

For discussion on
11 November 2019

Legislative Council Panel on Welfare Services
Review of ‘Pro-employment’ Measures and Other Improvement Measures
under the Comprehensive Social Security Assistance (CSSA) Scheme, and
Annual Adjustment of Social Security Payment Rates under the CSSA
Scheme and Social Security Allowance Scheme

Purpose

This paper briefs Members on –

- (a) the proposals put forth in the 2019 Policy Address to enhance ‘pro-employment’ measures under the Comprehensive Social Security Assistance (CSSA) Scheme and the other related measures;
- (b) the latest position of the Social Security Assistance Index of Prices (SSAIP)¹ and the estimated corresponding adjustment to standard payment rates under the CSSA Scheme² and rates of allowances under the Social Security Allowance (SSA) Scheme starting from 1 February 2020 according to the established mechanism; and
- (c) the latest position of the Consumer Price Index (CPI) (A) rent index for private housing (rent index)³ and the estimated corresponding adjustment to maximum rent allowance (MRA) under the CSSA Scheme starting from 1 February 2020 according to the established mechanism.

¹ The SSAIP is compiled by the Census and Statistics Department (C&SD) on a monthly basis to reflect the impact of price changes on CSSA recipients. It consists of all items covered in other Consumer Price Indices compiled by the C&SD, except items which are covered by special grants under the CSSA Scheme or provided free by the Government.

² The standard payment rates under the CSSA Scheme include standard rates, supplements and the monthly meal allowance under the special grants.

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

CSSA Scheme

2. The means-tested CSSA Scheme, as a core element of our social security system, provides cash assistance for financially vulnerable individuals and families to help them meet their basic needs. The CSSA payments comprise three major components, namely standard rates⁴, supplements⁵ and special grants⁶. The Social Welfare Department (SWD) disburses these payments according to the number of eligible household members and their individual circumstances/needs. In general, recipients who are old, disabled or in ill-health may receive higher standard rates as well as additional supplements and special grants. As at end-September 2019, there were 221 106 CSSA cases covering 311 995 recipients. The recurrent expenditure of the CSSA Scheme in 2019-20 is estimated at around \$21 billion.

3. The Government has been observing the following guiding principles since the last comprehensive review of the CSSA Scheme in 1999 –

- (a) to ensure that resources are directed to help the truly needy and disadvantaged members of the community, who cannot fend for themselves through no fault of their own;*
- (b) to provide temporary financial assistance for people of working age who are genuinely unable to find work (and for their dependants, if any), and at the same time, to encourage and help them re-join the workforce so that they can lead independent and productive lives; and*
- (c) to rid the system of work disincentives so as to ensure that those who can work will work.*

These established guiding principles remain valid today. They serve as important benchmarks when the Government contemplates any adjustment to the CSSA Scheme. The Government is mindful of the importance to further promote employment, especially for able-bodied recipients of working age, while meeting the basic needs of disadvantaged members of the community.

⁴ Different levels of standard rates are provided to different categories of recipients to meet their basic needs.

⁵ Supplements are provided to specified categories of recipients (such as elderly persons, persons with disabilities or in ill-health, single parents and able-bodied adults aged 60 to 64) to meet their special needs.

⁶ Special grants are payable to meet the recipients' specific needs, such as payments to cover medically-recommended diet and costs of medical and rehabilitation appliances.

4. Following the aforementioned review in 1999, the SWD introduced a series of measures to ensure that different components under the CSSA Scheme adhere to the above guiding principles. These measures include enhancing employment support services, reducing CSSA payments (including standard rates, supplements and special grants) for non-elderly able-bodied recipients, tightening eligibility criteria for able-bodied applicants, etc. Meanwhile, CSSA payments are adjusted annually according to the established mechanism to reflect price changes (details are set out at paragraphs 27 to 31 below). The SWD has also introduced a number of targeted measures to provide additional support for needy recipients, including increasing the school-related allowance and abolishing the requirement for a relative who is living apart to make a declaration on whether he/she provides financial support to the elderly person applying for the CSSA (i.e. the so-called ‘bad son statement’).

