

**For discussion on
15 April 2019**

Legislative Council Panel on Welfare Services

**Extra Allowance to Recipients of Social Security Payments,
Working Family Allowance and Work Incentive Transport Subsidy;
and Grant to Financially Needy Students**

Purpose

This paper informs Members of the Government's initiatives to provide one-off extra allowances to recipients of social security payments, Working Family Allowance (WFA) and Work Incentive Transport Subsidy (WITS); and to provide a one-off grant to financially needy students.

Justification

2. Having regard to the Government's fiscal position and the economic outlook in the coming year, the Financial Secretary proposed a series of relief measures in his 2019-20 Budget on 27 February 2019 which include –

- (a) providing an extra allowance to recipients of social security payments, equal to one month of the standard rate Comprehensive Social Security Assistance (CSSA) payments or allowance payments under the Social Security Allowance Scheme, which includes Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA); and applying similar arrangements to households/individuals in receipt of WFA and WITS; and
- (b) providing a one-off grant of \$2,500 to each financially needy student.

One-off Extra Allowance to Recipients of Social Security Payments

3. For CSSA recipients, the extra allowance is equal to one month of standard rate payments. Different standard rates are applicable to different categories of recipients (such as elderly persons, children and adults). The following are examples of the monthly standard rates for different CSSA persons/households –

Example	Monthly standard rate
Single able-bodied elderly person	\$3,585
Single able-bodied adult	\$2,525
A two-member CSSA household comprising one able-bodied elderly person and one severely disabled elderly person	\$7,205
A three-member CSSA household comprising one able-bodied single parent and two able-bodied school children	\$6,985
A four-member CSSA household comprising two able-bodied adults (one of them being family carer) and two able-bodied school children	\$8,035

4. For recipients of OAA (including the Guangdong (GD) Scheme and Fujian (FJ) Scheme), OALA (including the Normal OALA and Higher OALA) and DA (including the Normal DA and Higher DA), the extra allowance is equal to one month of the allowance payment. The monthly rates of the allowances are as follows –

Allowance	Monthly rate
OAA	\$1,385
Normal OALA	\$2,675
Higher OALA	\$3,585
Normal DA	\$1,770
Higher DA	\$3,540

5. Recipients who are eligible for social security payments on the date of passage of the Appropriation Bill 2019 (the Appropriation Bill) would be eligible for the one-off extra allowance. It is estimated that the initiative will benefit about 1.32 million of eligible persons¹ (including 330 000 CSSA recipients, 570 000 OALA recipients², 280 000 OAA (including GD Scheme and FJ Scheme) recipients and 150 000 DA recipients³)⁴.

One-off Extra Allowance to Recipients of WFA

6. Under the WFA Scheme, applicants make applications every six months. Each claim period covers the past six months, and each applicant's eligibility is assessed on a monthly basis during the claim period. Households in receipt of WFA whose applications⁵ were made in the Applicable Period (i.e. from the first day of the month in which the Appropriation Bill is passed to the date of passage of the Appropriation Bill; and the six calendar months before that month), and eventually approved, would be eligible for the one-off extra allowance⁶.

7. The extra allowance is equal to the average monthly amount payable to the recipients in their most recently approved WFA applications, which varies from case to case depending on the composition, income and working hours of the households of the applicants⁷. It is estimated that the initiative will benefit about 52 000 households in receipt of WFA.

¹ The number of recipients may not add up to the total owing to rounding.

² Including about 510 000 Higher OALA recipients and about 60 000 Normal OALA recipients.

³ Including about 20 000 Higher DA recipients and about 130 000 Normal DA recipients.

⁴ Recipients may only receive one type of social security payments under the 'no double benefits rule'. This arrangement also applies to one-off extra allowance.

⁵ For applications sent by post, the date of the post-stamp will be adopted as the application date.

⁶ Under the WFA Scheme, a household cannot receive concurrently in the same month CSSA or household-based WITS. Besides, WFA applicants and household members whose working hours have been aggregated for WFA applications cannot receive concurrently individual-based WITS in the same month. If, during the Applicable Period, a household receives WFA in some months and WITS in some other months, or is receiving CSSA on the date of the passage of the Appropriation Bill, the household is eligible for one single extra allowance, the amount of which is the highest the household is eligible for under the WFA Scheme, CSSA or WITS as the case may be. This arrangement does not apply to WFA household members (i.e. non-WFA applicant; and household members whose working hours have not been aggregated for WFA applications) who receive individual-based WITS.

