

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 a 1.4% increase in standard payment rates under the Comprehensive Social Security Assistance Scheme¹ and the rates of allowances under the Social Security Allowance Scheme with effect from 1 February 2018 ; and
- (b) note the financial implications of an extra \$637 million each year arising from item (a) above.

PROBLEM

The standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme and the rates of allowances under the Social Security Allowance (SSA) Scheme are due for adjustment according to the existing mechanism.

PROPOSAL

2. We propose that, with effect from 1 February 2018, the standard payment rates under the CSSA Scheme as well as the rates of the Old Age

/Allowance

¹ CSSA standard payment rates include standard rates, supplements and the monthly meal allowance under the special grants category.

Allowance (OAA)², Old Age Living Allowance (OALA)³ and Disability Allowance (DA) under the SSA Scheme be increased by 1.4%.

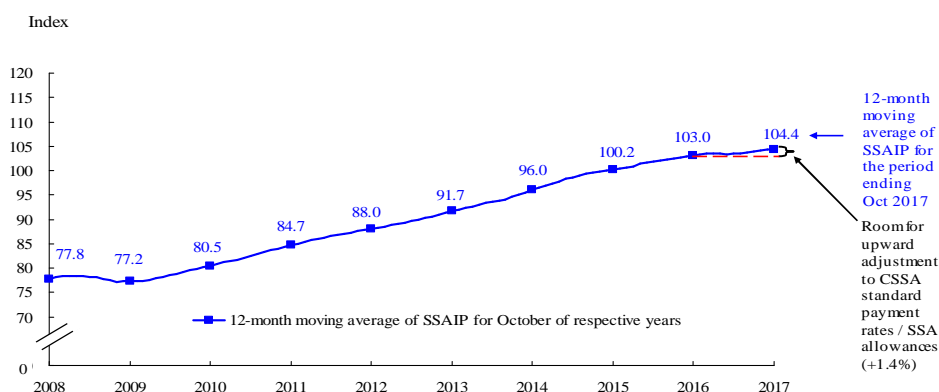
Encl. 1 3. The proposed revised CSSA and SSA rates are set out in Enclosure 1.

JUSTIFICATION

4. In accordance with the established adjustment mechanism, the Government will take account of inflation or deflation as reflected by the Social Security Assistance Index of Prices (SSAIP)⁴ for the past 12 months (i.e. from 1 November of a year to 31 October of the following year) and adjust standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme (namely OAA, OALA and DA) on an annual basis.

5. As shown in the chart below, the 12-month moving average of the SSAIP for the period ending October 2017 registered a cumulative increase of 1.4% when compared with the average figure ending October 2016. We therefore propose to increase the standard payment rates under the CSSA Scheme and the rates of OAA, OALA and DA under the SSA Scheme by 1.4% with effect from 1 February 2018. Subject to the approval of the Finance Committee (FC), the Social Welfare Department will adjust its computer system for implementation of the new rates in February 2018.

Room for upward adjustment to CSSA standard payment rates and the rates of allowances under the SSA Scheme



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² In this paper, OAA includes the Guangdong (GD) Scheme and Fujian (FJ) Scheme which will be launched in the second quarter of 2018. The Schemes provide OAA, on a monthly basis, for eligible Hong Kong elderly people who choose to reside in GD Province or FJ Province, to meet their special needs arising from old age.

³ In this paper, OALA includes the Higher OALA which is expected to be implemented in mid-2018.

⁴ The SSAIP is compiled by the Census and Statistics Department (C&SD) on a monthly basis to reflect the impact of price changes on CSSA recipients. It consists of all items covered in Consumer Price Indices compiled by C&SD, except items which are covered by special grants under the CSSA Scheme or provided free by the Government.

FINANCIAL IMPLICATIONS

6. Based on the latest caseload, we estimate that the total increase in recurrent expenditure arising from the proposal will be about \$637 million per year, with breakdowns as follows –

	\$ million
(a) 1.4% increase in CSSA standard payment rates	224
(b) 1.4 % increase in OAA rate	50
(c) 1.4% increase in OALA rates	309
(d) 1.4 % increase in DA rates	54
Total	637

PUBLIC CONSULTATION

7. On 13 November 2017, we briefed the Panel on Welfare Services on the proposals in this paper. The Panel supported in principle the submission of the relevant proposals to FC.