5. Besides, the SWD has commissioned non-governmental organisations (NGOs) to help operate the Integrated Employment Assistance Programme for Self-reliance (IEAPS) since 2013. This programme provides one-stop integrated employment assistance services on a family basis to encourage and assist unemployed able-bodied adult CSSA recipients to enhance their employability and seek paid employment.

6. The disregarded earnings (DE) arrangement also serves as an important measure to encourage CSSA recipients to join the employment market. DE refer to the earnings from employment that are disregarded when assessing the amount of assistance payable to CSSA recipients. At present, each able-bodied recipient can enjoy a maximum DE level of \$2,500 per month⁷. In addition, the first month’s income from a new job of eligible CSSA recipients will be totally disregarded every two years. Separately, the SWD is implementing a pilot scheme under the Community Care Fund (CCF) to allow for a higher level of DE (at \$4,000 per month) for recipients with disabilities or in ill-health⁸.

⁷ Specifically, the first \$800 earned by able-bodied CSSA recipients from full or part-time employment is totally disregarded without affecting their CSSA payment; whereas 50% of the earnings at the next \$3,400 (i.e. \$1,700) is disregarded.

⁸ Specifically, the first \$1,200 earned by CSSA recipients with disabilities or in ill-health from full or part-time employment is totally disregarded without affecting their CSSA payment; whereas 50% of the earnings at the next \$5,600 (i.e. \$2,800) is disregarded.

7. Furthermore, the Government is providing a wide range of allowances under the SSA Scheme (namely the Old Age Allowance (OAA)⁹, the Old Age Living Allowance (OALA)¹⁰ and the Disability Allowance (DA)) and the Working Family Allowance (WFA) Scheme, which target at elderly persons, persons with disabilities and low-income working households. While the welfare cash allowances provided by other governments generally require contributions from the recipients or members of the public, the payments under the CSSA Scheme, the SSA Scheme and the WFA Scheme are non-contributory. The total number of recipients covered by the three aforementioned schemes and the public expenditures involved have been increasing significantly. In 2018-19, the Government's total recurrent expenditure on these schemes was around \$55 billion, almost three times that of 2000-01. Details are at **Annex 1**.

Review on the CSSA Scheme

8. In early 2019, the Government undertook to complete a review on the 'pro-employment' measures under the CSSA Scheme within the year with a view to providing stronger work incentives and support for able-bodied recipients. In this regard, the SWD has set up an inter-departmental working group (WG) chaired by the Director of Social Welfare, with members from the Labour and Welfare Bureau, the Financial Services and the Treasury Bureau, the Labour Department (LD) and the Employees Retraining Board (ERB). While other elements that are not 'pro-employment' in nature are, strictly speaking, outside the review scope, the WG has looked into all supplements and special grants under the CSSA Scheme, in particular those with strong public demand for enhancements.

9. The WG is mindful of the fact that the CSSA Scheme has been, and should remain as, a safety net of last resort for recipients to meet their basic needs. In this regard, the review on the CSSA Scheme must be conducted carefully to avoid impeding the function of the CSSA Scheme as a safety net, or leading to the undesirable effect of discouraging able-bodied adults from fully engaging in the labour market. Against the above background and having considered the WG's review, the 2019 Policy Address has announced a series of enhancements to the CSSA Scheme. Specific measures include –

⁹ In this paper, the OAA includes those payable under the Guangdong Scheme and the Fujian Scheme. These two schemes provide the OAA, on a monthly basis, for eligible Hong Kong elderly persons who choose to reside in Guangdong or Fujian to meet their special needs arising from old age.

¹⁰ In this paper, OALA includes Normal OALA and Higher OALA.

