

ITEM FOR FINANCE COMMITTEE

HEAD 170 - SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Members are invited to approve supplementary provision of \$250 million under Subhead 179 Comprehensive social security assistance scheme.

PROBLEM

The approved provision for the Comprehensive Social Security Assistance (CSSA) Scheme may be inadequate to meet increased expenditure in 2002-03.

PROPOSAL

2. The Director of Social Welfare proposes supplementary provision of \$250 million under Subhead 179 Comprehensive social security assistance scheme.

JUSTIFICATION

Upward Trend of CSSA Caseload

3. We have observed an upward trend of CSSA cases since late 2000, particularly in the unemployment category. As at December 2002, total CSSA caseload amounted to 266 571, representing an increase of 10.3% over December 2001.

4. Between April and December 2002, overall CSSA caseload increased by 7.8%. The largest increases were registered in the categories of unemployment (28.2%), low earnings (16.1%) and single parent family (12.3%). As a result, these three categories of able-bodied CSSA recipients totaling 84 276 cases now account for 31.6% of the total CSSA caseload. We assess that the number of families requiring financial support by the Government will continue to increase in the current economic climate characterized by high unemployment.

Supplementary Provision Required

5. The approved CSSA provision for 2002-03 is \$16,000 million. This has already allowed for an increase of some \$1,600 million over the actual expenditure in 2001-02, representing a growth rate of 11.1%. As at end of December 2002, the cumulative expenditure for the first nine months of this financial year was \$12,086.3 million, representing 75.5% of the approved provision. This leaves a balance of \$3,913.7 million for meeting the three-month expenditure from January to March 2003.

6. CSSA is a non-cash-limited scheme and payment should not be withheld from or delayed to those in need. Based on the upward trend in cases, we are seeking supplementary provision of \$250 million to ensure that adequate funds will be available for the Social Welfare Department to make payments on time, estimated as follows -

	\$ Million
Approved provision	16,000
Expenditure from 1 April to 31 December 2002	(12,086.3)
Estimated expenditure from 1 January to 31 March 2003	(4,162.3)
Estimated shortfall	248.6
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The estimated expenditure for the period January to March 2003 is projected on the basis of recent trends in individual categories of CSSA cases and taking into account the need to cater for further unexpected increases in cases should the situation arise. The latter takes the form of a buffer of about \$100 million. Given the nature of CSSA, it is considered appropriate to have a buffer built into the estimated expenditure to meet increasing demand. Any excess in the approved provision for CSSA cannot be redeployed for other purposes.

FINANCIAL IMPLICATIONS

7. We are seeking supplementary provision of \$250 million for the CSSA Scheme. Subject to Members' approval of the proposal, we shall offset the supplementary provision required by deleting an equivalent amount under Head 170 Social Welfare Department Subhead 180 Social security allowance (SSA) scheme as the estimated expenditure on SSA for the 2002-03 financial year will be below the approved provision.

BACKGROUND INFORMATION

Encl. 8. The CSSA Scheme provides a safety net for individuals and families who are unable to support themselves financially. An explanatory note on the Scheme is at the Enclosure.

9. We briefed the Legislative Council Panel on Welfare Services on the need to seek supplementary provision at its meeting on 10 February 2003. Panel Members supported the application.

Health, Welfare and Food Bureau
February 2003

Comprehensive Social Security Assistance Scheme

Introduction

The Comprehensive Social Security Assistance Scheme is designed to provide a safety net for individuals or families who are unable to support themselves financially because of age, disability, illness, low earnings, unemployment or family circumstances. It provides cash assistance to bring the income of such individuals or families up to a prescribed level to meet their basic and essential needs.

Eligibility

2. The Scheme is non-contributory and means-tested. Applicants must be Hong Kong residents. They are required to satisfy a one-year residence requirement although in exceptional circumstances, the Director of Social Welfare may exercise discretion to waive this requirement. In addition, able-bodied adults who are unemployed or working part-time but available for full-time work are required to actively seek work and participate in the Support for Self-reliance Scheme as a condition of receiving assistance.

Payment

3. The amount of assistance is determined by the monthly income and needs of a family. The difference between the total assessable monthly income of a family and its total monthly needs as recognized under the Scheme in terms of various types of payment will be the amount of assistance payable. When assessing a family's monthly income, earnings from employment and training/retraining allowance can be disregarded up to a prescribed level so as to provide an incentive to work and training/retraining.

4. The Scheme embraces different standard payment rates to meet normal day-to-day living needs, such as food, fuel and light, clothing and footwear, of different categories of recipients.

5. In addition, an annual long-term supplement is paid to those who are old, disabled or medically certified to be in ill-health and who have been receiving assistance continuously for more than 12 months for the replacement of household and durable goods. A monthly supplement is also paid to single parents in recognition of the special difficulties they face in bringing up families on their own without the support of spouses.

6. Apart from the standard payments, non-standard payments in the form of special grants are payable to cover rent, water charge, schooling expenses, child care center fees and burial expenses. Recipients who are old, disabled or medically certified to be in ill-health are also entitled to other special grants to meet their special needs such as medically recommended diets and appliances.