BACKGROUND

Encl. 2 8. An explanatory note on the CSSA and SSA Schemes is attached at Enclosure 2 for Members' reference. The Government adjusts the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme each year taking into account the movements of the SSAIP. The SSAIP has a weighting system which truthfully presents CSSA recipients' expenditures on individual categories of goods and services as a proportion of their total expenditures. It is compiled using data obtained from the Household Expenditure Survey on CSSA Households. By applying these weights in the calculation of the SSAIP, it can reflect more accurately the impact of price changes on CSSA recipients. The weighting system is updated every five years to capture the latest expenditure pattern of CSSA recipients. In the latest updating exercise, 2014/15 was adopted as the new base year.

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9. The special grants and financial limits under the CSSA and SSA Schemes (including the maximum rates of the rent allowance under the CSSA Scheme) are adjusted annually under delegated authority in accordance with changes to the relevant price indices.

Labour and Welfare Bureau
December 2017

**Standard payment rates under
the Comprehensive Social Security Assistance Scheme
and the rates of allowances
under the Social Security Allowance Scheme after adjustment**

The Comprehensive Social Security Assistance (CSSA) Scheme

A. Standard Rates

1. Elderly persons aged 60 or above and non-able-bodied recipients

	Existing (per month) (\$)		Proposed (per month) (\$)	
	Single person	Family member	Single person	Family member
(a) Elderly person aged 60 or above				
Able-bodied/50% disabled	3,435	3,240	3,485	3,285
100% disabled	4,155	3,675	4,215	3,725
Requiring constant attendance	5,850	5,365	5,930	5,440
(b) Ill-health/Disabled adult aged under 60				
Ill-health/50% disabled	3,435	3,240	3,485	3,285
100% disabled	4,155	3,675	4,215	3,725
Requiring constant attendance	5,850	5,365	5,930	5,440
(c) Disabled child				
50% disabled	3,865	3,370	3,920	3,415
100% disabled	4,585	4,100	4,650	4,155
Requiring constant attendance	6,265	5,790	6,355	5,870

2. Able-bodied recipients aged under 60

Category		Existing (per month) (\$)	Proposed (per month) (\$)
(a) Adult			
	<i>Single parent/Family carer</i>		
–	in a family comprising not more than two able-bodied adults/children	2,630	2,665
–	in a family comprising three able-bodied adults/children	2,375	2,410
–	in a family comprising four or more able-bodied adults/children	2,105	2,135
	<i>Others</i>		
	Single person	2,420	2,455
	Family member		
–	in a family comprising not more than two able-bodied adults/children	2,160	2,190
–	in a family comprising three able-bodied adults/children	1,950	1,975
–	in a family comprising four or more able-bodied adults/children	1,735	1,760
(b) Child			
	Single person	2,910	2,950
	Family member		
–	in a family comprising not more than two able-bodied adults/children	2,410	2,445
–	in a family comprising three able-bodied adults/children	2,165	2,195
–	in a family comprising four or more able-bodied adults/children	1,935	1,960

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B. Supplements

	Existing (\$)	Proposed (\$)
1. Annual long-term supplement (for those who are old, disabled or medically certified to be in ill-health, and who have received CSSA for 12 months or more)		
Family with one such eligible member	2,150	2,180
Family comprising two or more eligible members	4,300	4,360
2. Monthly single parent supplement	340	345
3. Monthly community living supplement (for recipients who are old, disabled or medically certified to be in ill-health and who are not living in institutions)	325	330
4. Monthly residential care supplement (for recipients who are old, disabled or medically certified to be in ill-health and who are living in non-subsidised residential care places)	325	330
5. Monthly transport supplement (for severely disabled persons aged between 12 and 64 who are medically certified to be 100% disabled, or in need of constant attendance)	270	275

/C.

C. Special Grants

	Existing (per month) (\$)	Proposed (per month) (\$)
Meal allowance (for students attending full-day school and taking lunch away from home)	285	290

The Social Security Allowance (SSA) Scheme

A. Old Age Allowance (OAA)¹	1,325	1,345
B. Old Age Living Allowance	2,565	2,600
Higher Old Age Living Allowance (expected to be implemented in mid-2018)	3,435	3,485
C. Disability Allowance (DA)		
1. Normal DA	1,695	1,720
2. Higher DA ²	3,390	3,440
3. Transport supplement (for those aged between 12 and 64)	270	275

¹ Same monthly rate is provided under the existing Guangdong (GD) Scheme and the Fujian (FJ) Scheme which will be launched in the second quarter of 2018. The Schemes provide OAA, on a monthly basis, for eligible Hong Kong elderly people who choose to reside in GD Province or FJ Province. Applicants aged between 65 and 69 have to meet the prescribed income and asset limits.