'Pro-employment' Measures

- (a) raising the maximum level of DE by 60% from \$2,500 per month to \$4,000¹¹ per month, and increasing the maximum level of earnings to be totally disregarded from a new job from the first month's income to first two months' income in every two years;
- (b) enhancing various employment support services to increase the employability of and employment opportunities for CSSA recipients, and regularising the current arrangement of allowing voluntary participation in employment support services by able-bodied recipients aged 60 to 64¹²;

Other Measures

- (c) extending the Community Living Supplement (CLS) (currently at \$340 per month) to able-bodied adults aged 60 to 64, and providing 11 additional special grants (on top of the existing five¹³) to eligible non-elderly able-bodied CSSA recipients; and
- (d) increasing the MRA for different household sizes under the CSSA Scheme, as a one-off improvement measure, from about 3% to 27% according to the 10% trimmed mean¹⁴ of rent paid by CSSA recipients living in rented private housing as at February 2019.

¹¹ Under the proposed arrangement, the first \$1,200 earned by CSSA recipients from full or part-time employment will be totally disregarded without affecting their CSSA payment, whereas 50% of the earnings at the next \$5,600 (i.e. \$2,800) will be disregarded.

¹² The Government announced in the Policy Address in January 2017 the adjustment of the eligible age for the elderly CSSA from 60 to 65. The adjustment took effect from 1 February 2019, affecting only able-bodied persons aged 60 to 64 who have not previously received the elderly CSSA. It is important to note that these persons are still entitled to the basic living protection as able-bodied adults under the CSSA Scheme. Apart from standard rates and special grants (including rent allowance) applicable to able-bodied adults, they can also benefit from the DE arrangement for pro-employment purpose. The Government has also introduced a new Employment Support Supplement (currently at a fixed rate of \$1,060 per person per month) especially for able-bodied CSSA adult recipients aged 60 to 64. Moreover, the SWD has extended the IEAPS to this group of recipients so that they may receive the employment support services on a voluntary basis (i.e. no sanction will be imposed if they refuse to join the programme).

¹³ Namely (i) rent allowance; (ii) water and sewage charge allowance; (iii) grant to cover schooling expenses for children; (iv) grant to cover child-care fees; and (v) burial grant.

¹⁴ It refers to the average of rent payment with the lowest and highest 10% excluded.

‘Pro-employment’ Measure: DE Arrangement

10. The DE arrangement under the CSSA Scheme is a complex issue. On the one hand, DE provide CSSA recipients with financial incentive to find and remain in employment, which is conducive to achieving self-reliance in the long run. On the other hand, an excessively generous DE level may delay recipients’ exit from the CSSA net. The Government must strike a balance between maintaining a safety net of last resort for the financially vulnerable and providing financial incentives for employable CSSA recipients to engage in employment.

11. As at end-July 2019, an accumulated total of over 7 500 recipients have received subsidy payment under the CCF pilot scheme targeted at persons with disabilities or in ill-health as mentioned in paragraph 6 above. Having considered the effectiveness of the pilot scheme and views of various stakeholders, it is recommended that the pilot scheme be regularised, i.e. the maximum level of DE under the CSSA Scheme will be raised from \$2,500 per month to \$4,000 per month (with the 100% disregarded limit to be raised from the first \$800 to the first \$1,200 of the monthly income). Upon the implementation of the above arrangement, the adjusted maximum DE level will be applicable to all CSSA recipients.

12. It is also recommended that the totally-disregarded income for eligible CSSA recipients from a new job be increased from the first month’s income to a maximum of the first two months’ income in every two years. This would help encourage CSSA recipients to maintain their work habit and incentivise newly-hired CSSA recipients to remain in their employment at an early stage of career.

‘Pro-employment’ Measure: Employment Support Services

13. Following the adjustment of the eligible age for elderly CSSA from 60 to 65 on 1 February 2019, the Government announced earlier that the IEAPS would be extended for 12 months at its current service mode to end-March 2020. Able-bodied adult recipients aged 60 to 64 may receive the employment support services on a voluntary basis and will not be subject to sanction if they refuse to join the programme.

14. To continue encouraging recipients to seek and remain in employment, it is recommended that the SWD should generally maintain the current funding for NGOs to provide employment support services for able-bodied CSSA recipients, with enhanced collaborations with the LD, the ERB and the NGO operators. Meanwhile, there have been on-going measures to strengthen collaborations among the SWD, the LD, the ERB and the IEAPS NGO operators, including

installing the ERB's Training Net and the LD's Vacancy Search Terminals in IEAPS service centres and establishing a mechanism to arrange the ERB's Training Consultancy Service for the IEAPS NGO operators. The Government also relaxed the application criteria for Temporary Financial Aid (TFA)¹⁵ to cover more job seeking-related activities such as purchasing mobile phone SIM cards, taking meals away from home, etc., which is capped at \$2,000 per person per year.

