

**For discussion  
on 13 November 2017**

**LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES**

**Annual adjustment of social security payment rates under the Social Security Allowance and the Comprehensive Social Security Assistance (CSSA) Schemes and issues relating to rent allowance under the CSSA Scheme**

**Purpose**

This paper briefs Members on –

- (a) the latest position of the Social Security Assistance Index of Prices (SSAIP)<sup>1</sup> and the estimated corresponding adjustment to rates of allowances under the Social Security Allowance (SSA) Scheme and standard payment rates under the CSSA Scheme<sup>2</sup> starting from 1 February 2018; and
- (b) the latest position of the Consumer Price Index (CPI) (A) rent index for private housing (rent index)<sup>3</sup> and the estimated corresponding adjustment to maximum rates of the rent allowance (MRA) under the CSSA Scheme starting from 1 February 2018 as well as relevant information on MRA.

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<sup>1</sup> The SSAIP is compiled by the Census and Statistics Department (C&SD) on a monthly basis to reflect the impact of price changes on recipients of Comprehensive Social Security Assistance (CSSA). It consists of all items covered in other 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.

<sup>2</sup> CSSA standard payment rates include standard rates, supplements and the monthly meal allowance under the special grants.

<sup>3</sup> The rent index is compiled by C&SD on a monthly basis. It reflects the movement of private housing rent borne by households in the lower expenditure group.

## **Payment Rates under the CSSA Scheme and SSA Scheme**

### **Annual adjustment mechanism**

2. The prevailing practice is for the Government to adjust the standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme (namely the Old Age Allowance (OAA)<sup>4</sup>, Old Age Living Allowance (OALA)<sup>5</sup> and Disability Allowance (DA)) in accordance with the inflation or deflation as reflected by the SSAIP for the past 12 months (i.e. from 1 November of a year to 31 October of the following year) on an annual basis.

3. After the Government has presented the relevant information to this Panel, a submission will be made to the Finance Committee (FC) of the Legislative Council (LegCo) in December every year before implementation of the new rates in February of the following year to allow sufficient time for the Social Welfare Department (SWD) to adjust its computer system for making the latest payments to the CSSA and SSA recipients.

4. The current average monthly CSSA payments by eligible members in a household, and the rates of OAA, OALA and DA under the SSA Scheme, are set out at **Annex 1**.

### **Movement of the SSAIP in 2016-17 and recommendation on the adjustment of payment rates**

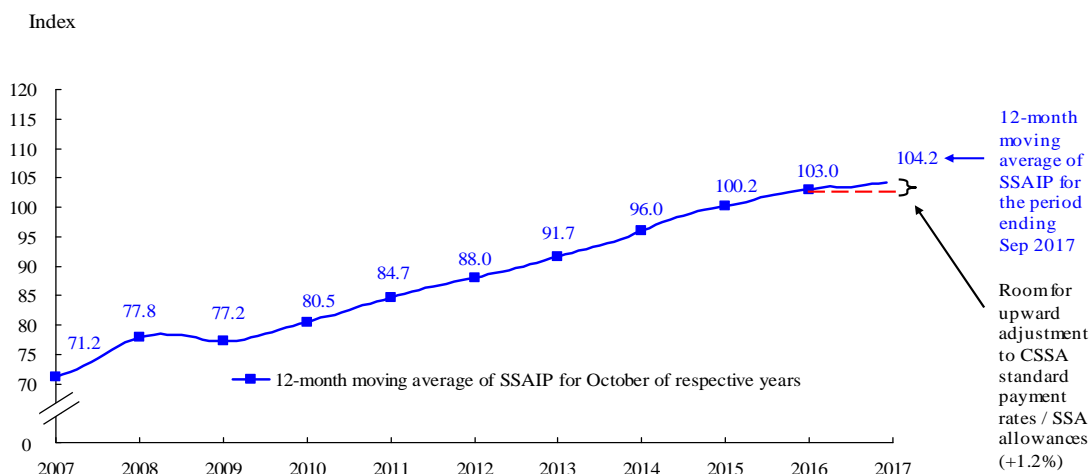
5. There is room for an upward adjustment to the CSSA standard payment rates, OAA, OALA and DA. As shown in the chart below, the 12-month moving average of the SSAIP for the period ending September 2017 registered a cumulative increase of 1.2% when compared with the average figure ending October 2016.

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<sup>4</sup> In this paper, OAA includes the Guangdong Scheme and Fujian Scheme (to be launched in the second quarter of 2018). The Guangdong Scheme and Fujian Scheme provide OAA, on a monthly basis, for eligible Hong Kong elderly people who choose to reside in Guangdong or Fujian Province, to meet their special needs arising from old age.

