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Panel on Welfare Services

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 19 April 2021**

One-off extra allowance to recipients of social security payments, Working Family Allowance and Individual-based Work Incentive Transport Subsidy

Purpose

This paper provides background information and gives an account of the discussions of the Panel on Welfare Services ("the Panel") on the provision of one-off extra allowance for recipients of social security payments, Working Family Allowance ("WFA") and individual-based Work Incentive Transport Subsidy ("WITS") by the Administration.

Background

2. The Administration has provided one-off extra allowance to recipients of Comprehensive Social Security Assistance ("CSSA") and Social Security Allowance ("SSA") consecutively since the 2007-2008 financial year. In the 2021-2022 Budget, the Financial Secretary has announced to provide an extra allowance to social security recipients, which is equal to half of a month of the standard rates of CSSA, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of WFA and individual-based WITS.

Deliberations of the Panel

3. Issues relating to the provision of one-off extra allowance to recipients of social security payments, WFA and individual-based WITS

were discussed at a number of meetings of the Panel. The major deliberations and concerns of members are summarized in the ensuing paragraphs.

Effectiveness of one-off relief measures

4. While expressing support for providing additional relief measures for the disadvantaged, some members were concerned about the long-term effectiveness of the one-off measures, which had been implemented for a number of consecutive years, to assist the CSSA and SSA recipients. These members were of the view that the Administration should consider adjusting upwards the standard rates of CSSA and SSA rates if the current payment levels were proven to be inadequate for the recipients even at times of economic downturn. Pointing out that the CSSA Scheme had not been reviewed since 1999, some other members were concerned that many CSSA households had to use the CSSA payments to pay for rental expenses as the actual rent paid by them had exceeded the maximum rent allowance ("MRA") payable to them. These members called on the Administration to conduct a study on the needs of the disadvantaged groups and on whether the existing levels of CSSA payments were adequate to meet their needs.

5. The Administration advised that the making of the decisions to provide additional one-off payments was based on individual circumstances on each occasion. This did not mean that the Administration considered the existing CSSA and SSA payment rates inadequate. The standard rates of CSSA and SSA rates would continue to be adjusted annually in accordance with the established mechanism to reflect price changes. This apart, on top of the regular monitoring on the changes of the Social Security Assistance Index of Prices ("SSAIP"), the weighting system of SSAIP was updated every five years on the basis of the findings of the Household Expenditure Survey on CSSA Households to ensure that up-to-date expenditure patterns of CSSA households were accurately reflected in the compilation of SSAIP. An increase in the standard rates in accordance with the movement of SSAIP would enable CSSA recipients to catch up with inflation. Irrespective of household sizes, the average monthly CSSA payments were higher than the average monthly expenditure of non-CSSA households in the lowest 25% expenditure group. Considering that the current annual adjustment mechanism had worked effectively, the Administration had no plan at this stage to review the CSSA standard rates.

6. As regards review of the CSSA Scheme, the Administration advised that it had completed a review of the "pro-employment" measures under the

CSSA Scheme and took the opportunity to look into all supplements and special grants which were provided for eligible CSSA recipients to meet their special needs. Following the announcement in the Chief Executive's 2019 Policy Address a series of measures to improve the CSSA Scheme, which included increasing MRA significantly, raising the maximum level of the monthly disregarded earnings substantially, strengthening employment support services, extending a range of supplement and special grants to eligible non-elderly able-bodied recipients, which involved an additional expenditure of \$1 billion per year, the Finance Committee ("FC") of the Legislative Council had approved the relevant proposal in May 2020.

7. Some members suggested that the Administration should consider providing CSSA recipients living in rented private housing with an extra month of rent allowance or non-accountable rent allowance. The Administration advised that the Community Care Fund ("CCF") had relaunched and enhanced the programme entitled "Subsidy for CSSA Recipients Living in Rented Private Housing" ("the Programme") in 2017 to provide a one-off subsidy for CSSA households living in rented private housing and paying rent which exceeded MRA under the CSSA Scheme. The Programme had been extended to end-April 2021.

8. Members raised concern that the one-off relief measure could not provide immediate and direct assistance for the low-income group and the unemployed. There was a view that the Administration should provide concrete assistance, such as unemployment subsidy, for the unemployed. According to the Administration, the Labour Department had launched a series of measures to strengthen employment assistance and support. CSSA was not the only source of assistance available for those in need. Where there were proven needs, other forms of assistance, such as emergency relief, temporary cash grants from charitable trust funds and assistance in kind were available. The Social Welfare Department ("SWD") staff would, having regard to individual circumstances, render appropriate assistance to those in need.

