

Legislative Council Meeting of 16 January 2019
Motion on “Reviewing the
Comprehensive Social Security Assistance Scheme”

Purpose

At the Legislative Council meeting of 16 January 2019, the motion on “Reviewing the Comprehensive Social Security Assistance (CSSA) Scheme” moved by Hon SHIU Ka-chun, as amended by Dr Hon Fernando CHEUNG, Hon LEUNG Che-cheung, Hon LEUNG Yiu-chung, Dr Hon KWOK Ka-ki and Hon AU Nok-hin, was passed. The full text of the motion is at the Annex. This paper briefs Members on the related developments.

Introduction on the CSSA Scheme

2. The CSSA Scheme aims to provide a safety net to meet the basic needs of those who cannot support themselves financially. It is non-contributory but means-tested so as to ensure public resources are targeted at those in genuine need.

3. As at the end-January 2019, there were 225 870 households receiving CSSA. In 2019-20, the estimated recurrent expenditure on the CSSA Scheme is around \$21 billion.

4. The overall number of CSSA cases has dropped to a record low since 2000. In particular, the number of unemployment cases and low-earnings cases are at their the lowest since 1996 and 1997 respectively. Both registered a decrease of around 80% as compared with their respective historic peaks. This downward trend, on one hand, may be related to the recent economic condition of Hong Kong and the continuously low unemployment rate. On the other hand, it reflects the spirit of self-reliance among Hong Kong people and reminds us of the need to continue to provide employment assistance for able-bodied persons who have the ability to work by offering them effective support. Meanwhile, we note that instead of rising, the number of CSSA elderly cases is also on the decline in spite of the rapidly ageing population of Hong Kong. A drop of around 6% was registered over the past five years. Apart from the overall economic factors, this may be related to a number of recently introduced or enhanced elderly cash assistance

measures¹ which enable elderly persons to apply for different allowances and schemes other than CSSA according to their personal circumstances. Among these allowances and schemes, the Higher Old Age Living Allowance (Higher OALA), implemented for less than one year since its launch in June 2018, has become the social security programme with the highest number of elderly recipients aged 65 or above. At present, around 490 000 elderly persons are receiving the higher allowance of \$3,585 per month. Together with about 50 000 recipients of Normal OALA (currently at \$2,675 per month), the OALA programme covers some 540 000 elderly persons aged 65 or above.

CSSA Payments and Adjustment Mechanism

5. The CSSA standard payment rates are adjusted on an annual basis taking into account the movement of the Social Security Assistance Index of Prices (SSAIP) to maintain the purchasing power of CSSA payments. For instance, the current average monthly CSSA payment for a four-person household is \$15,675, which is about 20% higher than that of five years ago. Individual families may be granted higher CSSA payments depending on their circumstances. Moreover, the Social Welfare Department (SWD) will update the weighting system of the SSAIP, which is the proportion of the relative expenditures of individual categories of goods and services covered by the SSAIP, in accordance with the results of the Household Expenditure Survey on CSSA households every five years to better reflect the latest expenditure patterns of CSSA recipients. The existing adjustment mechanism is considered to be effective.

6. The Government has been keeping in view the various arrangements under the CSSA Scheme and introducing targeted measures for persons in need. Improvement measures introduced in recent years include –

- (a) starting from the 2014/15 school year, regularising a Community Care Fund (CCF) programme to increase the grants for school-related expenses for primary and secondary students of CSSA households by \$1,000;

¹ These measures include the Normal Old Age Living Allowance (Normal OALA) and the Guangdong Scheme introduced in 2013, and the Higher OALA and the Fujian Scheme introduced in 2018.

- (b) starting from April 2014, including post-secondary students of CSSA households in the calculation of rent allowance so that a family's entitlement to rent allowance will not be affected if it has member(s) receiving post-secondary education;
- (c) starting from October 2016, implementing a pilot scheme under the CCF to further encourage disabled CSSA recipients to engage in employment by raising the maximum level of disregarded earnings (DE) by 60% from \$2,500 to \$4,000 per month;
- (d) starting from February 2017, while maintaining the requirement that CSSA applications must be made on a household basis, abolishing the arrangement for the relatives concerned to make a declaration on whether they provide the elderly persons who apply for the CSSA on their own (e.g. any elderly person who does not live with his/her children) with financial support (the so-called "bad son statement"); and
- (e) in November 2017, relaunching the CCF assistance programme of Subsidy for CSSA Recipients Living in Rented Private Housing for two years, and enhancing the programme arrangements so that the actual rent paid by eligible CSSA households is taken into account in calculating the amount of subsidy.

The Policy on Applying for CSSA on a Household Basis

7. SWD requires applicants living with their families to apply for CSSA on a household basis because families are basic units in the society. Members of the same family should help and support each other. Family members with incomes should support other members with no financial means. CSSA recipients should first utilise the financial resources of their families to meet their basic needs. Under special circumstances, for example, when elderly applicants have poor relationship with their family members, the Director of Social Welfare will consider such circumstances on a case-by-case basis and may allow persons in need to apply for CSSA on their own.

