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Panel on Welfare Services

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 13 March 2017**

Additional provision for social security recipients

Purpose

This paper provides background information and gives an account of the discussions of the Council and its committees 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.

Background

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 payment rates 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 payment rates 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 payment rates in accordance with the existing mechanism¹ ahead of the normal annual adjustment cycle in 2008-2009. Following the approval of the Finance Committee ("FC"), the CSSA standard payment 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 payment rates 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 payment rates 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 grass roots. 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 and 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

¹ The standard payment rates of Comprehensive Social Security Assistance ("CSSA") are adjusted annually in February taking into account the movement of the Social Security Assistance Index of Prices ("SSAIP") in the past 12 months (i.e. from 1 November of a year to 31 October of the following year). SSAIP is compiled by the Census and Statistics Department ("C&SD") to measure inflation according to the expenditure pattern of CSSA households. The weighting system of SSAIP is updated every five years based on the findings of the Household Expenditure Survey ("HES") on CSSA Households conducted by C&SD. According to the Administration, C&SD announced the weighting system of the 2014-2015-based SSAIP in November 2016 after completion of the latest round of HES in 2014-2015.

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 would be further extended to the recipients of the Guangdong Scheme² which was launched in October 2013. The additional payments were effected in July 2013 and August 2014 respectively.

2015-2016 financial year

9. FS proposed in the 2015-2016 Budget the provision of an extra allowance for CSSA recipients, which was equal to two months of the standard payment rates of CSSA, and an extra allowance to the recipients of OAA (including the Guangdong Scheme), OALA and DA, which was equal to two months of the respective allowances. The additional payments were effected in July 2015.

2016-2017 and 2017-2018 financial years

10. In the 2016-2017 Budget, FS proposed to provide an extra allowance for social security recipients, which was equal to one month of the standard payment rates of CSSA, OAA, OALA or DA. The additional payments were effected in June 2016.

11. Such an additional provision for social security recipients is also proposed in the 2017-2018 Budget. Similar arrangements will apply to the Low-income Working Family Allowance and Work Incentive Transport Subsidy.

Deliberations by Members

12. 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. Some other Members had time and again raised concern that the Administration had not conducted any review of the CSSA Scheme in connection with the social changes and economic growth since 1996. These Members called on the

² Under the Guangdong Scheme, eligible Hong Kong elderly people aged 65 or above who choose to reside in Guangdong will receive the monthly Old Age Allowance without the need to return to Hong Kong each year.

Administration to conduct a study on the needs of the disadvantaged groups and on whether the existing level of CSSA payment was adequate to meet their needs. At its meeting on 13 April 2015, the Panel on Welfare Services ("the Panel") passed a motion urging the Administration to initiate a comprehensive review of the CSSA Scheme in the 2015-2016 financial year.

13. 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 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 mentioned in paragraph 4 above. The Administration would seek the FC's approval to adjust the payment rates ahead of the annual adjustment cycle if movements of Social Security Assistance Index of Prices and other economic indicators pointed to persistently high inflation.

14. 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, some Members called on the Administration to review and increase the level of rent allowance. Some other Members suggested that the Administration should consider setting different levels of rent allowance according to the districts where the CSSA recipients were living.

15. 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 allowance every year in accordance with the established mechanism. Over the past few years, the rate of rental allowance had seen a cumulative increase of 37%. As at end-March 2015, 54.6% of CSSA households living in private rental housing could meet the rental expenses using the rental allowance. The Administration stressed that any changes to the established mechanism required careful consideration of various implications such as stimulating an escalation in rental levels. In addition, housing needs of the needy groups should ultimately be addressed through the provision of public rental housing.

16. 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 had re-launched the "Subsidy for CSSA Recipients Living in Rented Private Housing" programme for the fifth time in September 2016 to provide a one-off subsidy for CSSA households living in private rental housing and paying a

rent which exceeded the maximum rent allowance under the CSSA Scheme. The subsidy had been disbursed in late November 2016 onwards.

17. Some Members raised concern that the one-off relief measure could not provide immediate and direct assistance for 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, for the unemployed.

18. 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.

19. Noting the Administration's proposal to provide social security recipients with an extra one month allowance in the 2016-2017 Budget, the Panel passed the following motion at its meeting on 11 April 2016:

"That, given that

- (a) the Government's fiscal surplus is of a similar amount to that of the previous year;
- (b) in this year's Budget, the relief measures for the upper-middle stratum have been enhanced while those for the middle-lower stratum have been reduced; and
- (c) under the CSSA Scheme, an individual received about \$70 daily as living expenses and the rental assistance is also inadequate,

this Panel requests the Government to provide, in this year's Budget, social security recipients with an extra allowance, which is equal to two months of standard rate CSSA payments or of allowance payments under the SSA Scheme."

20. The Administration advised that FS had fully considered the aspirations and demands from various parties when formulating this one-off relief measure in the 2016-2017 Budget. The authorities hoped to help grass roots by increasing recurrent financial assistance. The

2016-2017 financial year saw an increase of \$7.8 billion in the recurrent expenditure on social welfare over the previous year. There was also an 8.3% increase in the recurrent expenditure on social security, which the Administration believed would benefit the grass roots. At its meeting on 22 April 2016, FC approved the Administration's funding proposal for the provision of an extra one month allowance for recipients of CSSA, OAA, OALA and DA in the 2016-2017 financial year.

Relevant papers

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

Council Business Division 2
Legislative Council Secretariat
8 March 2017

Appendix

Relevant papers on additional provision for social security recipients

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

Finance Committee	1 June 2012 (Item 1)	Agenda Minutes
Panel on Welfare Services	21 May 2013 (Item IV)	Agenda Minutes
Finance Committee	7 June 2013 (Item 3)	Agenda Minutes
Panel on Welfare Services	12 May 2014 (Item III)	Agenda Minutes
Finance Committee	12 July 2014 (Item 16)	Agenda Minutes
Panel on Welfare Services	13 April 2015 (Item IV)	Agenda Minutes LC Paper No. CB(2)1498/14-15(01)
Financial Committee	26 June 2015 (Item 2)	Agenda Minutes
Panel on Welfare Services	11 April 2016 (Item V)	Agenda Minutes LC Paper No. CB(2)447/16-17(01)
Financial Committee	22 April 2016 (Item 3)	Agenda Minutes

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