

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive Social Security Assistance Scheme

Members are invited to approve a supplementary provision of \$300 million under Head 170 Social Welfare Department 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 2003-04.

PROPOSAL

2. The Director of Social Welfare proposes a supplementary provision of \$300 million under Head 170 Social Welfare Department Subhead 179 Comprehensive Social Security Assistance Scheme.

JUSTIFICATION

Upward Trend of CSSA Caseload

3. Despite the decrease in unemployment cases during the latter months of 2003, the overall CSSA caseload has continued to grow. As at December 2003, the overall CSSA caseload amounted to 290 206, representing an increase of 8.9% over December 2002.

/4.

4. Between April and December 2003, the overall CSSA caseload increased by 6.7%. Higher increases were recorded in the months from April to June 2003 due to the outbreak of Severe Acute Respiratory Syndrome (SARS). With the recovery of the economy after SARS and the introduction of intensified measures under our Support for Self-reliance Scheme since 1 June 2003, we have seen a more stabilized CSSA caseload in recent months. Nonetheless, the approved provision is likely to be inadequate to cope with the difficult situation caused by the unprecedented situation this financial year which, of course, could not have been predicted.

Supplementary Provision Required

5. The approved CSSA provision for 2003-04 is \$17,030 million. This is some \$900 million (or 5.6%) higher than the actual expenditure in 2002-03. As at end of December 2003, the cumulative expenditure for the first nine months of this financial year was \$13,282.1 million, representing 78% of the approved provision. This leaves a balance of \$3,747.9 million to meet the three-month expenditure from January to March 2004.

6. CSSA is a non-cash-limited scheme and payment should not be withheld from or delayed to those in need. Based on the present trend of cases, we are seeking a supplementary provision of \$300 million to ensure that adequate funds will be available for the Social Welfare Department to make payments on time, estimated as follows -

	<u>\$ Million</u>
Approved provision	17,030
Expenditure from 1 April to 31 December 2003	(13,282.1)
Estimated expenditure from 1 January to 31 March 2004	(4,045.0)
Estimated shortfall	<u>297.1</u>
	say \$300 million

7. The estimated expenditure for the period January to March 2004 is projected on the basis of recent trends in individual categories of CSSA cases and taking into account the need to cater for unexpected increase in cases should the situation arise. The latter takes the form of a buffer of about \$50 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 and will therefore not be mis-directed if not required for CSSA purposes.

FINANCIAL IMPLICATIONS

8. We intend to offset the supplementary provision sought by adjusting the provision under Head 170 Social Welfare Department Subhead 180 Social Security Allowance Scheme and Head 106 Miscellaneous Services Subhead 251 Additional commitments.

BACKGROUND INFORMATION

9. 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.

Encl.

10. We briefed the Legislative Council Panel on Welfare Services on the need to seek supplementary provision at its meeting on 9 February 2004. Members supported the funding application.

Health, Welfare and Food Bureau
February 2004

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 have been a Hong Kong resident for at least seven years but those who have become Hong Kong residents before 1 January 2004 and children aged below 18 are exempted from the seven-year residence requirement. In exceptional circumstances, the Director of Social Welfare may exercise discretion to grant assistance to an applicant who does not satisfy the residence 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.