² The rate of Higher DA is set at twice the amount of that of Normal DA and will be \$3,440 per month after the adjustment (i.e. \$1,720 x 2).

The Comprehensive Social Security Assistance Scheme and Social Security Allowance Scheme

Introduction

The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net for those who cannot support themselves financially to help them meet their basic needs. The Social Security Allowance (SSA) Scheme provides monthly allowance to severely-disabled and elderly persons to help them meet special needs arising from severe disabilities or old age. Both Schemes are non-contributory. A person may apply for either assistance under the CSSA Scheme or one of the allowances under the SSA Scheme.

Eligibility and Payment

The CSSA Scheme

2. The amount of assistance under the CSSA Scheme is determined by the monthly income and recognised needs of a household. The difference between the total assessable monthly income of a household and its total monthly needs as recognised under the CSSA Scheme in terms of various types of payment will be the amount of assistance payable. When assessing a household'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.

3. 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, the Scheme provides various supplements to recipients with special needs, such as elderly persons, persons with disabilities or in ill health and single parents. A wide range of non-standard payments in the form of special grants are also payable to meet expenses such as rent, school fees and other educational expenses, medically recommended diets, spectacles and dentures, etc.

4. Elderly persons aged 60 or above who have been in receipt of CSSA continuously for not less than 12 months may join the Portable CSSA Scheme, whereby they will continue to receive their monthly standard rates and annual long-term supplement should they choose to take up permanent residence in Guangdong (GD) or Fujian (FJ).

5. As at the end of October 2017, there were 338 584 recipients under the CSSA Scheme. The estimated expenditure of CSSA for 2017-18 is \$20.8 billion¹, representing 5.6% of the estimated total recurrent Government expenditure.

The SSA Scheme

6. Four allowances are payable on a monthly basis under the SSA Scheme as follows –

- (a) Old Age Allowance (OAA) (\$1,325): non-means-tested allowance for elderly persons aged 70 or above².
- (b) Old Age Living Allowance (OALA) (\$2,565)³: means-tested allowance for elderly persons aged 65 or above who are in need of financial support.
- (c) Normal Disability Allowance (DA) (\$1,695): non-means-tested allowance for severely-disabled persons.
- (d) Higher DA (\$3,390): non-means-tested allowance for severely-disabled persons who require constant attendance from others in their daily life, but are not receiving such care in residential institutions subsidised by the government (including subsidised places in subvented/contract homes and residential care homes under various bought place schemes) or all public hospitals and institutions under the Hospital Authority, or boarding in special schools under the Education Bureau.

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¹ The figure for 2017-18 is the approved provision in the Budget for that year, and does not include the one-off supplementary provision approved by FC on 18 May 2017 for one additional month of standard rate payment to CSSA recipients.

² Same monthly rate is provided under the existing GD Scheme and the FJ Scheme which will be launched in the second quarter of 2018. The Schemes provide OAA, on a monthly basis, for eligible Hong Kong elderly people who choose to reside in GD Province or FJ Province. Applicants aged between 65 and 69 have to meet the prescribed income and asset limits.

³ In January 2017, the Government announced that a higher tier of assistance will be added under OALA to provide a higher monthly allowance of \$3,435 (the Higher OALA) to elderly persons with more financial needs (i.e. elderly singletons with assets not exceeding \$144,000 or elderly couples with assets not more than \$218,000). The Higher OALA is expected to be implemented in mid-2018.

7. As at the end of October 2017, there were 874 650 recipients under the SSA Scheme. Of these recipients, 260 197 were OAA recipients, 468 683 were OALA recipients and 145 770 were DA recipients. The estimated expenditures on OAA, OALA and DA for 2017-18⁴ are \$3.2 billion, \$19.8 billion and \$3.6 billion respectively, representing 0.9%, 5.3% and 1.0% of the estimated total recurrent Government expenditure.

⁴ The figures for 2017-18 are the approved provisions in the Budget for that year, and do not include the one-off supplementary provision approved by FC on 18 May 2017 for one additional month of allowance to SSA recipients.