

LEGCO PANEL ON WELFARE SERVICES

Meeting on 12 July 1999

Agenda Item IV: CSSA ISSUES

(a) Effect of tightening of CSSA on the elderly and the disabled

(i) To require elderly persons who are living with their family members to apply for CSSA on a household basis

The objective of the CSSA Scheme is to provide cash assistance to bring the income of needy individuals and families up to a level to meet their basic needs. In determining whether a family is eligible for assistance, we take into account the resources and the needs of the whole family. In other words, the monthly income and the needs of **all household members** are aggregated in determining the family's eligibility and the amount of assistance payable.

2. To strengthen control and safeguard public expenditure against fraud and abuse, one of the measures proposed in the Report on Review of the CSSA Scheme (December 1998) (hereunder 'the Review Report') is to reinforce the gate-keeping mechanism whereby CSSA applicants are strictly required to apply on a household basis if they are living with other family members under the same roof and enjoying the benefit of shared household facilities (see paragraph 75 of the Review Report). Such a requirement is to encourage family support and prevent people from abusing the system by singling out individual elderly or unemployed family members who have no financial means to apply for assistance on their own.

3. Members of the same family should have a social relationship and social dependence on each other. The income-earners in a family should take up the responsibility of supporting their family members who have no financial means. However, the Social Security Field Units did come across actual cases where children declared that they could not financially support their parents when in fact they did have the capacity. It would be unfair for individual families to shift the burden of supporting their non-income-earning family members to taxpayers.

4. For family that the children have genuine financial difficulty in supporting their parents, they should apply for CSSA on a household basis. Where the total monthly income of the family is assessed to be insufficient to meet its total 'recognized' needs, CSSA can be paid to make up the difference. Then the system would be an equitable and fair one.

5. The average monthly CSSA payments shown in Annex 4 of the Review Report were those made to households without any income. This has been explained in one of its footnotes. It is misleading to say that the Government would spend much more because of its policy to require people living with income-earning family members to apply for CSSA on a household basis. On the contrary, the Government's expenditure would rise inexorably if persons having no personal income were allowed to apply for CSSA on an individual basis even if they were living with their families.

6. The Social Welfare Department (SWD) has never suggested that arrangement will be made for an elderly person to be admitted to a residential institution if the elderly person has difficulty in getting along with his family members. We recognize that some elderly persons may have a relationship problem with their family members. However, this should not be used as a pretext for singling out an elderly family member to apply for CSSA as a single person on his own although exceptional cases will be considered individually. Where a family with any such problem is known to SWD, appropriate services including counselling will be rendered to the elderly person and his family members. Institutional care for an elderly person should always be a last resort.

(ii) Special grant to cover telephone charges

7. Where a CSSA recipient who is old, disabled or medically certified to be in ill-health is in need of a telephone on his own, a special grant is payable to meet the telephone charges **in full**, irrespective of whether he is living with any able-bodied family member.

8. SWD has issued clear guidelines to its staff on the new measures

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(b) Extension of grace period for sale of owner-occupied property and after school care service allowance for single parent families

(i) Treatment of an owner-occupied residential property

Under the new policy which came into effect on 1 June 1999, the value of an owner-occupied residential property will be included for the asset test after a grace period of 12 months in **cases involving any able-bodied adult aged below 50 and where there is no family member who is old, disabled or medically certified to be in ill-health.**

2. The spirit of this new policy is to rectify an anomaly in relation to the asset test under the CSSA Scheme: it would be unfair that a family owning a residential property worth, say, more than \$1 million, is eligible for CSSA while another family owning other assets, e.g. stocks or bank savings, of a value of well below \$0.1 million is denied assistance.

3. We recognize that it may take some time for a person to dispose of a residential property. Hence we allow those affected by the new policy a grace period of 12 months, which is by no means a short period. Applicants owning other forms of assets are not given any grace period before the value of their assets is taken into account.

4. In recognition of the special difficulties which some single parents with young children might face, the Director of Social Welfare (DSW) has the discretion to extend the grace period so that single parent cases involving young children can continue to receive assistance without disposing of their residential property, provided that the youngest child in the family is below 15 and that the total value of the assets held by the family including the net value of the owner-occupied residential property is insufficient for the family's maintenance for ten years according to CSSA standards. It is believed that most of the single parent recipients with young children who are living in self-owned properties will benefit from this provision, and their

residential property will not be included for the asset test until the youngest child reaches 15.

5. We use the following formula to calculate the amount required for the maintenance of a single parent family for ten years by CSSA standards:

$$[(\text{Standard rates} + \text{single parent supplement} + \text{maximum rent allowance} + \text{average monthly special grants excluding rent allowance}) \times 120 \text{ months}]$$

6. The 'net value' of a residential property is defined as the market value of the property less any outstanding mortgage and legal fees involved, and where the property in question is a Home Ownership Scheme or Tenants Purchase Scheme flat, also less any premium payment, which has to be made to the Housing Authority.

7. Where the property is not wholly owned by an applicant, we will take into account only the applicant's share of interest.

8. The Social Welfare Department (SWD) will consider compassionate rehousing for families which require genuine and immediate long-term housing assistance because of special social or medical needs. These include those who no longer own their homes.

(ii) Special grant to meet after school care programme (ASCP) fees

9. During the 1998 CSSA Review, the Administration considered it necessary to cut down the types of special grants for able-bodied adults/children to those which **are absolutely essential** to guard against reliance on CSSA becoming a preferred option [for details, see paragraph 51-53 of the Report on the CSSA Review (December 1998)]. This recommendation was implemented on 1 June 1999 together with other recommendations arising from this review. Able-bodied adults/children are now entitled to special grants to cover rent, water charge, schooling expenses, child-care centre fees and burial expenses.

10. No special grant is payable to cover ASPC fees for able-bodied children. Participation in ASCP is not considered absolutely essential. It

should also be noted that the Administration has dropped the proposal to require single parents on CSSA to seek work when their youngest child reaches 12. In other words, single parents on CSSA are still given the choice to take care of their children at home until their youngest child reaches 15.

11. After tightening of standard rates, supplements and special grants for able-bodied adults/children as from 1 June 1999, the estimated average monthly CSSA payments are still close to or even slightly higher than the average monthly expenditures of non-CSSA households in the lowest 25% expenditure group. CSSA families are expected to budget carefully to meet their various needs (including admitting their children to ASCP if they wish to do so) as other low-income families do.

12. For children having behavioural or emotional problems, school social workers or caseworkers of Family Services Centres will be able to offer counseling and other appropriate assistance.