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**Panel on Welfare Services**

**Updated background brief prepared by the Legislative Council Secretariat  
for the meeting on 11 November 2019**

**Review of pro-employment measures and other improvement  
measures under the Comprehensive Social Security Assistance Scheme,  
as well as annual adjustment of social security payment rates**

**Purpose**

This paper provides background information and gives an account of the discussions of the Panel on Welfare Services ("the Panel") on pro-employment measures and other measures under the Comprehensive Social Security Assistance ("CSSA") Scheme, and the annual adjustment of social security payment rates.

**Background**

Support for Self-reliance Scheme

2. According to the Administration, the Support for Self-reliance ("SFS") Scheme is a programme under the CSSA Scheme which aims to encourage and assist able-bodied CSSA applicants aged 15 to 64<sup>1</sup> to secure employment to move towards self-reliance while providing them with financial assistance. The SFS Scheme comprises the Integrated Employment Assistance Programme for Self-reliance ("IEAPS") and the disregarded earnings ("DE") arrangement.

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<sup>1</sup> If unemployed Comprehensive Social Security Assistance ("CSSA") applicants aged 15 to 59 have found employment with hours no less than 120 per month and earnings no less than the prescribed level set by the Social Welfare Department, or unemployed CSSA applicants aged 60 to 64 found employment with hours no less than 60 per month, or single parents and child carers on CSSA with their youngest child aged 12 to 14 found employment with hours no less than 32 per month, they need not to participate in the Support for Self-reliance Scheme for employment support services.

### *Integrated Employment Assistance Programme for Self-reliance*

3. Since January 2013, the Social Welfare Department ("SWD") has commissioned non-governmental organizations ("NGOs") to operate IEAPS, so as to provide one-stop employment service and support to unemployed CSSA applicants, as well as to assist them to overcome difficulty in finding jobs and strengthen their employability.

4. Following the adjustment of the eligible age for elderly CSSA from 60 to 65 in February 2019, able-bodied CSSA recipients aged 60 to 64 who are unemployed or with monthly earnings or working hours less than the prescribed level are invited to join IEAPS. However, their eligibility for CSSA and the payment level will not be affected if they decline such invitation.

### *Arrangement of disregarded earnings*

5. The purpose of the DE arrangement is to encourage CSSA recipients to seek and stay in employment. Under this arrangement, a portion of the CSSA recipient's monthly earnings from employment will not be deducted from his/her CSSA entitlement. At present, the maximum amount of the monthly DE is \$2,500 per month.

### Supplements and special grants under the Comprehensive Social Security Assistance Scheme

6. Under the CSSA Scheme, there are different standard rates for various recipients to meet their basic needs. Apart from standard rates, the CSSA Scheme also provides supplements (including long-term supplement,<sup>2</sup> single parent supplement, community living supplement, transport supplement, residential care supplement and employment support supplement) and special grants (including housing and related grants, medical and rehabilitation grants, family grants, child-care grants, school grants, burial grant, etc.)<sup>3</sup> to meet the needs of recipients.

### Annual adjustment of social security payment rates

7. Under the prevailing practice, the Administration will adjust the standard payment rates under the CSSA Scheme and rates of allowances under the Social Security Allowance ("SSA") Scheme (namely the Old Age

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<sup>2</sup> Able-bodied adults/children are not entitled to long-term supplement.

<sup>3</sup> Please refer to "A Guide to Comprehensive Social Security Assistance" issued by the Social Welfare Department for details of various supplements and special grants under the CSSA Scheme:  
[https://www.swd.gov.hk/storage/asset/section/250/en/CSSAG1019\(eng\).pdf](https://www.swd.gov.hk/storage/asset/section/250/en/CSSAG1019(eng).pdf).

Allowance, Old Age Living Allowance and Disability Allowance) on an annual basis in accordance with the inflation or deflation as reflected by the Social Security Assistance Index of Prices ("SSAIP")<sup>4</sup> in the past 12 months (i.e. from 1 November of a year to 31 October of the following year).

