

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Subhead 180 Social security allowance scheme

Members are invited to approve the provision of one additional month of the standard rate of Comprehensive Social Security Assistance (CSSA) payment for CSSA recipients and one additional month of the allowance for Social Security Allowance (SSA) recipients; and to note the financial implications estimated at \$1.5 billion on a one-off basis.

PROBLEM

We propose to share the fruits of economic prosperity with the welfare recipients by providing the recipients of CSSA and SSA with additional social welfare assistance.

PROPOSAL

2. As announced in the 2007-08 Budget, we propose to provide one additional month of the standard rate of CSSA payment for CSSA recipients and one additional month of the allowance for SSA recipients.

CSSA recipients

3. Under the CSSA scheme, different standard rates are applicable to different categories of recipients (such as elderly persons, children or able-bodied adults). The amount of additional assistance on a one-off basis as proposed will be equivalent to the individual recipient's monthly standard rate. For example -

/Single

Single person able-bodied elderly	\$2,305
Single person able-bodied child	\$1,955
Single person able-bodied adult	\$1,630
A 3-member CSSA family comprising one single parent (a family-carer) and two able-bodied school children	\$4,510
A 4-member CSSA family comprising two able-bodied adults (one of them is a family-carer) and two able-bodied school children	\$5,170

SSA recipients

4. SSA recipients will be given a one-off payment of one-month Disability Allowance or Old Age Allowance. The amounts are as follows -

Normal Old Age Allowance	\$625
Higher Old Age Allowance	\$705
Normal Disability Allowance	\$1,140
Higher Disability Allowance	\$2,280

5. As the CSSA and SSA Schemes are administrative schemes, no legislative amendment is necessary.

6. If members approve the proposal, we will implement the proposed measure as soon as possible.

JUSTIFICATION

7. We have allocated enormous resources in setting up a non-contributory social security system, including CSSA and SSA, to provide financial assistance for those in need. In view of the improvement of the fiscal condition of the Government this year, the proposed provision of the one-off additional assistance would allow the CSSA and SSA recipients to share the fruits of economic prosperity.

/FINANCIAL

FINANCIAL IMPLICATIONS

8. We estimate that the financial implications of this one-off additional payment is \$1.5 billion, benefiting over 520 000 CSSA recipients and 580 000 SSA recipients. The amounts are as follows -

	\$ million
(a) additional payment of one-month of the CSSA standard rate	1,000
(b) additional one-month of the SSA allowance	500
Total	<u>1,500</u>

9. We have not included the provision for the proposed additional welfare assistance for the CSSA and SSA schemes in the respective subheads in the 2007-08 Estimates. We have earmarked the necessary funds under Head 106 Miscellaneous Services Subhead 251 Additional commitments. In line with our normal practice, we shall seek the total supplementary provision required under the respective CSSA and SSA subheads towards the end of the 2007-08 financial year if necessary.

PUBLIC CONSULTATION

10. We briefed the Legislative Council Panel on Welfare Services on the proposal in paragraph 2 above on 30 March 2007. Some Members welcomed the proposal, which they considered would benefit those in need. Some Members cast doubt on the long-term usefulness of the proposal but did not object to the funding application.

BACKGROUND

Encl. 11. An explanatory note on the social security system is at Enclosure.

Social Security System

Introduction

Our social security system provides a safety net for individuals and families who are unable to support themselves financially because of age, disability, illness, low earnings, unemployment or family circumstances. The aim of the Comprehensive Social Security Assistance (CSSA) Scheme is to provide financial assistance to individuals or families in need to meet their basic and essential needs. The aim of the Social Security Allowance (SSA) Scheme is to help the severely disabled and the elders and to encourage family support for members with disability or of old age. A person can receive either assistance under the CSSA Scheme or one of the allowances under the SSA Scheme.

Eligibility

2. Both schemes are non-contributory. The CSSA Scheme is means-tested. Applicants for SSA are not subject to means test except that the income and assets of persons aged between 65 and 69 applying for the Old Age Allowance (OAA) must not exceed the prescribed levels.

3. There are residence requirements for both Schemes. In addition, able-bodied CSSA applicants 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.

4. Elderly persons aged 60 or above who have been in receipt of CSSA continuously for not less than one year may join the Portable CSSA Scheme whereby they are allowed to continue to receive their monthly standard payments and annual long-term supplement should they choose to take up permanent residence in Guangdong or Fujian.

Payment

CSSA Scheme

5. 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. The current average monthly CSSA payments for different household sizes are given in the table below -

Number of eligible member	Average monthly CSSA payments * (November 2005 – October 2006)
1	\$3,539
2	\$5,897
3	\$7,914
4	\$9,344
5	\$11,092

Note : * Refer to the situation when CSSA cases do not have income other than CSSA payment. The estimate is compiled based on CSSA cases during November 2005 - October 2006 and adjusted in accordance with CSSA rates implemented as from 1.2.2007.

6. CSSA payments can be broadly classified into three types -
- (a) standard rates;
 - (b) supplements; and
 - (c) special grants.

Under the CSSA Scheme, different standard rates are applicable to different categories of recipients. In addition, an annual long-term supplement is paid to those who are old, disabled or medically certified to be in ill-health and have been receiving assistance continuously for more than 12 months for the replacement of household and durable goods. Monthly supplements are 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 and to severely disabled persons who are not living in residential institutions in recognition of the heavier expenses they may incur while living in the community. Apart from these standard payments, a wide range of non-standard payments in the form of special grants are payable to meet the specific needs of an individual or family. They include payments to cover such expenses as rent, school fees and other educational expenses, medically recommended diets, spectacles and dentures.