15. As for recipients aged between 60 and 64, having regard to the stakeholders' views and operational experience, it is recommended that the existing arrangement to be retained, i.e. their participation in the IEAPS is on a voluntary basis. This will ensure the continuous provision of resources for target recipients who are in need and desire to return to work, and reduce the pressure on those with lower motivation or more difficulties to re-join the workforce.

16. Apart from the above employment support provided to the CSSA recipients, the Government has been taking a series of measures to promote employment. Among others, the LD implements various employment programmes to encourage employers to engage the elderly and middle-aged, young people and persons with disabilities through the provision of on-the-job training (OJT) allowance. In order to encourage employers to hire job seekers aged 60 or above and provide them with OJT, the LD has further enhanced the 'Employment Programme for the Middle-aged' and renamed it as the 'Employment Programme for the Elderly and Middle-aged' (EPEM) on 1 September 2018. Employers engaging job seekers aged 60 or above who are unemployed or have left the workforce are offered a monthly OJT allowance up to \$4,000 per employee for a period of six to 12 months under the EPEM. EPEM covers both full-time and part-time jobs. The LD will also launch a pilot scheme to encourage mature persons aged 60 or above, young people and persons with disabilities to undergo and complete OJT under its programmes (including the EPEM) through the provision of a retention allowance¹⁶, thereby stabilising employment. Separately, CSSA recipients may apply for ERB's regular free

¹⁵ The TFA mainly assists service recipients to meet employment-related expenses, job-seeking and internship expenses, travelling expenses for attending job interviews and training courses, examination fees, training fees, licence fee for security guard, etc.

¹⁶ The relevant employees will be offered a retention allowance of \$3,000 if they stay in the OJT posts for three months. Thereafter, the employee will receive an additional allowance of \$1,000 for each ensuing month when he/she stays in the same job until his/her completion of the six to 12-month OJT. If the relevant employee takes up a part-time post, he/she will be entitled to half the amount payable to a full-time employee.

placement-tied courses dedicated for unemployed persons to enhance their employability. They may also apply for retraining allowance and receive follow-up placement services after completing the courses. Moreover, ERB, commissioned by the Government, has launched a one-off ‘Love Upgrading Special Scheme’ in October 2019 to assist those affected by the recent economic downturn and provide special allowance¹⁷ to upgrade their skills and pursue self-enhancement, with a view to re-entering the employment market as early as possible.

Other Measures: Supplements and Special Grants

17. As mentioned under paragraph 9 above, non-elderly able-bodied recipients are entitled to five types of special grants. They are not eligible for supplements, except for the Single Parent Supplement for single parent recipients and the Employment Support Supplement for able-bodied adults aged 60 to 64.

18. Having considered the nature and objectives of various supplements, it is recommended that the status quo be generally maintained, except for extending the CLS to able-bodied adults aged 60 to 64. The CLS is payable to non-institutionalised recipients who are old, disabled or in ill-health to support their stay in the community. The WG considered that the extension of the CLS to able-bodied adults aged 60 to 64 is consistent with the Government’s policy objective of encouraging mature persons to stay in the community and preventing early institutionalisation.

19. It is recommended that a total of 11 special grants (including grants to cover telephone charges and costs of dental treatment and glasses) be extended to eligible non-elderly able-bodied recipients. Details are set out at **Annex 2**.

Other Measures: Rental Support

20. The rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of allowance is equal to the actual rent paid by the household, or the MRA determined with reference to the number of household members eligible for the CSSA, whichever is the less. The MRA is adjusted annually in accordance with the movement of the rent index (details are set out at paragraph 32 below).

¹⁷ The ceiling of the special allowance and that of the retraining allowance under regular placement-tied courses are the same, i.e. \$4,000 per month per person.

