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LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

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1 December 2017

Clerk to Panel on Welfare Services
Legislative Council Complex
1 Legislative Council Road
Central Hong Kong
Mr Colin CHUI

Dear Mr CHUI,

**Legislative Council Panel on Welfare Services
Follow-up to meeting on 13 November 2017**

At the meeting of the Legislative Council (LegCo) Panel on Welfare Services on 13 November 2017, Members passed three motions under agenda item V “Annual adjustment of social security payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme, and issues relating to rent allowance under the CSSA Scheme”, and requested the Government to respond to the motions concerned. I am authorised to reply as follows.

The motion concerning a comprehensive review of the CSSA Scheme

The CSSA standard payment rates are adjusted on an annual basis in accordance with the movement of the Social Security Assistance Index of Prices (SSAIP). The cumulative increase of the relevant payment rates between 2011 and 2017 has exceeded 30%, and will reach 34% if we take into account the increase to be proposed in accordance with the relevant figures as at end-October 2017. In terms of the total amount of payment disbursed, the estimated recurrent expenditure for the CSSA Scheme in 2017-18 is around \$20.8 billion, representing about 30% of the Government’s social welfare recurrent expenditure. If we compare the average CSSA payments with the

25% non-CSSA households with the lowest expenditure in Hong Kong, the former is higher in all household categories.¹ On the other hand, elderly persons and persons who are medically assessed to be disabled or in ill health are entitled to higher CSSA payment rates.

While the Government has no plan to conduct a comprehensive review on the CSSA Scheme at the moment, we will keep in view the various components and arrangements of the Scheme so as to address the needs of CSSA recipients in a more effective manner. For example, we have increased the grants for school-related expenses for primary and secondary students of CSSA families by \$1,000 starting from the 2014/15 school year, and introduced a pilot scheme under the Community Care Fund (CCF) in 2016 to encourage disabled CSSA recipients to engage in employment through raising their maximum level of disregarded earnings under the Scheme. We will continue to monitor the relevant situation with a view to strengthening the support for needy persons under the CSSA Scheme through targeted measures as appropriate.

The motion concerning rent allowance under the CSSA Scheme

Regarding the motion concerning the adjustment mechanism of the rent allowance under the CSSA Scheme (i.e. setting the level of rent allowance at 90% of the actual rent paid by CSSA households), we consider that there are some points worthy of attention.

Firstly, the rental level of private housing is closely related to its supply. The Government will continue to assist the housing needs of persons who are unable to afford private housing through boosting the supply of public rental housing (PRH).

Secondly, we have reservations about adhering the adjustments to rent allowance under the CSSA Scheme fully to the actual rent paid by CSSA households residing in rented private housing. This may create a chain effect and lead to an increase in the rental level of private housing. In particular, under the current tight housing supply, this will in effect increase the burden of non-CSSA households, which is not conducive to helping low-income families.

¹ In view of the design of the CSSA Scheme as the safety net of last resort and the principle that family members of the same household should support one another, applications for CSSA must be made on a household basis. However, under exceptional circumstances, e.g. the applicant is in a poor relationship with his/her family members, the Social Welfare Department will consider on a case-by-case basis and allow needy persons to apply for CSSA on an individual basis.

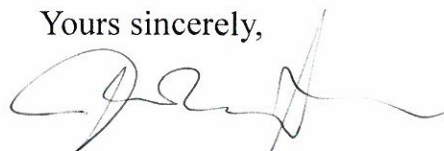
Thirdly, the CCF will relaunch the programme “Subsidy for Comprehensive Social Security Assistance Recipients Living in Rented Private Housing” (the programme) to provide a one-off subsidy to CSSA households living in rented private housing and paying rent which exceeds the maximum rent allowance under the CSSA Scheme. We will enhance the arrangements for the programme so that the amount of subsidy will be set having regard to the actual rent paid by eligible CSSA households. The maximum level of subsidy under the above enhanced arrangements will also increase. The programme will last for two years. We will keep in view its implementation as the basis of a possible model for regularising the programme in future.

Separately, we also have in place the arrangement of compassionate rehousing to recommend PRH allocation for families with genuine and imminent long-term housing needs but unable to solve their housing needs on their own.

The motion concerning the raising of the eligible age for elderly CSSA

In view of the improved life expectancy of the population and the recent trend to extend the retirement age to 65, the Government announced in January 2017 that the eligible age for elderly CSSA would be raised from 60 to 65. Elderly persons aged between 60 and 64 who are receiving CSSA before the new policy takes effect will not be affected. The CSSA payments of disabled persons or persons in ill health will also not be affected by the new policy, i.e. they will, regardless of their age, receive CSSA payments which are higher than those applicable to able-bodied adults. The Social Welfare Department is upgrading its computer system to implement the above arrangements. It is expected that it will be implemented in the second half of 2018 (around the fourth quarter) the earliest.

Yours sincerely,



(Miss LI Wan-in)

for Secretary for Labour and Welfare

c.c.

Secretary for Financial Services and Treasury
Director of Social Welfare

(Attn: Ms Florence WAI)
(Attn: Miss Rita LAU)