

## 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 –

- (a) approve the provision of one additional month of the standard rate of Comprehensive Social Security Assistance payment for Comprehensive Social Security Assistance recipients and one additional month of allowance for recipients of Disability Allowance;
- (b) approve the provision of a one-off grant of \$3,000 for recipients of Old Age Allowance;
- (c) approve the provision of a monthly transport supplement of \$200 each for Comprehensive Social Security Assistance recipients aged between 12 and 64 with 100% disability and recipients of Disability Allowance in the same age group;
- (d) note the financial implications of (a) and (b) above estimated at \$1.2 billion and \$1.5 billion respectively on a one-off basis, and of (c) above estimated at \$230 million in annual recurrent expenditure; and
- (e) approve supplementary provisions of \$1,075.9 million and \$1,796.6 million under Head 170 Social Welfare Department Subhead 179 Comprehensive social security assistance scheme and Subhead 180 Social security allowance scheme respectively.

**/PROBLEM .....**

**PROBLEM**

We propose to share the fruits of economic prosperity with welfare recipients on the Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA). We also hope to encourage persons with disabilities (PWDs) to participate more in activities away from home, thereby enhancing their integration into society.

**PROPOSAL**

2. We propose to provide the following –
  - (a) one additional month of the standard rate of CSSA payment for CSSA recipients and one additional month of allowance for Disability Allowance (DA) recipients;
  - (b) a one-off grant of \$3,000 for Old Age Allowance (OAA) recipients; and
  - (c) a monthly transport supplement of \$200 each for CSSA recipients aged between 12 and 64 with 100% disability<sup>1</sup> and DA recipients in the same age group.

**JUSTIFICATION****One-off Payment for Welfare Recipients**

3. To share the fruits of economic prosperity with welfare recipients, the Financial Secretary proposed in the 2008-09 Budget Speech to provide one-off additional assistance for CSSA and SSA recipients.

4. 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. Examples are as follows –

/Single .....

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<sup>1</sup> Recipients under the CSSA Scheme with 100% disability include those PWDs requiring constant attendance.

Single able-bodied elderly aged 60 or above	\$2,370
Single able-bodied child	\$2,010
Single able-bodied adult under 60	\$1,675
A three-member CSSA family comprising a single parent (being a family carer) and two able-bodied children	\$4,635
A four-member CSSA family comprising two able-bodied adults (one of them being a family carer) and two able-bodied children	\$5,315

5. For SSA recipients, we also propose to provide DA recipients with one additional month of allowance. The amounts are as follows –

Normal Disability Allowance (NDA)	\$1,170
Higher Disability Allowance (HDA)	\$2,340

As for OAA recipients, we propose to provide a one-off grant of \$3,000 for each recipient.

6. If Members approve the above proposals, we will finalise the implementation details with a view to effecting payment around the middle of this year.

### **Monthly Transport Supplement for PWDs**

7. To meet the basic transport needs of PWDs, the Government has, all along, in addition to the provision of Rehabus service, provided PWDs with financial assistance through the CSSA and DA payment.

8. On Rehabus service, the Rehabus fleet currently comprises 101 vehicles, providing 63 scheduled routes, three feeder routes and a Dial-a-Ride service. In 2008-09, the Government will allocate \$22 million to acquire eight new buses and replace 24 old ones, thereby increasing the number of Rehabuses to 109. To alleviate PWDs' burden in transport expenses, the Government at present subsidises up to 80% of the operating costs of the Rehabus service, amounting to an annual cost of some \$32 million.

9. On financial assistance, DA is provided for recipients on a non-means-tested basis. As mentioned in paragraph 5 above, NDA and HDA amount to \$1,170 and \$2,340 per month respectively. As for CSSA, depending on their degree of disability, the monthly standard rate for PWD recipients ranges from \$1,820 to \$4,335. Total government expenditure on CSSA and DA for PWDs (excluding the above proposed one-off payment for CSSA and DA recipients) is estimated at \$7 billion for 2008-09.

10. In December 2005, the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for PWDs (the Subcommittee) was formed under the Legislative Council's (LegCo's) House Committee to follow up on the transport needs and provision of concessionary public transport fares for PWDs. After rounds of discussion and having regard to the views of PWD groups and public transport operators, the Subcommittee has explicitly requested that concessionary fares should be provided as soon as possible for recipients of CSSA with 100% disability and recipients of DA.

11. We agree that the provision of financial assistance for PWDs to supplement their transport expenditure will help encourage PWDs to participate more in activities away from home, thereby enhancing their contact with and integration into society. Having carefully considered views expressed by the Subcommittee and parties concerned, and having regard to competing funding priorities for various rehabilitation services as well as the findings of a survey about the travelling characteristics of PWDs conducted by the University of Hong Kong in 2006, we propose to provide a monthly transport supplement of \$200 each for CSSA recipients aged between 12 and 64<sup>2</sup> with 100% disability and DA recipients in the same age group. As at end-March 2008, there were about 96 000 PWDs in this identified group.