21. In order to relieve the financial burden of CSSA households in face of rent increase, the CCF launched a pilot scheme named ‘Subsidy for CSSA Recipients Living in Rented Private Housing’ in 2011 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. Under the present arrangement of the pilot scheme, the amount of CCF subsidy is set at 50% of the rental amount exceeding the applicable MRA or 15% of the applicable MRA, whichever is the less.

22. The Government needs to be cautious in adjusting the MRA as it may drive recipients’ aspirations to improve their accommodation whereby taxpayers will always foot the bill for the ever increasing aspirations and rents. An increase in MRA may also trigger a rise in the rental level at the lower end of the private rental market (including rental expenditure of non-CSSA low-income households living in sub-divided units).

23. Having regard to relevant factors, it is recommended that there be a one-off increase in MRA up to the 10% trimmed mean of the rent paid by CSSA recipients living in rented private housing as at February 2019, i.e. the average of rent payment with the lowest and highest 10% excluded. The cases at the lowest 10% may represent families living in poor housing conditions or quarters provided by employers or units charged at a lower rate by relatives/friends, while those at the highest 10% may represent CSSA families cutting down other expenses in exchange for better living conditions. The current MRA and the proposed MRA based on the 10% trimmed mean are set out below –

No. of eligible members	Current MRA	Proposed MRA[#]	Level of increase
1	\$1,885	\$2,400	\$515 (+27.3%)
2	\$3,795	\$4,235	\$440 (+11.6%)
3	\$4,955	\$5,080	\$125 (+2.5%)
4	\$5,275	\$5,725	\$450 (+8.5%)
5	\$5,290	\$6,385	\$1,095 (+20.7%)
6 or above	\$6,610	\$7,435	\$825 (+12.5%)

The proposed level is based on the 10% trimmed mean of the rent paid by CSSA recipients living in rented private housing as at February 2019. The MRA level proposed to be effective from 1 February 2020 will be further adjusted according to the movement of the rent index. Details are set out at paragraph 32 below.

However, it must be stressed that the above arrangement is one-off in nature and should not be construed as the Government's commitment to maintain the MRA at 10% trimmed mean. The Government will continue adjusting the MRA according to the established mechanism (i.e. to adjust annually according to the movement of the rent index).

24. Furthermore, the Commission on Poverty has approved the extension of the pilot scheme under CCF for six months at its current service mode to end-April 2020 to render additional support for households living in rented private housing with rent exceeding the MRA. However, the SWD noticed from the statistics and operational experience that the current arrangement under the pilot scheme seemed to have lowered the coverage rate of MRA (i.e. the percentage of households whose rent could be fully covered by the MRA) as the arrangement might have enticed some CSSA households to rent more expensive units. Subject to timely funding approval for the new MRA by the Finance Committee (FC) of the Legislative Council (LegCo), the SWD will pay close attention to the impact of the pilot scheme on the new MRA, and the overall impact of the two measures on the coverage rate, with a view to determining whether and how the pilot scheme should be continued beyond April 2020.

WFA Scheme

25. The WFA Scheme is aimed to support lower-income working households who are not on CSSA and have longer working hours (e.g. being engaged in full-time employment) with a view to encouraging self-reliance and alleviating inter-generational poverty. The amount of allowance is assessed on a monthly basis according to the applicant's household income and working hours. It is designed to reward hard work, and has introduced two tiers of higher working hour requirement (i.e. 168 and 192 hours per month) for higher levels of allowance on top of the basic working hour requirement of 144 hours per month. The Scheme also provides a Child Allowance to each eligible child and youth in the household. As of end-September 2019, there were about 46 000 'active households'¹⁸ of the WFA Scheme (involving more than 150 000 persons), which represented a 67% increase as compared to the number of beneficiaries of

¹⁸ The claim period of a WFA application covers the immediate past six calendar months before submission, with the amount of allowance to be determined on a monthly basis. In this paper, the term 'active households' refers to households who have been approved with WFA and submitted their latest applications in the past six months. It is different from the total number of beneficiaries of the WFA Scheme since its launch, as the latter would include households who had successfully applied for WFA but chose not to re-apply due to personal considerations.

the last claim period of the previous Low-income Working Family Allowance (LIFA) Scheme in March 2018 (i.e. before the implementation of the enhancements in April 2018). This demonstrates that the WFA Scheme is more effective than the previous LIFA Scheme in assisting non-CSSA working households with lower income.