### **Deliberations of the Panel since 2016-2017 session**

#### Employment support service for able-bodied recipients of Comprehensive Social Security Assistance aged between 60 and 64

8. Members were of the view that some elderly persons were in physical sub-health state and could not work long hours. Given that these elderly persons were not eligible disabled CSSA recipients, members suggested that instead of requiring CSSA recipients aged between 60 and 64 to participate in IEAPS, the Administration should only encourage them to take up employment.

9. The Administration advised that even though some elderly persons were not assessed to be in ill-health from the medical perspective, they might have difficulty in engaging in employment due to health issues. SWD would exercise discretion in such cases. In addition, CSSA recipients aged between 60 and 64 who had secured employment with no less than 60 working hours per month were not required to participate in IEAPS.

10. In view of the difficulties encountered by CSSA recipients aged between 60 and 64 in securing employment, some members suggested that the Administration should introduce effective complementary measures, such as the provision of travelling allowance, to help them seek employment.

11. The Administration advised that through participating in IEAPS, able-bodied CSSA recipients aged between 60 and 64 might obtain up-to-date labour market information, benefit from job placements, and receive personalized and focused employment services according to their needs. To this end, the Administration had announced the extension of the service period of IEAPS with its current service mode to end-March

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<sup>4</sup> The Social Security Assistance Index of Prices is compiled to reflect the impact of price changes on recipients of CSSA insofar as the items of goods and services covered under the CSSA standard rates are concerned. The index is compiled by the Census and Statistics Department for use by the Social Welfare Department as a reference in making adjustments to CSSA standard rates to take account of price changes.

2020. In addition, the Administration would strengthen the collaboration among SWD, the Labour Department, the Employees Retraining Board and NGOs, so as to provide more comprehensive employment and retraining services to able-bodied adult CSSA recipients. The Administration further advised that participants of IEAPS would be offered a Temporary Financial Aid up to \$2,000 within a period of two years to cover the costs of seeking employment, including transportation expenses.

### Review of the Comprehensive Social Security Assistance Scheme

12. Some members considered that the CSSA Scheme had not been reviewed for years and the measures under the CSSA Scheme had failed to keep up with changes in the community as well as the living pattern of CSSA households. They urged the Administration to conduct a review of the CSSA Scheme. Some other members held the view that the provision of special grants, such as housing and related grants and dental grant, should be payable to all CSSA recipients. They also suggested that the DE arrangement should be enhanced to provide an incentive for CSSA recipients to take up employment. They called on the Administration to increase the amount of DE on a yearly basis and peg such amount with the duration of employment, i.e. the longer the duration of employment, the higher amount of earnings would be treated as DE.

13. According to the Administration, while it had no plan to conduct a comprehensive review of the CSSA Scheme at the moment, it would 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. It would 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. Besides, the Administration had undertaken to review measures to encourage employment under the CSSA Scheme in 2019, which included the DE arrangement, supplements and special grants, as well as the arrangements for providing employment support services under the CSSA Scheme ("the Review").

#### *Rent allowance<sup>5</sup> under the housing and related grants*

14. Noting that the maximum rates of the rent allowance ("MRA") under the CSSA Scheme could cover the actual rent paid by 97% of CSSA households living in public rental housing ("PRH"), some members called on the Administration to increase MRA to cover the actual rent paid by all

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<sup>5</sup> Under the CSSA Scheme, rent allowance is payable as a standard special grant to all CSSA recipients to meet the cost of accommodation. The amount of allowance is the actual rent paid or the prescribed maximum level of rent allowance by household size, whichever is the less.

CSSA households living in PRH. The Administration advised that among the CSSA households who were living in PRH and were paying an actual rent higher than MRA, some were elderly persons or families who did not wish to move to a smaller PRH unit although some of the family members had moved out. The Administration would, however, consider exploring measures to reduce the number of CSSA households living in PRH who were paying an actual rent higher than MRA.

15. Some members were concerned that under the established mechanism, the annual adjustment of MRA based on the movements of the Consumer Price Index (A) ("CPI(A)") rent index for private housing was unable to reflect changes in the rental expenditures of CSSA households. They also expressed concern that MRA could only cover the actual rent paid by 40% of CSSA households living in rented private housing. They called on the Administration to review the adjustment mechanism for rent allowance, so that the level of rent allowance could cover the actual rent paid by 90% of CSSA households living in private housing.