⁷ Based on past payments of WFA, the average monthly amount ranges from around \$400 to \$7,400.

One-off Extra Allowance to Recipients of WITS

8. Similar to the arrangements under WFA, recipients of WITS whose applications⁸ have been made in the Applicable Period⁹, and eventually approved, would be eligible for the extra allowance. The extra allowance is equal to the average monthly amount¹⁰ payable to the recipients in their most recently approved WITS applications. It is estimated that the initiative will benefit about 32 000 recipients of WITS.

One-off Grant to Financially Needy Students

9. Regarding the one-off grant of \$2,500 to each financially needy student, it is estimated that the initiative will benefit about 360 000 students. These include –

- (a) according to the information provided by the Education Bureau, about 290 000 students pursuing pre-primary to post-secondary education who are eligible for financial assistance under various means-tested student financial assistance schemes¹¹ administered by the Student Finance Office (SFO) of the Working Family and Student Financial Assistance Agency (WFSFAA) in the 2019/20 school year/academic year; and
- (b) about 70 000 eligible students from child care centres, kindergartens, primary and secondary schools who are receiving CSSA in the 2019/20 school year/academic year.

⁸ For applications sent by post, the date of the post-stamp will be adopted as the application date.

⁹ According to the arrangements of relevant departments, WITS applicants may, according to individual circumstances, apply for the subsidy covering the preceding six to 12 calendar months during the Applicable Period.

¹⁰ Each WITS recipient receives \$300 or \$600 per claim month.

¹¹ These students include: those eligible to receive means-tested financial assistance under the Tertiary Student Finance Scheme - Publicly-funded Programmes, Financial Assistance Scheme for Post-secondary Students, Tuition Fee Reimbursement for Diploma Yi Jin, Financial Assistance Scheme for Designated Evening Adult Education Courses, School Textbook Assistance Scheme, Student Travel Subsidy Scheme, Subsidy Scheme for Internet Access Charges, Examination Fee Remission Scheme, and Kindergarten and Child Care Centre Fee Remission Scheme, as well as kindergarten students who are eligible to receive the Grant for School-related Expenses for Kindergarten Students.

Financial Implications

10. Regarding the one-month extra allowance to eligible recipients of social security payments, WFA and WITS as referred to in paragraphs 3 to 8 above, it will entail estimated expenditures of about \$3.84 billion, \$130 million and \$19 million respectively.

11. Regarding the one-off grant to financially needy students as referred to in paragraph 9 above, it will entail an estimated expenditure of about \$890 million.

12. The Government has included the necessary funding for the Social Welfare Department (SWD), WFSFAA (including the Working Family Allowance Office and SFO) and the Labour Department (LD) to implement the payment of the one-off extra allowance and the one-off grant to financially needy students in the 2019-20 draft Estimates for the approval of the Legislative Council in the context of the Appropriation Bill.

Implementation

One-off One-month Extra Allowance

13. Subject to the passage of the Appropriation Bill, SWD, WFSFAA and LD will make necessary adjustments to their computer systems to implement the payment of the one-off one-month extra allowance as soon as possible. It is expected that the above-mentioned extra payments would be disbursed a month after the passage of the Appropriation Bill at the earliest. The payments would be made through the existing allowance payment methods (i.e. normally through auto-pay arrangement to the designated bank accounts of the recipients). Recipients are not required to make separate applications.

One-off Grant to Financially Needy Students

14. Regarding the one-off grant to financially needy students, SWD and SFO plan to gradually disburse the grant to eligible students starting from the third quarter of 2019. The grants would be made through the existing allowance/subsidy payment methods (i.e. normally through auto-pay arrangement to the designated bank accounts of the recipients). Recipients are not required to make separate applications.

15. The relevant departments will make suitable publicity arrangements on the implementation of various payments and allowances.

Advice Sought

16. Members are invited to note this paper.

Labour and Welfare Bureau
Education Bureau
Social Welfare Department
Working Family and Student Financial Assistance Agency
Labour Department
April 2019