12. On the operational side, we will effect payment of the transport supplement through the existing CSSA and SSA payment system. In practice, we shall pay the transport supplement together with CSSA or DA into the recipients' bank accounts direct, so that recipients may decide on their own as to how best to make use of the additional supplement having regard to individual needs.

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<sup>2</sup> We propose that recipients of the supplement be confined to those aged between 12 and 64 for the reason that key transport operators are already offering fare concessions to children aged 11 or below and senior citizens aged 65 or above.

13. We see a number of merits in this proposal. First, the Subcommittee has, after rounds of deliberations, agreed that having regard to their degree of disability and financial situation, recipients of CSSA with 100% disability and recipients of DA are those most in need of assistance and encouragement for social integration. This group of PWDs generally does not enjoy any concessionary public transport fares. Providing dedicated resources to supplement their transport needs is not only in line with our established welfare policy objective of helping those most in need, it also meets the Subcommittee's request for providing as soon as possible transport supplement for the PWDs concerned. Second, the provision of transport supplement is the most flexible arrangement in meeting the different transport needs of PWDs. As the supplement will be paid directly into the recipients' bank accounts, the PWDs concerned are free to decide how to make the best use of the additional supplement to meet their transport needs having regard to individual circumstances. Furthermore, as this proposal does not directly involve any other organisations, it can be implemented within a short lead-time after securing funding approval and the PWDs concerned may enjoy the benefits soonest possible. Finally, as payments are to be effected through our existing CSSA and SSA payment system, the administrative costs could be reduced to the minimum. This will ensure that all the additional allocations will be directly used to benefit PWDs.

14. Subject to Members' approval, we intend to effect payment of the transport supplement with effect from July 2008 so that eligible recipients may receive the supplement as early as possible. The rate of transport supplement will be adjusted annually according to the movement of the Social Security Assistance Index of Prices.

## FINANCIAL IMPLICATIONS

15. We estimate that the one-off payment for welfare recipients will involve \$2.7 billion, benefiting about 500 000 CSSA recipients and 600 000 SSA recipients. The breakdown is as follows –

	<b>\$ million</b>
(a) One additional month of the CSSA standard rate payment for CSSA recipients and one additional month of allowance for DA recipients	1,200
(b) One-off grant of \$3,000 for OAA recipients	1,500
<b>Total</b>	2,700

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16. On the basis of the existing number of eligible recipients of 96 000 and the proposed monthly supplement of \$200 for each recipient, we estimate that the proposal on transport supplement for PWDs will cost about \$230 million per annum.

17. We have not included the provision for the proposed additional assistance for welfare recipients in the respective subheads in the 2008-09 Estimates. To implement the proposals in paragraph 2 above in 2008-09, we need to seek supplementary provisions of \$1,075.9 million<sup>3</sup> for the CSSA Scheme and \$1,796.6 million<sup>4</sup> for the SSA Scheme to ensure that adequate funds will be available to make payments on time. If Members approve the proposal, we will offset the supplementary provisions required by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 251 Additional commitments.

## **PUBLIC CONSULTATION**

18. We briefed the LegCo Panel on Welfare Services on the proposal to provide one-off payment for welfare recipients on 17 March 2008. Members generally welcomed the proposal, which they considered would benefit those in need.

19. We briefed the Subcommittee on details of the proposed transport supplement for PWDs on 11 March 2008. While welcoming the initiative from the welfare programme, Members considered that, in the spirit of corporate social responsibility, the Government should continue discussion with public transport operators on the provision of half-fare concession for PWDs. The Government was asked to start immediate discussion with the Mass Transit Railway (MTR) Corporation on the relevant arrangements. In this regard, the Subcommittee is scheduled to meet with the Government and the MTR Corporation on 22 May 2008 to follow up on the matter.

**/BACKGROUND .....**

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<sup>3</sup> Comprising the payment of one additional month of the standard rate of CSSA payment for CSSA recipients around the middle of this year and the provision of monthly transport supplement of \$200 for eligible CSSA recipients between July 2008 and March 2009.

<sup>4</sup> Comprising the payment of a one-off grant of \$3,000 for OAA recipients and one additional month of allowance for DA recipients around the middle of this year as well as the provision of monthly transport supplement of \$200 for eligible DA recipients between July 2008 and March 2009.

**BACKGROUND**

Encl. 20. An explanatory note on the social security system is at the  
Enclosure.

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Labour and Welfare Bureau  
May 2008

## **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 recognised under the Scheme in terms of

/various .....

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 –

<b>Number of eligible member</b>	<b>Estimated average monthly CSSA payments<sup>Note</sup> (November 2006 – October 2007)</b>
1	\$3,579
2	\$5,945
3	\$7,990
4	\$9,451
5	\$11,194

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.

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<sup>Note</sup> 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 2006 - October 2007 and adjusted in accordance with 2.8% upward adjustment to CSSA standard payment rates implemented as from 1 February 2008.