26. Having regard to the above improvements to the CSSA Scheme and to preserve the relativity and balance between the economic position of WFA and CSSA-receiving households, so that lower-income working households would not be discouraged to remain in active employment and resort to CSSA, the 2019 Policy Address also announced that to increase all payment rates of WFA. The working-hour linked household allowance of the Scheme will be increased by 16.7% to 25%, and the Child Allowance will be raised substantially by 40%. The revised payment rates are listed below –

	Proposed full-rate monthly allowance ¹⁹ (existing rate)	Proposed 3/4-rate monthly allowance ²⁰ (existing rate)	Proposed half-rate monthly allowance ²¹ (existing rate)
Basic Allowance ²²	\$1,000 (\$800)	\$750 (\$600)	\$500 (\$400)
	Proposed increase by 25%		
Medium Allowance ²³	\$1,200 (\$1,000)	\$900 (\$750)	\$600 (\$500)
	Proposed increase by 20%		
Higher Allowance ²⁴	\$1,400 (\$1,200)	\$1,050 (\$900)	\$700 (\$600)
	Proposed increase by 16.7%		
Child Allowance [each child and youth]	\$1,400 (\$1,000)	\$1,050 (\$750)	\$700 (\$500)
	Proposed increase by 40%		

¹⁹ Monthly household income not higher than 50% of Median Monthly Domestic Household Income for economically active households (MMDHI_{EA}).

²⁰ Monthly household income of more than 50% but not higher than 60% of MMDHI_{EA}.

²¹ Monthly household income of more than 60% but not higher than 70% of MMDHI_{EA}.

²² Monthly working hours of at least 144 hours (36 hours for single-parent households).

²³ Monthly working hours of at least 168 hours (54 hours for single-parent households).

²⁴ Monthly working hours of at least 192 hours (72 hours for single-parent households).

The above rates will increase the maximum level of allowance for a four-person household with two eligible children from the existing \$3,200 per month to \$4,200 per month, i.e. by over 30%.

Annual adjustment of the CSSA Scheme and the SSA Scheme

The SSAIP and the estimated adjustment of the standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme

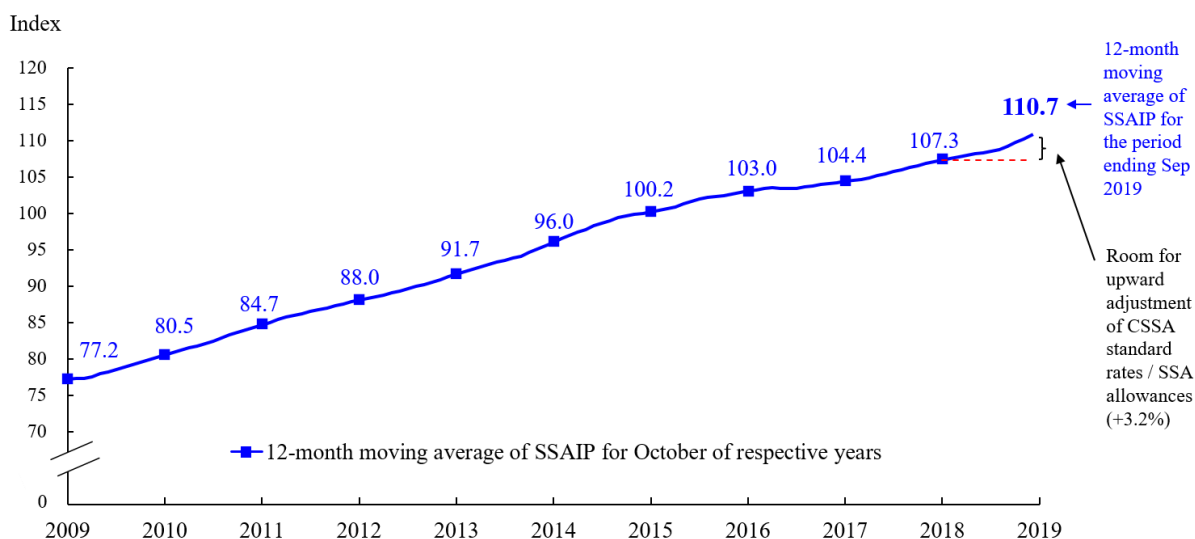
27. Under the established mechanism, the Government will adjust the standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme (namely the OAA, OALA and DA) in accordance with the inflation or deflation as reflected by the SSAIP for the past 12 months (i.e. from 1 November of a year to 31 October of the following year) on an annual basis.