9. Some members held the view that the introduction of one-off measures was an attempt of the Administration to avoid increasing social security assistance and providing other types of financial assistance. The Administration advised that at present, priority was accorded to assisting low-income working families living below the poverty line.

Enhancing the Working Family Allowance Scheme and the Work Incentive Transport Subsidy Scheme

10. Members considered that as many casual workers were unable to

meet the working hour requirements under the WFA Scheme, the Administration should further relax the working hour requirements and increase the payment rates of WFA with a view to benefiting more low-income families. Given that the amount of WITS had not been adjusted since 2011, they called on the Administration to resume the household-based WITS and set a timetable for reviewing the amount of WITS.

11. The Administration advised that it had implemented enhancement measures which included relaxing the income and working hour requirements under the WFA Scheme and increasing all payment rates of the Scheme in April 2018 in order to benefit more households, particularly single-parent households, households with children and singleton households. The WFA Scheme had since then included an additional tier of working hour requirements to cater for various compositions and situations of working households. As announced in the Chief Executive's 2019 Policy Address, the Administration had further enhanced the WFA Scheme by increasing all payment rates of WFA. In the context of receiving briefing on the welfare initiatives featuring in the Chief Executive's 2020 Policy Address, members were advised that the Administration would complement the trial scheme of the Transport and Housing Bureau of providing cash allowance for low-income households who had been waiting for public rental housing ("PRH") allocation over a prolonged period of time by introducing a set of higher income limits for other eligible non-PRH households under the WFA Scheme.

12. At the meeting on 8 February 2021, members were advised that in response to the challenges brought by the protracted coronavirus disease 2019 pandemic, the Administration would abolish the individual-based WITS Scheme so as to pool resources for implementing the proposed reduction, on a one-year time-limited basis, of (a) the basic working hour requirement of the WFA Scheme from 144 to 72 hours per month for non-single-parent households; and (b) the working hour requirement for WFA Medium Allowance from 168 to 132 hours per month. Subject to the approval of FC, the time-limited reduction of working hour requirements under the WFA Scheme would take effect from the claim month of June 2021 at the earliest, with the last claim month for the individual-based WITS Scheme being May 2021.

13. On members' concern that many ethnic minorities ("EMs") might not be aware of the WFA Scheme due to language barrier, the Administration advised that various non-governmental organizations which provided dedicated support for EMs had assisted the latter in applying for WFA.

Disbursement of payments

14. Some members expressed concern about whether there was sufficient manpower to implement the one-off relief measures smoothly. There were suggestions that the Administration should establish a mechanism for future disbursement of one-off subsidies, or set up a super computer system so as to speed up the disbursement of the one-off extra allowance.

15. The Administration advised that additional manpower was not required for implementing the one-off relief measures. SWD would review its work arrangements and the procedure for disbursing one-off extra allowance as and when necessary in order to enhance efficiency. It should be noted that SWD and the Working Family and Student Financial Assistance Agency would make necessary adjustments to their computer systems and disburse the one-off extra payments a month after obtaining funding approval from FC 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 were not required to make separate applications for the one-off extra allowance.

Latest development

16. The financial proposal relating to the time-limited reduction of working hour requirements under the WFA Scheme as referred to in paragraph 12 above was approved by FC at its meeting on 26 March 2021.

Relevant papers

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

**Relevant papers on
one-off extra allowance to recipients of social security payments,
Working Family Allowance and
Individual-based Work Incentive Transport Subsidy**

Committee	Date of meeting	Paper
Panel on Welfare Services	30 March 2007 (Item II)	Agenda Minutes
	17 March 2008 (Item V)	Agenda Minutes
	8 June 2009 (Item V)	Agenda Minutes
	12 April 2010 (Item V)	Agenda Minutes
	9 May 2011 (Item IV)	Agenda Minutes
	12 April 2012 (Item VI)	Agenda Minutes
	21 May 2013 (Item IV)	Agenda Minutes
	12 May 2014 (Item III)	Agenda Minutes
	13 April 2015 (Item IV)	Agenda Minutes CB(2)1498/14-15(01)
	11 April 2016 (Item V)	Agenda Minutes
	13 March 2017 (Item IV)	Agenda Minutes
9 April 2018 (Item III)	Agenda Minutes	

Committee	Date of meeting	Paper
	15 April 2019 (Item III)	Agenda Minutes CB(2)1492/18-19(01)
	11 November 2019 (Item IV)	Agenda Minutes CB(2)471/19-20(01)
	22 April 2020 *	CB(2)868/19-20(01)
	30 December 2020	CB(2)504/20-21(03)
	8 February 2021 (Item V)	Agenda

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