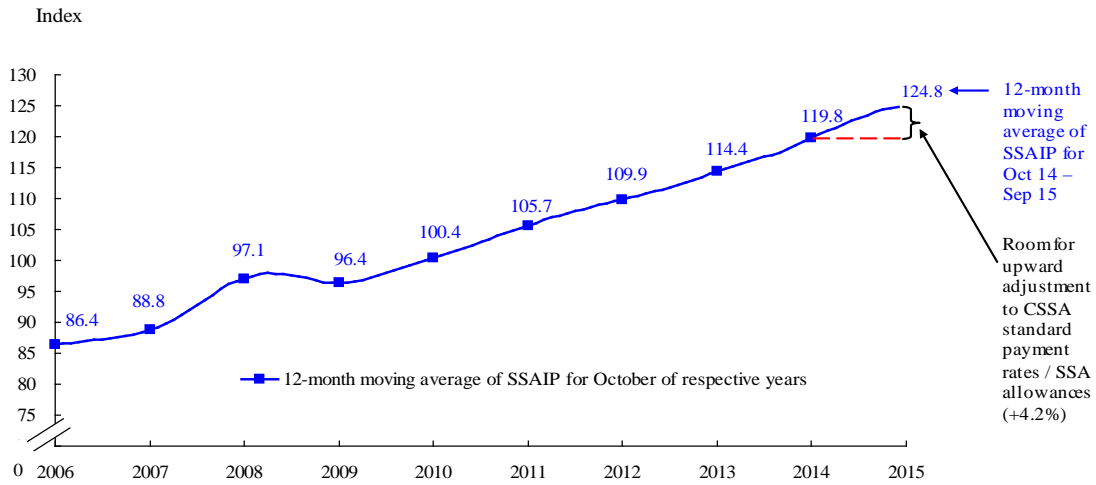
5. There is room for an upward adjustment for the CSSA standard payment rates, OAA, OALA and DA. As shown in the chart below, the 12-month moving average of the SSAIP for the period ending September 2015 registered a cumulative increase of 4.2% when compared with the average figure ending October 2014.

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<sup>4</sup> In this paper, OAA includes the Guangdong Scheme.

<sup>5</sup> Despite this Panel's support, the Government resorted to incorporate the adjustment proposals with effect from 1 February 2015 in the draft 2015-16 Estimates for LegCo's approval in the context of the Appropriation Bill 2015 because of filibustering in FC. Upon approval of the Appropriation Bill 2015 by LegCo on 28 May 2015, SWD arranged the adjustments with retrospective effect from 1 February 2015 and the back payments started to be disbursed from 24 June 2015.

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



6. The data for October 2015 will be ready by the end of November 2015 for calculating the movement of the SSAIP up to 31 October 2015. We will use the SSAIP up to October 2015 in our submission to FC on the proposed increases in standard payment rates under the CSSA Scheme as well as OAA, OALA and DA under the SSA Scheme.

**MRA**

**Estimated adjustment to MRA**

7. Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of the monthly allowance is equal to the actual rent paid by the household, or the MRA determined with reference to the number of members in the household who are eligible for CSSA, whichever is the less. At its meeting on 3 April 1998, FC authorised the Secretary for the Treasury (now the Secretary for Financial Services and the Treasury (SFST)) to adjust the MRA annually in accordance with the movement of the rent index. The prevailing MRA is provided at **Annex 2**.

8. The 12-month moving average of the rent index up to September 2015 has indicated that there is room for increasing the MRA by 5.3%. We will use the rent index up to October 2015 to adjust the MRA in accordance with the established mechanism.

## **Relevant information on MRA**

9. As at the end of September 2015, there were 216 655 CSSA cases receiving rent allowance. Of these, 135 370 cases (62.5%) were living in public rental housing (PRH) and 30 611 (14.1%) in private housing whilst the remaining 23.4% in residential institutions. According to SWD's record, the MRA could cover the actual rent paid by the majority of CSSA households living in PRH (97.7%) and 48.9% of those in private housing. The Director of Social Welfare may also exercise discretion to grant a rent allowance higher than the MRA to those CSSA households living in private housing but awaiting compassionate rehousing or subsidised residential elderly institutions to cover their actual rent paid.

10. Following its implementation in 2011, 2013 and 2014, the Community Care Fund decided to re-launch the programme entitled "Subsidy for CSSA Recipients Living in Rented Private Housing" in 2015, which aims to provide a one-off payment to CSSA households living in rented private housing and paying a rent exceeding the MRA under the CSSA Scheme so as to relieve their financial burden in face of periodical rent increase. Each eligible one-person and two-or-more-person CSSA household will be provided with a one-off subsidy of \$2,000 and \$4,000 respectively. It is estimated that about 15 000 CSSA households will benefit from this programme. The subsidy will be deposited directly into the eligible CSSA recipients' bank accounts from late November 2015 onwards.

## **Financial Implications**

11. As explained in paragraph 6 above, we could only confirm the financial implications of the annual adjustment exercise after receipt of the necessary data for completing calculation of the annual movement of the SSAIP and rent index by the end of November this year.

## **Implementation**

12. We plan to seek FC's approval for the proposals on adjustment of standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme in December 2015, having regard to the latest SSAIP. Subject to FC's approval, the new rates will take effect from 1 February 2016. Separately, the MRA will be adjusted as

referred to in paragraphs 7 and 8 above, and the adjusted MRA will also take effect from 1 February 2016 if approved by the SFST.

13. As the CSSA and SSA Schemes are both non-cash-limited schemes, we will seek the approval of FC for supplementary provision for 2015-16, if necessary, so as to ensure that adequate funds will be available to make payments on time.

**Labour and Welfare Bureau**  
**Social Welfare Department**  
**November 2015**

**Average monthly 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 (including standard rates, supplements and special grants, etc.). The estimate is based on CSSA cases for the period from November 2013 to October 2014 and the CSSA rates effected since 1 February 2015. )*

Number of eligible members in a household	Average monthly CSSA payment
1	\$5,399
2	\$8,560
3	\$11,307
4	\$13,401
5	\$15,521
6 or above	\$19,101

**Monthly rate of OAA since 1 February 2015**

Monthly rate
\$1,235

**Monthly rate of OALA since 1 February 2015**

Monthly rate
\$2,390

**Monthly rates of DA since 1 February 2015**

Type	Monthly rate
Normal DA	\$1,580
Higher DA	\$3,160

**Annex 2**

**MRA under the CSSA Scheme since 1 February 2015**

Number of eligible members in a household	Monthly MRA
1	\$1, 640
2	\$3, 300
3	\$4, 310
4	\$4, 585
5	\$4, 600
6 or above	\$5, 745