

**For discussion on  
9 April 2018**

**Legislative Council Panel on Welfare Services**

**Extra Allowance to Recipients of Social Security Payments,  
Working Family Allowance and Work Incentive Transport Subsidy;  
and Grant to Financially Needy Students**

**Purpose**

This paper informs Members of the Government's initiatives to provide one-off extra allowances to recipients of social security payments, Working Family Allowance (WFA)<sup>1</sup> and Work Incentive Transport Subsidy (WITS); and to provide a one-off grant to financially needy students.

**Justification**

2. Having regard to Government's fiscal surplus this year, the Financial Secretary proposed a series of measures in his 2018-19 Budget on 28 February to share the fruits of economic success with the community. These measures include –

- (a) providing an extra allowance to recipients of social security payments, equal to two months of the standard rate Comprehensive Social Security Assistance (CSSA) payments or allowance payments under the Social Security Allowance Scheme, which includes Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA); and applying similar arrangements to recipients of WFA and WITS; and
- (b) providing a one-off grant of \$2,000 to each financially needy student.

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<sup>1</sup> The improvement measures under the Low-income Working Family Allowance (LIFA) Scheme were implemented on 1 April 2018, and the Scheme has been renamed as WFA Scheme.

### *One-off Extra Allowance to Recipients of Social Security Payments*

3. For CSSA recipients, the extra allowance is equal to two months of standard rate payments. Different standard rates are applicable to different categories of recipients (such as elderly persons, children and adults). The following are examples of the monthly standard rates and two-month extra allowances for different CSSA persons/households –

<b>Example</b>	<b>Monthly standard rate</b>	<b>Two-month extra allowance</b>
Single able-bodied elderly person	\$3,485	<b>\$6,970</b>
Single able-bodied adult	\$2,455	<b>\$4,910</b>
A two-member CSSA family comprising one able-bodied elderly person and one severely disabled elderly person	\$7,010	<b>\$14,020</b>
A three-member CSSA family comprising one able-bodied single parent and two able-bodied school children	\$6,800	<b>\$13,600</b>
A four-member CSSA family comprising two able-bodied adults (one of them being family carer) and two able-bodied school children	\$7,815	<b>\$15,630</b>

4. For recipients of OAA (including the Guangdong (GD) Scheme and Fujian (FJ) Scheme), OALA (including the existing allowance<sup>2</sup> and Higher OALA to be implemented on 1 June 2018) and DA, the extra allowance is equal to two months of the allowance. The monthly rates of the allowances and the two-month extra allowances are as follows –

<b>Allowance</b>	<b>Monthly rate</b>	<b>Two-month extra allowance</b>
OAA	\$1,345	<b>\$2,690</b>
Normal OALA	\$2,600	<b>\$5,200</b>
Higher OALA	\$3,485	<b>\$6,970</b>
Normal DA	\$1,720	<b>\$3,440</b>
Higher DA	\$3,440	<b>\$6,880</b>

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<sup>2</sup> Upon implementation of Higher OALA, the existing allowance will be renamed as Normal OALA. The existing allowance will be referred to as Normal OALA in the following paragraphs.

5. Recipients who are eligible for social security payments on the date of passage of the Appropriation Bill 2018 (the Appropriation Bill) would be eligible for the one-off extra allowance. It is estimated that about 1.27 million recipients<sup>3</sup>, including 330 000 CSSA recipients, 510 000 OALA recipients<sup>4</sup>, 250 000 OAA recipients, 20 000 GD Scheme beneficiaries, 6 000 FJ Scheme beneficiaries and 150 000 DA recipients will benefit<sup>5</sup>.

#### *One-off Extra Allowance to Recipients of LIFA/WFA*

6. Under the LIFA/WFA Scheme, applicants make applications every six months. Each claim period covers the past six months, and the applicants' eligibility is assessed on a monthly basis during the claim period. Recipients of LIFA/WFA whose applications<sup>6</sup> were made in the Applicable Period (i.e. from the first day of the month in which the Appropriation Bill is passed to the date of passage of the Appropriation Bill; and the six calendar months before that month) and eventually approved would be eligible for the one-off extra allowance<sup>7</sup>.

7. The extra allowance is equal to two times the average monthly amount payable to the recipients in their most recently approved LIFA/WFA applications, which varies from case to case, depending on the composition, income and working hours of the families of the applicants<sup>8</sup>. It is estimated that about 70 000 households in receipt of LIFA/WFA would benefit.

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<sup>3</sup> The number of recipients may not add up to the total owing to rounding.

<sup>4</sup> Including about 417 000 Higher OALA recipients and about 95 000 Normal OALA recipients.

