

**For discussion
on 23 November 2020**

LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES

**Annual Adjustment of Social Security Payment Rates under the
Comprehensive Social Security Assistance (CSSA) and the Social Security
Allowance (SSA) Schemes,
and Issues Relating to Rent Allowance under the CSSA Scheme**

Purpose

This paper briefs Members on –

- (a) the latest position of the Social Security Assistance Index of Prices (SSAIP)¹ and the estimated corresponding adjustment to the standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme² and the rates of allowances under the Social Security Allowance (SSA) Scheme starting from 1 February 2021; and
- (b) the latest position of the Consumer Price Index (CPI) (A) rent index for private housing (rent index)³ and the estimated corresponding adjustment to the maximum rates of the rent allowance (MRA) under the CSSA Scheme starting from 1 February 2021.

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 recipients of CSSA. It consists of all items covered in other Consumer Price Indices compiled by 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 C&SD on a monthly basis. It reflects the movement of private housing rent borne by households in the lower expenditure group.

Payment Rates under the CSSA Scheme and the SSA Scheme

2. The current average monthly CSSA payments by the number of eligible members in a household, and the rates of the Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA) under the SSA Scheme, are set out at **Annex 1**.

3. The prevailing practice is for the Government to adjust the standard payment rates under the CSSA Scheme⁴ and the rates of allowances under the SSA Scheme (namely OAA⁵, OALA⁶ 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.

4. After the Government has presented the relevant information to this Panel, a submission will be made to the Finance Committee (FC) of the Legislative Council (LegCo) in around December every year before implementation of the new rates in February of the following year to allow sufficient time for the Social Welfare Department (SWD) to adjust its computer system for disbursing the latest payments to the CSSA and SSA recipients.

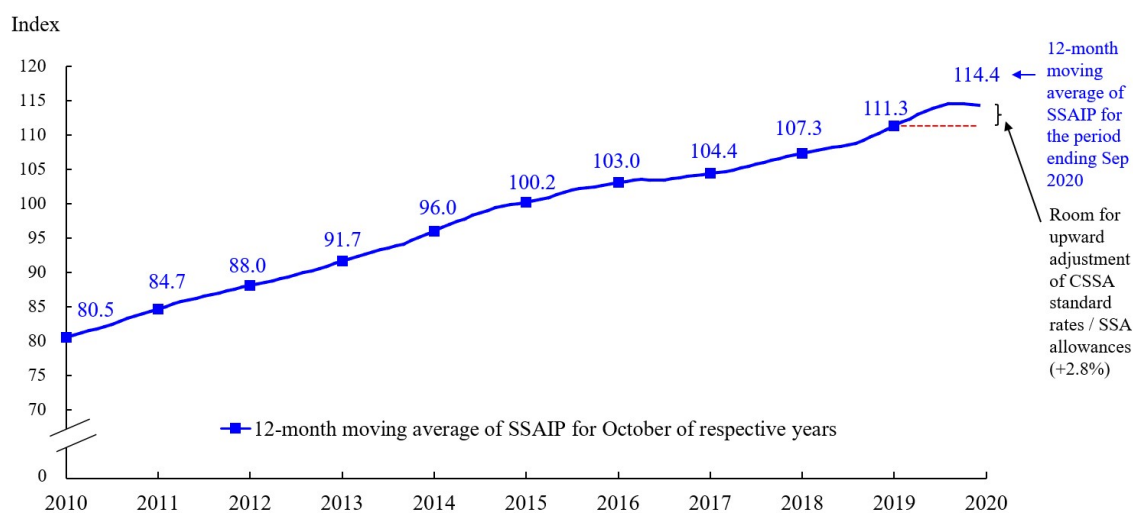
5. As shown in the chart below, the 12-month moving average of the SSAIP for the period ending September 2020 registered a cumulative increase of 2.8% when compared with the average figure ending October 2019. This reflects that there is room for an upward adjustment to the standard payment rates under the CSSA scheme as well as OAA, OALA and DA.

⁴ In this paper, the CSSA Scheme includes the Portable CSSA Scheme.

⁵ In this paper, OAA includes those payable under the Guangdong Scheme and the Fujian Scheme.

⁶ In this paper, OALA includes Normal OALA and Higher OALA as well as those payable under the Guangdong Scheme and the Fujian Scheme.

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



6. The data for October 2020 will be ready by the end of November this year for calculating the annual movement of the SSAIP up to the end of October 2020. The Government plans to use the SSAIP up to the end of October 2020 in our submission to FC on the proposed increases in the standard payment rates under the CSSA Scheme as well as OAA, OALA and DA under the SSA Scheme.

