

政府總部
勞工及福利局
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政府總部



LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

Central Government Offices
Tim Mei Avenue
Tamar, Hong Kong

本函檔號 Our Ref.: LWB T4/18/29

來函檔號 Your Ref.:

2 February 2017

Clerk to the Finance Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Ms Anita SIT)

Dear Ms SIT,

**Legislative Council Finance Committee
Follow-up to Meeting on 16 December 2016**

At the meeting of the Legislative Council Finance Committee held on 16 December 2016, the Government was requested to provide information on the non-contributory Comprehensive Social Security Assistance (CSSA) Scheme, the Social Security Assistance Index of Prices (SSAIP), and the movement in rent of private domestic properties. Having consulted the Social Welfare Department (SWD), the Rating and Valuation Department (RVD), and the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office, I am authorised to reply as follows.

Private Domestic Rental Indices Compiled by RVD

The Consumer Price Index (A) (CPI(A)) rent index for private housing is compiled by the Census and Statistics Department (C&SD) on a monthly basis. This index is aimed at reflecting the trend of the rent paid by non-CSSA households in the lower expenditure group and living

in private housing, and measuring the rental expenditure of the enumerated households (involving new and current residential tenancy agreements) at the time of enumeration. The Private Domestic Rental Indices compiled by RVD are based on an analysis of the rental information recorded by the Department for fresh lettings effective in the month concerned. Private domestic units are classified with reference to floor area (including Classes A to E, of which Class A covers domestic flats less than 40 square metres) for the compilation of private domestic rental index for individual class. As the bases of the indices compiled by C&SD and RVD are different, direct comparison is not appropriate. In this connection, we note that the year-on-year changes (as at March 2016) of the CPI(A) rent index for private housing and the Private Domestic Rental Index (Class A) compiled by RVD were +4.4% and -2.3% respectively.

CSSA Households Paying Rent of Private Housing with Rent Allowance under the CSSA Scheme

Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of the monthly allowance is equal to the actual rent paid by the household, or the maximum rent allowance (MRA) determined with reference to the number of members in the household who are eligible for CSSA, whichever is the less. The MRA is adjusted annually taking account of the movement of CPI(A) rent index for private housing. To relieve the financial burden of some CSSA households living in rented private housing in face of periodical rent increase, the Community Care Fund (CCF) implemented the programme entitled "Subsidy for CSSA Recipients Living in Rented Private Housing" in 2011, and 2013 to 2016 to provide a one-off subsidy to CSSA households living in rented private housing and paying a rent exceeding the MRA under the CSSA Scheme. In 2016, each eligible one-person and two-or-more-person CSSA household was provided with a one-off subsidy of \$2,000 and \$4,000 respectively, benefitting around 15 000 CSSA households.

Based on the statistics kept by SWD, from 2012-13 to 2016-17, the number and percentage of CSSA cases living in private housing and receiving rent allowance with actual rent less than or equal to, and exceeding the MRA plus the average monthly subsidy under the above-mentioned CCF programme are set out in the table below –

Year	CSSA cases	
	Actual rent less than or equal to the MRA plus the average monthly subsidy under the CCF (Percentage)	Actual rent exceeding the MRA plus the average monthly subsidy under the CCF (Percentage)
2012-13	17 846 (50.9%) [#]	17 196 (49.1%) [#]
2013-14	20 723 (65.3%)	11 018 (34.7%)
2014-15	20 565 (66.0%)	10 573 (34.0%)
2015-16	18 875 (62.4%)	11 385 (37.6%)
2016-17 (as at end-September 2016)	17 229 (58.5%)	12 240 (41.5%)

[#] The “Subsidy for CSSA Recipients Living in Rented Private Housing” was not implemented by the CCF in 2012.

Poverty Situation of CSSA Households

The Commission on Poverty agreed that the poverty line should be based on the concept of “relative poverty” and set at 50% of the median monthly household income before policy intervention (i.e. before taxation and social welfare transfer). The poverty line is an analytical tool to analyse the poverty situation and identify the needy groups, assist the Government in formulating policies and assess the policy effectiveness in poverty alleviation. However, without considering household assets, the poverty line is not a “poverty alleviation line” and cannot be taken as the eligibility criteria for any assistance measures. As such, the Government should not automatically offer subsidies to individuals or households whose incomes are below the poverty line. On the contrary, even if the household incomes of some groups are slightly above the poverty line, they may still be eligible for government subsidies subject to their meeting the means tests for individual support schemes. For example, the income limits for receiving the Work Incentive Transport Subsidy, which range from about 60% to 100% of the median monthly domestic household income, are higher than the poverty line.

As at end-December 2016, there were a total of 237 056 families (covering 348 431 beneficiaries) under the CSSA Scheme. In 2016-17, the estimated recurrent expenditure is around \$21.4 billion.

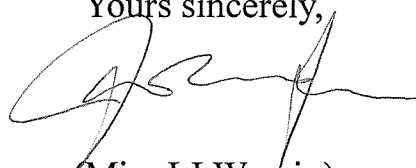
The Formulation and Coverage of SSAIP

The Government takes account of inflation or deflation as reflected by the SSAIP for the past 12 months and adjusts standard

payment rates under the CSSA Scheme and rates of allowances under the Social Security Allowance (SSA) Scheme (namely the Old Age Allowance¹, Old Age Living Allowance and Disability Allowance) on an annual basis. According to the established mechanism, the Government has adjusted upward the payment rates of the above schemes by 2.8% with effect from 1 February 2017.

The updating of the weighting system of the SSAIP, which takes place every five years, has been completed recently. The base year has been adjusted from 2009/10 to 2014/15. The weighting system is compiled using data obtained from the Household Expenditure Survey and it presents CSSA recipients' expenditures on individual categories of goods and services as a proportion of their total expenditures. The weighting system has to be updated regularly to capture the latest expenditure pattern of CSSA recipients. For details of the updated weighting system, please refer to the feature article on SSAIP published in the November 2016 issue of the Hong Kong Monthly Digest of Statistics (<http://www.statistics.gov.hk/pub/B10100022016MM11B0100.pdf>).

Yours sincerely,



(Miss LI Wan-in)

for Secretary for Labour and Welfare

c.c. Secretary for Financial Services and the Treasury
(Attn: Ms Florence WAI)
Director of Social Welfare
(Attn: Miss Rita LAU)

¹ Old Age Allowance includes the Guangdong Scheme.