<sup>5</sup> Recipients may only receive one type of social security payments under the 'no double benefits rule'. This arrangement also applies to one-off extra allowance.

<sup>6</sup> For applications sent by post, the date of the post-stamp will be adopted as the application date.

<sup>7</sup> Under the LIFA/WFA Scheme, a household cannot receive concurrently in the same month CSSA or household-based WITS. Besides, LIFA/WFA applicants and household members whose working hours have been aggregated for WFA applications cannot receive concurrently individual-based WITS in the same month. If, during the Applicable Period, a household received LIFA/WFA in some months and WITS in some other months, or is receiving CSSA on the date of the passage of the Appropriation Bill, the household is eligible for one single extra allowance, the amount of which is the highest the household is eligible for under the LIFA/WFA Scheme, CSSA or WITS as the case may be. This arrangement does not apply to LIFA/WFA household members (i.e. non-LIFA/WFA applicant; and household members whose working hours have not been aggregated for WFA applications) who receive individual-based WITS.

<sup>8</sup> Based on past payments of LIFA, the average monthly amount ranges from \$300 to \$6,600.

### *One-off Extra Allowance to Recipients of WITS*

8. Similar to the arrangements under LIFA/WFA, recipients of WITS whose applications<sup>9</sup> have been made in the Applicable Period<sup>10</sup> (and eventually approved) would be eligible for the extra allowance. The extra allowance is equal to two times the average monthly amount<sup>11</sup> payable to the recipients in their most recently approved WITS applications. It is estimated that about 44 000 recipients of WITS will benefit.

### *Aligning the One-off Extra Allowance to Social Security Recipients with the \$4,000 Allowance under the Caring and Sharing Scheme*

9. On 23 March, the Financial Secretary announced the Caring and Sharing Scheme under the 2018-19 Budget. The Scheme provides a payment of \$4,000 to each eligible person<sup>12</sup>. Social security recipients<sup>13</sup> (i.e. those who will receive the one-off two-month extra allowance mentioned in paragraphs 3 to 5 above) are not eligible for the Caring and Sharing Scheme. In this connection, for social security recipients who would have received a one-off extra allowance of less than \$4,000, the Government will provide additional payment to make up the difference.

10. Specifically, recipients of the following social security payments would have received a one-off extra allowance of less than \$4,000<sup>14</sup>. Additional allowance would be provided to make up to \$4,000 –

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<sup>9</sup> For applications sent by post, the date of the post-stamp will be adopted as the application date.

<sup>10</sup> While WITS applicants may apply for the subsidy covering the preceding six to 12 calendar months, an applicant may choose to apply for WITS for six months during the Applicable Period even if his/her previous application(s) covered a past period of more than six months.

<sup>11</sup> Each WITS recipient receives \$300 or \$600 per claim month.

<sup>12</sup> For details, please refer to the press release at –  
<http://www.info.gov.hk/gia/general/201803/23/P2018032300887.htm>

<sup>13</sup> If recipients of LIFA/WFA and WITS meet the relevant eligibility criteria for the Caring and Sharing Scheme, they may make an application under that Scheme.

<sup>14</sup> Recipients of other social security payments would receive two-month extra allowance of more than \$4,000 –

- CSSA: ranges from \$4,270 to \$12,710 (except those mentioned in paragraph 10(c) above)
- Higher OALA: \$6,970
- Normal OALA: \$5,200
- Higher DA: \$6,880

(a) OAA (including GD Scheme and FJ Scheme) recipients

<b>Monthly rate of allowance</b>	<b>Amount of two-month extra allowance</b>	<b>Difference between the two-month extra allowance and \$4,000</b>
\$1,345	\$2,690	<b>\$1,310</b>

(b) Normal DA recipients

<b>Monthly rate of allowance</b>	<b>Amount of two-month extra allowance</b>	<b>Difference between the two-month extra allowance and \$4,000</b>
\$1,720	\$3,440	<b>\$560</b>

(c) Some categories of CSSA recipients

<b>CSSA recipient</b>	<b>Monthly standard rate CSSA payment</b>	<b>Amount of two-month extra allowance</b>	<b>Difference between the two-month extra allowance and \$4,000</b>
An able-bodied adult from a CSSA family comprising three able-bodied adults/children	\$1,975	\$3,950	<b>\$50</b>
An able-bodied adult from a CSSA family comprising four or more able-bodied adults/children	\$1,760	\$3,520	<b>\$480</b>
An able-bodied children from a CSSA family comprising four or more able-bodied adults/children	\$1,960	\$3,920	<b>\$80</b>

11. It is estimated that about 430 000 recipients of social security payments (including 280 000 OAA (including GD Scheme and FJ

Scheme) recipients, 130 000 Normal DA recipients, and 20 000 eligible CSSA recipients) would benefit from the ‘top up’ arrangement.