28. After the Government has presented the relevant information to this Panel, a submission will be made to the FC in December every year before implementation of the new payment rates in February of the following year, so as to allow sufficient time for the SWD to adjust its computer system for disbursing the latest payment rates to the CSSA and SSA recipients.

29. The current average monthly CSSA payments by the number of eligible household members, and the rates of OAA, OALA and DA under the SSA Scheme, are set out at **Annex 3**.

30. According to the above mechanism, there is room for an upward adjustment of the standard payment rates under the CSSA Scheme and the payment rates for OAA, OALA and DA under the SSA Scheme. As shown in the chart below, the 12-month moving average of the SSAIP for the period ending September 2019 registered a cumulative increase of 3.2% when compared to the average figure ending October 2018.

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



31. The data for October 2019 will be ready by end-November 2019 for calculating the movement of the SSAIP up to end-October 2019. We plan to use the SSAIP up to end-October 2019 in our submission to the FC on the proposed increase in the standard payment rates under the CSSA Scheme as well as the payment rates for OAA, OALA and DA under the SSA Scheme.

The rent index and the estimated adjustment of the MRA

32. At its meeting on 3 April 1998, the FC authorised the Secretary for the Treasury (now the Secretary for Financial Services and the Treasury) to adjust the MRA annually in accordance with the movement of the rent index. The 12-month moving average of the rent index for the period ending September 2019 has indicated that there is room for increasing the MRA by 3%. We will use the rent index up to end-October 2019 to further adjust the MRA as proposed in paragraph 23 in accordance with the established mechanism.

Financial Implications

33. The annual financial implication of the above proposed enhancements to the CSSA Scheme, if implemented, is estimated at around \$960 million. As regards the proposals on annual adjustment of the payment rates under the CSSA Scheme and the SSA Scheme, after receiving the data as at end-October 2019, which will be available in end-November 2019, we will calculate the movement of the SSAIP and the rent index, and then confirm the financial implications of the adjustment which will take effect from 1 February 2020.

34. As for the increase of WFA payment mentioned at paragraph 26 above, it is crudely estimated that it will bring about an additional expenditure of \$460 million per year.

Implementation

35. We plan to seek the FC's approval for the proposed enhancements to the CSSA Scheme and adjustment of the standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme in December 2019.

36. Subject to the FC's approval, the standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme as adjusted according to the mechanism will take effect from 1 February 2020. The increased MRA under the CSSA Scheme (including the WG's proposal put forward in paragraph 23 and the annual adjustment mentioned in paragraph 32) is also expected to take effect from 1 February 2020, while other enhancements to the CSSA Scheme are expected to be implemented within 2020-21. As for the proposal to increase the payment rates of WFA, it will be implemented in tandem with the proposed 'pro-employment' measures of the CSSA Scheme mentioned above, and is tentatively scheduled for the second quarter of 2020.