7. Separately, ‘the Chief Executive's 2019 Policy Address’ announced a series of measures to improve the CSSA. These measures included increasing the MRA significantly (details as set out in paragraph 9 below), raising the maximum level of the monthly disregarded earnings substantially, strengthening employment services, extending a range of supplement and special grants (including the monthly telephone grant, the grant to cover cost of glasses and the grant to cover cost of dental treatment, etc.) to eligible non-elderly able-bodied recipients, etc. The FC approved the relevant proposal on 29 May 2020. The Government has implemented the measure on increasing the MRA since 1 July 2020 and will continue to implement various measures as soon as possible by phase.

MRA

The Estimated Adjustment to the MRA

8. Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of the monthly allowance is equal to the actual rent paid by the household, or the MRA determined with reference to

the number of members in the household who are eligible for CSSA, whichever is the less. FC has authorised the Secretary for Financial Services and the Treasury (SFST) to adjust the MRA annually in accordance with the movement of the rent index. The prevailing MRA is provided at **Annex 2**.

9. As stated in paragraph 7 above, ‘the Chief Executive’s 2019 Policy Address’ announced that the MRA under the CSSA Scheme would be increased with reference to different household sizes and the highest rate of increase was 27%. The relevant increase was already implemented on 1 July 2020 and has been reflected at the aforementioned Annex 2. The increase helped to immediately reduce the number of households in rented private housing and paying a rent which exceeded the MRA. Separately, the Consumer Price Index (A) rent index for private housing as compiled by the Census and Statistics Department has been recording a decrease since April 2020 which reflected a drop in market rent level.

10. The 12-month moving average of the rent index for the period ending September 2020 indicates that there is still room for increasing the MRA by 1.6%. The Government will use the rent index up to the end of October 2020 to adjust the prevailing MRA in accordance with the established mechanism. The following table sets out the MRA level as at February 2020 and the level which took into account the one-off increase in MRA with effect from 1 July 2020 as well as the upward adjustment of 1.6% with reference to the figures for the period ending September 2020. The increase ranges from 4% to 29% -

Eligible household members	Level as at February 2020	Level taking into account the one-off increase with effect from 1 July 2020 as well as the upward adjustment of 1.6% with reference to the figures for the period ending September 2020	Increase (Percentage)
1	\$1,945	\$2,515	\$570 (+29%)
2	\$3,915	\$4,440	\$525 (+13%)
3	\$5,115	\$5,330	\$215 (+4%)
4	\$5,445	\$6,005	\$560 (+10%)
5	\$5,460	\$6,695	\$1,235 (+23%)
6 or above	\$6,820	\$7,800	\$980 (+14%)

Financial Implications

11. After receiving the relevant data up to the end of October 2020, the Government will calculate the annual movement of the SSAIP and the rent index by the end of November 2020, so as to confirm the financial implications of the adjustment which will take effect from 1 February 2021.

Implementation

12. The Government plans to seek FC's approval for the proposals on adjustment of the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme in December 2020, in accordance with the latest SSAIP figures. Subject to FC's approval, the new rates will take effect from 1 February 2021.

13. Separately, the MRA will be adjusted according to the mechanism mentioned in paragraph 8 above. The adjusted MRA will also take effect from 1 February 2021 if approved by the SFST.

**Labour and Welfare Bureau
Social Welfare Department
November 2020**

Average Monthly CSSA Payments by the Number of Eligible Members in a Household

[This refers to the situation when CSSA households do not have income other than CSSA payments (including standard rates, supplements and special grants). The estimate is based on CSSA cases for the period of November 2018 to October 2019 and the CSSA rates effected since 1 February 2020.]

Number of eligible members in a household	Average monthly CSSA payment
1	\$6,927
2	\$10,455
3	\$13,747
4	\$16,422
5	\$18,872
6 or above	\$22,692

Monthly rate of OAA since 1 February 2020

Monthly rate
\$1,435

Monthly rates of OALA since 1 February 2020

Type	Monthly rate
Normal OALA	\$2,770
Higher OALA	\$3,715

Monthly rates of DA since 1 February 2020

Type	Monthly rate
Normal DA	\$1,835
Higher DA	\$3,670

MRA under the CSSA Scheme since 1 July 2020

Number of eligible members in a household	Monthly MRA
1	\$2,475
2	\$4,370
3	\$5,245
4	\$5,910
5	\$6,590
6 or above	\$7,675