### *One-off Grant to Financially Needy Students*

12. Regarding the one-off grant to financially needy students, it is estimated that about 370 000 students would benefit. These include –

- (a) according to the information provided by the Education Bureau, about 300 000 students pursuing pre-primary to post-secondary education who are eligible for financial assistance under various means-tested student financial assistance schemes<sup>15</sup> administered by the Student Finance Office (SFO) of the Working Family and Student Financial Assistance Agency (WFSFAA) in the 2018/19 school year/academic year<sup>16</sup>; and
- (b) about 70 000 students from child care centres, kindergartens, primary and secondary schools who are eligible for the flat-rate grant for selected items of school-related expenses under CSSA Scheme in the 2018/19 school year.

## **Financial Implications**

### *One-off Two-month Extra Allowance and One-off Grant to Financially Needy Students*

13. Regarding the two-month extra allowance, the provision of allowance to eligible recipients of social security payments, LIFA/WFA and WITS as referred to in paragraphs 3 to 8 above will entail estimated expenditures of about \$7 billion, \$326 million and \$53 million respectively.

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<sup>15</sup> These students include: those eligible to receive means-tested financial assistance under the Tertiary Student Finance Scheme - Publicly-funded Programmes, Financial Assistance Scheme for Post-secondary Students, Tuition Fee Reimbursement for Diploma Yi Jin, Financial Assistance Scheme for Designated Evening Adult Education Courses, School Textbook Assistance Scheme, Student Travel Subsidy Scheme, Subsidy Scheme for Internet Access Charges, Examination Fee Remission Scheme, and Kindergarten and Child Care Centre Fee Remission Scheme, as well as kindergarten students who are eligible to receive the Grant for School-related Expenses for Kindergarten Students.

<sup>16</sup> If students eligible for means-tested financial assistance administered by SFO meet the eligibility criteria for the Caring and Sharing Scheme, they may make an application under that Scheme.

14. Regarding the one-off grant to financially needy students as referred to in paragraph 12 above, it will entail an estimated expenditure of about \$740 million.

15. The Government has included the necessary funding for the Social Welfare Department (SWD), WFSFAA (including the Working Family Allowance Office and SFO) and the Labour Department (LD) to implement the payment of the one-off extra allowance and the one-off grant to financially needy students in the 2018-19 draft Estimates for the approval of the Legislative Council in the context of the Appropriation Bill.

*One-off 'Top Up' Payment Arising from the Caring and Sharing Scheme*

16. It is roughly estimated that the provision of one-off 'top up' payment arising from the Caring and Sharing Scheme as referred to in paragraphs 10 and 11 above will entail an expenditure of about \$435 million. The Government will move committee stage amendments (CSAs) to the Appropriation Bill to secure funding for implementing the relevant arrangements.

**Implementation**

*One-off Two-month Extra Allowance and One-off 'Top Up' Payment Arising from the Caring and Sharing Scheme*

17. Subject to the passage of the Appropriation Bill and CSAs mentioned in paragraph 16 above by the Legislative Council, SWD, WFSFAA and LD will make necessary adjustments to their computer systems to implement the payment of the one-off two-month extra allowance and the one-off 'top up' payment arising from the Caring and Sharing Scheme as soon as possible. It is expected that the above-mentioned extra payments would be disbursed a month after the passage of the Appropriation Bill at the earliest. The payments would be made through the existing allowance payment methods (i.e. normally through autopay arrangement to the designated bank accounts of the recipients). Recipients are not required to make separate applications.

### *One-off Grant to Financially Needy Students*

18. Regarding the one-off grant to financially needy students with financial needs, SWD plans to disburse the grant to eligible CSSA students in the 2018/19 school year (starting from around August 2018). Meanwhile, SFO plans to disburse the grant to students eligible for its means-tested student financial assistance schemes starting from October 2018. The grants would be made through the existing allowance/subsidy payment methods (i.e. normally through autopay arrangement to the designated bank accounts of the recipients). Recipients are not required to make separate applications.

19. The relevant departments will make suitable publicity arrangements on the implementation of various payments and allowances.

### **Advice Sought**

20. Members are invited to note this paper.

Labour and Welfare Bureau  
Education Bureau  
Social Welfare Department  
Working Family and Student Financial Assistance Agency  
Labour Department  
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