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

Number of Recipients and Recurrent Expenditure of Major Government Cash Assistance Scheme

Scheme	Number of recipients [As at end-December of the year]					Recurrent expenditure [\$ million] (As a percentage of the total recurrent Government expenditure)				
	2000	2010	2013	2016	2018	2000-01	2010-11	2013-14	2016-17	2018-19 (provisional actual)
CSSA <i>(households)</i>	365 185 (228 060)	446 006 (283 176)	394 907 (260 774)	348 431 (237 056)	323 023 (226 437)	13,560 (7.3%)	17,424 (7.8%)	18,383 (6.5%)	21,164 (6.1%)	19,930 (4.9%)
OAA (including GD and FJ Schemes)	451 925	505 194	209 158	251 188	267 941	3,563 (1.9%)	5,956 (2.7%)	2,706 (1.0%)	3,835 (1.1%)	4,163 (1.0%)
Normal OALA			410 043	442 932	57 307			12,301 (4.3%)	13,218 (3.8%)	3,430 (0.8%)
Higher OALA					475 193					22,701 (5.6%)
DA (including Normal and Higher DA)	95 727	133 736	123 185	141 142	145 965	1,567 (0.8%)	2,432 (1.1%)	2,608 (0.9%)	3,455 (1.0%)	3,554 (0.9%)
Sub-total				1 183 693	1 269 429				41,672	53,777
LIFA/WFA <i>(households)</i>				103 679 (28 629) [LIFA]	151 535 (44 649) [WFA]				602.7 (0.17%)	1,191 (0.29%)
Total	912 837	1 084 936	1 137 293	1 287 372	1 420 964	18,690 (10.1%)	25,812 (11.6%)	35,998 (12.7%)	42,274.7 (12.3%)	54,968 (13.6%)

Legends: **CSSA** (Comprehensive Social Security Assistance); **OAA** (Old Age Allowance under the Social Security Allowance (SSA) Scheme); **GD and FJ Schemes** (Guangdong and Fujian Schemes under the SSA Scheme); **OALA** (Old Age Living Allowance under the SSA Scheme); **DA** (Disability Allowance under the SSA Scheme); **LIFA** (Low-income Working Family Allowance - predecessor of the Working Family Allowance); and **WFA** (Working Family Allowance Scheme)

**11 Special Grants under the CSSA Scheme
Proposed to be Extended to Eligible Non-elderly Able-bodied Recipients**

Child care-related

1. Grant to cover babysitting charges *[only extending to cases with all able-bodied adults in households engaging in employment]*
2. Grant to cover maintenance payment to a relative/friend for provision of board and lodging for a child *[only extending to cases with all able-bodied adults in households engaging in employment]*

Housing-related

3. Grant for rent deposit
4. Grant for water, electricity and gas/liquefied petroleum gas deposits for accommodation in public rental housing *[also extending to private housing]*
5. Domestic removal grant *[only extending to single-parent households]*
6. Telephone-related grant *[merging the existing grants on telephone installation fee and monthly telephone charges into one single grant, and extending to all recipients aged 18 or above on a household basis (except those living in institutions):*
 - ✧ *one eligible member in a household:* \$130
per month
 - ✧ *two eligible members in a household:* \$240
per month
 - ✧ *three or more eligible members in a household:* \$330
per month]
7. Grant for renewal of electrical fittings

Medical and rehabilitation-related

8. Grant to cover cost of glasses
9. Grant to cover cost of dental treatment
10. Special diet allowance *[only extending to cases with certified medical needs]*
11. Grant to cover fees for community support services (including physiotherapy/occupational therapy service) *[only extending to able-bodied adults aged 60 to 64]*

Average Monthly CSSA Payments by the Number of Eligible Household Members

[Referring to the CSSA payments (including standard rates, supplements and special grants) received by CSSA households without other income. The estimated figures are compiled based on CSSA cases from November 2017 to October 2018 and adjusted in accordance with CSSA rates implemented from 1 February 2019 (i.e. the proposed enhancements to the CSSA Scheme as announced in the 2019 Policy Address have not been taken into account).]

Number of eligible household members	Average monthly CSSA payments
1	\$6,507
2	\$9,957
3	\$13,163
4	\$15,675
5	\$17,998
6 or above	\$21,847

Monthly Rate of OAA from 1 February 2019

Monthly Rate
\$1,385

Monthly Rate of OALA from 1 February 2019

Category	Monthly rate
Normal OALA	\$2,675
Higher OALA	\$3,585

Monthly Rate of DA from 1 February 2019

Category	Monthly rate
Normal DA	\$1,770
Higher DA	\$3,540