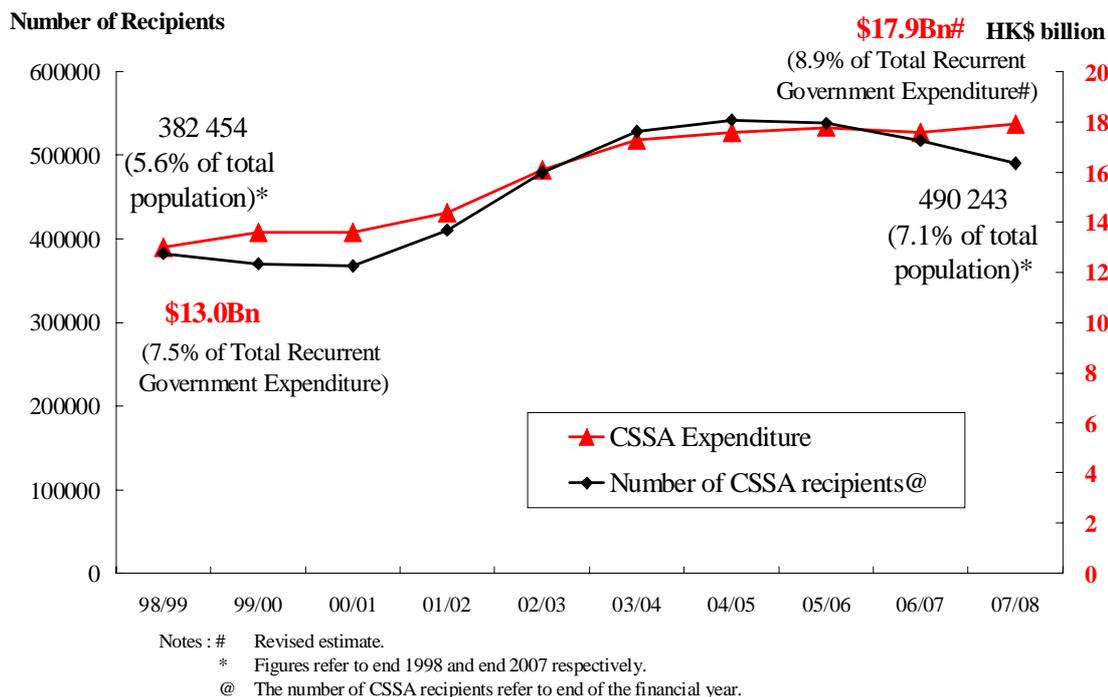
7. The standard rates (item (a) in paragraph 6) paid to different categories of recipients are shown below –

	<b>Standard Rates</b>			
	<b>(\$ per person per month)</b>			
	<b>Single person</b>	<b>Family member</b>		
<b>Elderly person aged 60 or above</b>				
Able-bodied /50% disabled	2,370	2,235		
100% disabled	2,875	2,540		
Requiring constant attendance	4,040	3,705		
<b>Ill-health/Disabled adult aged under 60</b>				
Ill-health /50% disabled	2,010	1,820		
100% disabled	2,510	2,170		
Requiring constant attendance	3,670	3,335		
<b>Disabled child</b>				
50% disabled	2,675	2,330		
100% disabled	3,170	2,835		
Requiring constant attendance	4,335	4,005		
			<b>In a family comprising not more than two able-bodied adults/ children</b>	<b>In a family comprising three able-bodied adults/ children</b>
	<b>Single person</b>			<b>In a family comprising four or more able-bodied adults/ children</b>
<b>Able-bodied adult aged under 60</b>				
Single parent/Family carer	-	1,820	1,645	1,455
Others	1,675	1,490	1,345	1,200
<b>Able-bodied child</b>	2,010	1,665	1,495	1,330

8. As at end-March 2008, there were 490 243 recipients under the CSSA Scheme. The estimated expenditure of CSSA for 2008-09 is \$17.3 billion. Overall, the CSSA expenditure increased from \$13.0 billion in 1998-99 to \$17.9 billion in 2007-08 (revised estimate), representing an increase of 37.3% 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 rates of Disability Allowance (DA) and OAA are shown below –

<b>Type of Allowances</b>	<b>Existing Monthly Rate</b>
NDA	\$1,170
HDA	\$2,340
NOAA	\$625
HOAA	\$705

11. As at end-March 2008, there were 594 341 recipients under the SSA Scheme, of whom 121 182 were DA recipients and 473 159 were OAA recipients. The estimated expenditures of the DA and OAA for 2008-09 are \$2.0 billion and \$4.0 billion respectively. Overall, DA expenditure increased from \$1.3 billion in 1998-99 to \$1.9 billion in 2007-08 (revised estimate), representing an increase of 47.0% over the ten years. OAA expenditure increased from \$3.4 billion in 1998-99 to \$4.1 billion in 2007-08 (revised estimate), representing an increase of 21.1% over the ten years.

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