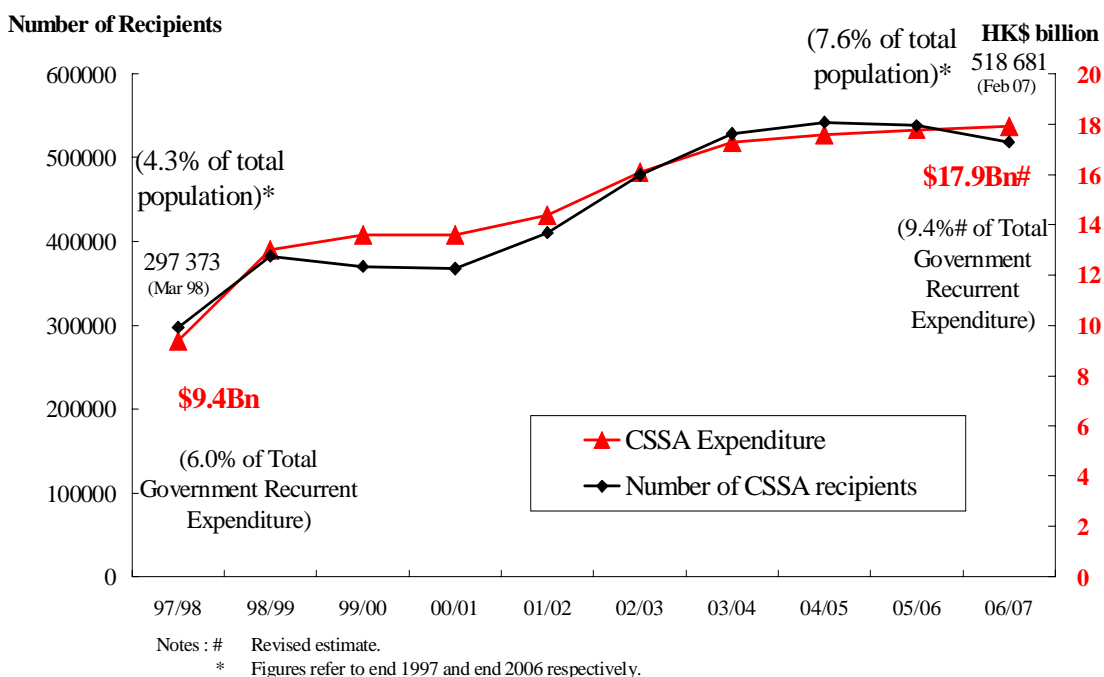
7. The standard rates (item (a) in paragraph 6) paid to different categories of recipients are shown below -

		Standard Rates		
		(\$ per person per month)		
		Single person	Family member	
Elderly person aged 60 or above				
	Able-bodied /50% disabled	2,305	2,175	
	100% disabled	2,795	2,470	
	Requiring constant attendance	3,930	3,605	
Ill-health/Disabled adult aged under 60				
	Ill-health /50% disabled	1,955	1,770	
	100% disabled	2,440	2,110	
	Requiring constant attendance	3,570	3,245	
Disabled child				
	50% disabled	2,600	2,265	
	100% disabled	3,085	2,760	
	Requiring constant attendance	4,215	3,895	
		In a family comprising not more than 2 able-bodied adults/ children	In a family comprising 3 able-bodied adults/ children	In a family comprising 4 or more able-bodied adults/ children
	Single person			
Able-bodied adult aged under 60				
	Single parent/Family carer	-	1,770	1,600
	Other adult	1,630	1,450	1,310
Able-bodied child				
		1,955	1,620	1,455
				1,295

8. As at end February 2007, there were 518 681 recipients under the CSSA Scheme. The estimated expenditure of CSSA for the year 2007-08 is \$18.3 billion. Overall, the CSSA expenditure increased from \$9.4 billion in 1997-98 to \$17.9 billion in 2006-07 (revised estimate), representing an increase of 89.4% over the ten years.

/Overall

Overall CSSA Expenditure and Recipients in the Past Decade



SSA Scheme

9. Four allowances are payable under this Scheme as follows -

(a) Normal Disability Allowance (NDA)

For severely disabled persons who, broadly speaking, suffer from a 100% loss of earning capacity, or who are profoundly deaf.

(b) Higher Disability Allowance (HDA)

For severely disabled persons who require constant attendance from others in their daily life but are not receiving such care in a government or subvented residential institution or a medical institution under the Hospital Authority.

(c) Normal Old Age Allowance (NOAA)

For persons aged between 65 and 69 whose income and assets do not exceed the prescribed levels.

(d) Higher Old Age Allowance (HOAA)

For persons aged 70 or above.

10. The current monthly payments for Disability Allowance (DA) and OAA are given in the tables below -

Type of Allowances	Existing Monthly Rate
NDA	\$1,140
HDA	\$2,280
NOAA	\$625
HOAA	\$705

11. As at end February 2007, there were 582 033 recipients under the SSA Scheme, of whom 116 569 were DA recipients and 465 464 were OAA recipients. The estimated expenditures of the DA and OAA for the year 2007-08 are \$1.9 billion and \$4.0 billion respectively. Overall, DA expenditure increased from \$1.2 billion in 1997-98 to \$1.7 billion in 2006-07 (revised estimate), representing an increase of 47.7% over the ten years. OAA expenditure increased from \$3.2 billion in 1997-98 to \$3.9 billion in 2006-07 (revised estimate), representing an increase of 19.4% over the ten years.