16. The Administration advised that as the mode of accommodation of grass-root households had progressively changed from bedspace apartments to cubicle apartments, and then to sub-divided flats in the past two decades, the rent index could not reflect the increase in rental expenses faced by these households. The Administration would take this factor into account in the Review with a view to narrowing the gap between the rent allowance and the actual rent paid by CSSA households living in private rental housing.

#### Annual adjustment cycle for social security payment rates

##### *Methodology for adjustment*

17. Members in general did not object to adopting an automatic adjustment mechanism for the social security payment rates on the basis of a fixed cycle. Some members, however, expressed concern about the three-month gap in effecting the revised payments under the current annual adjustment mechanism. The Administration explained that any inflation/deflation occurring in SSAIP from 1 November to 31 January would be made up eventually in the next annual adjustment cycle. The annual adjustment mechanism had the benefit of providing certainty and ensuring objectivity in the adjustment. It would also allow sufficient time for SWD to make the necessary adjustment to its computer system to ensure correct payment to CSSA and SSA recipients.

18. Some members had time and again expressed concern that under the current annual adjustment mechanism, the CSSA standard payment rates

lagged behind the prevailing inflation and thus failed to keep up with the pace of changes in living costs. The livelihood of the poor would be affected adversely during inflationary period if the social security payment rates were based on actual SSAIP movements in the previous year. Members urged the Administration to revert to the inflation forecast methodology for adjusting social security payment rates.

19. The Administration advised that in an audit investigation into the administration of the CSSA and SSA Schemes from late 1998 to early 1999, the Director of Audit noted, among other things, that the Administration had over-estimated the upward movement of SSAIP in previous years and, as a result, there was a significant impact on the Government's expenditure. The Administration further advised that where the upward movement of SSAIP was significantly over-estimated, the social security payment rates would need to be reduced so as to offset the over-estimated increase. Against the above background, the Administration did not consider it appropriate to resume the previous practice of adjusting social security payment rates according to the forecast on inflation. It stressed that the current annual adjustment mechanism had worked effectively, and it did not see the need for a change.

#### *Timely adjustment of social security payment rates*

20. Some members were of the view that the Administration should review the adjustment mechanism and make corresponding adjustment to the CSSA standard payment rates ahead of the annual adjustment cycle, or providing an inflationary adjustment allowance on a quarterly basis, so as to maintain the purchasing power of the payments.

21. The Administration explained that having regard to the impact of seasonal factors on the prices of consumer goods, the 12-month moving average SSAIP would form a better basis for determining the level of CSSA standard payment rates. Approval for additional inflationary adjustments to the standard payment rates ahead of the annual adjustment cycle would be sought if inflation was raging at a high level.

#### **Latest position**

22. The Chief Executive announced in her 2019 Policy Address that the Administration would put forward a host of improvement measures under the CSSA Scheme to encourage employment, including raising the maximum amount of DE by 60% to \$4,000 per month, enhancing the CSSA employment support services, extending a range of supplement and special grants to eligible non-elderly able-bodied recipients, and increasing

MRA from about 3% to 27% with reference to the number of members in the household.

**Relevant papers**

23. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
5 November 2019

**Relevant papers on review of pro-employment measures  
and other improvement measures  
under the Comprehensive Social Security Assistance Scheme,  
as well as annual adjustment of social security payment**

Committee	Date of meeting	Paper
Panel on Welfare Services	14 November 2016 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No.</a> <a href="#">CB(2)447/16-17(01)</a>
	13 March 2017 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
	13 November 2017 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No.</a> <a href="#">CB(2)449/17-18(01)</a>
	12 February 2018 (Item VI)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No.</a> <a href="#">CB(2)1227/17-18(01)</a>
	19 March 2018 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No.</a> <a href="#">CB(2)1939/17-18(01)</a>
	9 April 2018 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a>
	12 November 2018 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
	28 January 2019 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>



<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Welfare Services	11 February 2019 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No. CB(2)771/18-19(01)</a> <a href="#">LC Paper No. CB(2)1133/18-19(01)</a>
	15 April 2019 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No. CB(2)1492/18-19(01)</a>
	10 June 2019 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">LC Paper No. CB(2)1832/18-19(01)</a>

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