<sup>5</sup> The relevant mechanism is also applicable to Higher OALA which is expected to be implemented in mid-2018.

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



6. The data for October 2017 will be ready by the end of November 2017 for calculating the movement of the SSAIP up to the end of October 2017. We plan to use the SSAIP up to the end of October 2017 in our submission to FC on the proposed increases in standard payment rates under the CSSA Scheme as well as OAA, OALA and DA under the SSA Scheme.

## MRA

### **Estimated adjustment to MRA**

7. 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 MRA determined with reference to the number of members in the household who are eligible for CSSA, whichever is the less. At its meeting on 3 April 1998, FC authorised the Secretary for the Treasury (now the Secretary for Financial Services and the Treasury (SFST)) to adjust the MRA annually in accordance with the movement of the rent index. The prevailing MRA is provided at Annex 2.

8. The 12-month moving average of the rent index up to the end of September 2017 has indicated that there is room for increasing the MRA

by 1.3%. We will use the rent index up to the end of October 2017 to adjust the MRA in accordance with the established mechanism.

### **Relevant information on MRA**

9. As at the end of September 2017, there were 206 719 CSSA cases receiving rent allowance. Of these, 127 214 cases (61%) were living in public rental housing (PRH) and 28 646 (14%) in private housing whilst the remaining 50 859 (25%) in residential institutions. According to SWD's record, the MRA could cover the actual rent paid by the majority of CSSA households living in PRH (98%) and 46% of those in private housing. The Director of Social Welfare may also exercise discretion to grant a rent allowance higher than the MRA to those CSSA households living in private housing but awaiting compassionate rehousing or subsidised elderly residential care places to cover their actual rent paid.

10. The Community Care Fund (CCF) implemented the programme entitled "Subsidy for CSSA Recipients Living in Rented Private Housing" in 2011 and 2013 to 2016<sup>6</sup> to provide a one-off payment to CSSA households living in rented private housing and paying a rent exceeding the MRA under the CSSA Scheme so as to relieve their financial burden in face of periodical rent increase. As mentioned in the Policy Agenda of the Chief Executive's 2017 Policy Address, the Government will explore the continuous provision of subsidy through the CCF for CSSA households living in rented private housing and paying rents exceeding the MRA under the CSSA Scheme. The Government will consider improving the arrangements for the relevant subsidy as the basis of a possible model for regularising the programme in future. Details will be announced in due course.

### **Financial Implications**

11. After receiving the data up to the end of October 2017, we will calculate the annual movement of the SSAIP and rent index by the end of November, and then confirm the financial implications of the adjustment which would take effect from 1 February next year.

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<sup>6</sup> A total of 15 458 CSSA households benefitted from the programme in 2016.

## **Implementation**

12. We plan to seek FC's approval for the proposals on adjustment of standard payment rates under the CSSA Scheme and rates of allowances under the SSA Scheme in December 2017, in accordance with the SSAIP up to the end of October 2017. Subject to FC's approval, the new rates will take effect from 1 February 2018. Separately, the MRA will be adjusted as referred to in paragraphs 7 and 8 above, and the adjusted MRA will also take effect from 1 February 2018 if approved by the SFST.

**Labour and Welfare Bureau  
Social Welfare Department  
November 2017**

## **Annex 1**

### **Average monthly CSSA payments by the number of eligible members in a household**

*(This refers to the situation when CSSA households do not have incomes other than CSSA payments (including standard rates, supplements and special grants). The estimate is based on CSSA cases for the period of November 2015 to October 2016 and the CSSA rates effected since 1 February 2017. )*

Number of eligible members in a household	Average monthly CSSA payment
1	\$5,932
2	\$9,248
3	\$12,250
4	\$14,579
5	\$16,797
6 or above	\$20,617

### **Monthly rate of OAA since 1 February 2017**

Monthly rate
\$1,325

### **Monthly rate of OALA since 1 February 2017<sup>7</sup>**

Monthly rate
\$2,565

### **Monthly rates of DA since 1 February 2017**

Type	Monthly rate
Normal DA	\$1,695
Higher DA	\$3,390

<sup>7</sup> The monthly payment rate for Higher OALA, which is expected to be implemented in mid-2018, is \$3,435 (at 2017 price level). It will be adjusted in accordance with the established mechanism on 1 February next year.

## **Annex 2**

### **MRA under the CSSA Scheme since 1 February 2017**

Number of eligible members in a household	Monthly MRA
1	\$1,810
2	\$3,640
3	\$4,755
4	\$5,060
5	\$5,075
6 or above	\$6,340