Portability of CSSA

8. The portable arrangements for social security payments are currently applicable to Guangdong and Fujian mainly because there are more Hong Kong residents in these two provinces. In terms of the geographical location and the community support, elderly persons residing there are able to maintain connections with their relatives and friends in Hong Kong and obtain ready support. Moreover, the two provinces are uniquely and closely connected with Hong Kong on the social, economic and transport fronts. The Government has no plan to extend the arrangements to other provinces or cities. It is noteworthy that the OALA will also be extended to Guangdong and Fujian as announced in the 2018 Policy Address and the extension is expected to take effect in early 2020 at the earliest.

Definition of Elderly CSSA

9. In view of the improved life expectancy of the population of Hong Kong and the trend of extending the retirement age to 65, the Government announced in the Policy Address in January 2017 that the eligible age for elderly CSSA would be adjusted from 60 to 65. The Government implemented the arrangement on 1 February 2019. Persons aged 60 to 64 who have received elderly CSSA before 1 February 2019 are “grandfathered” and not affected. The CSSA payments for persons with disabilities or persons in ill health are not affected either. These persons, regardless of age, continue to receive CSSA payments which are higher than those applicable to able-bodied adults. It is noteworthy that around 70% of CSSA recipients aged 55 to 59 are disabled or in ill health.

10. As for able-bodied recipients aged 60 to 64 under the new arrangement, they are entitled to CSSA protection as able-bodied adults and may receive the standard rates and special grants that are applicable to able-bodied adults. The Government has also put in place, with effect from 1 February 2019, the Employment Support Supplement under the CSSA Scheme for these able-bodied adults. Currently, each eligible recipient may receive a payment at a fixed rate of \$1,060 per month (i.e. the difference between the monthly CSSA standard rates applicable to singleton able-bodied elderly and singleton able-bodied adult recipients). The supplement seeks to encourage able-bodied adult recipients aged 60 to 64 to join the labour market. It also benefits employed able-bodied

adult recipients in this age group by supporting them to remain in employment.

11. In addition, CSSA recipients may benefit from the DE arrangement with a maximum monthly DE level of \$2,500. SWD also provides employment support that suits the circumstances and needs of able-bodied adult recipients through the Integrated Employment Assistance Programme for Self-reliance.

12. The Government has also announced that it will review the DE arrangement as well as the relevant supplements and special grants under the CSSA Scheme in 2019 on the condition that CSSA will continue to serve its purpose as the safety net and encourage employment.

DE Arrangement, Supplements and Special Grants

13. The DE arrangement under the CSSA Scheme mentioned above aims to encourage recipients who have the ability to work to find jobs and remain in employment, thereby achieving self-reliance. Under the current arrangement, the first \$800 of a recipient's monthly earnings and half of the next \$3,400 (i.e. \$1,700) are disregarded, adding up to a total DE of \$2,500 per month at the maximum. The DE arrangement can, on one hand, provide financial incentives to encourage recipients to seek employment. On the other hand, it may defer the recipients from leaving the CSSA net if its threshold is too relaxed. The Government will need to strike a balance between encouraging recipients to work and ensuring proper use of public money.

14. Separately, CSSA households are provided with different standard rates according to the number of household members and their individual circumstances for meeting their different basic needs. Apart from the standard rates, the CSSA Scheme also provides eligible households with supplements and special grants. For example, able-bodied adult recipients may receive special grants according to their needs, including rent allowance, water and sewage charge allowance, burial grant, child care grant and school grant. Single parents are entitled to the single parent supplement. Furthermore, the Government provides the Employment Support Supplement for able-bodied adult recipients aged 60 to 64 starting from 1 February 2019.

15. As mentioned above, the Government will review the DE arrangement as well as the relevant supplements and special grants under the CSSA Scheme in 2019 so as to further improve the Scheme.

Conclusion

16. The Government will continue to provide a safety net for those in need through the CSSA Scheme and will enhance the relevant arrangements when necessary.

Labour and Welfare Bureau
Social Welfare Department
March 2019

(Translation)

**Motion on
“Reviewing the Comprehensive Social Security Assistance Scheme”
moved by Hon SHIU Ka-chun
at the Council meeting of 16 January 2019**

**Motion as amended by Dr Hon Fernando CHEUNG,
Hon LEUNG Che-cheung, Hon LEUNG Yiu-chung, Dr Hon KWOK Ka-ki
and Hon AU Nok-hin**

That, the Comprehensive Social Security Assistance (‘CSSA’) Scheme has not been reviewed since 1996 and its contents are outdated, therefore the amount of assistance received by CSSA recipients is unable to cover their basic needs in daily lives; in this connection, this Council urges the Government to immediately review and improve the CSSA Scheme; specific proposals include:

- (1) formulating afresh the mechanism to determine the amount of assistance;
- (2) adjusting upward the special grants to CSSA recipients with disabilities and in ill health, including rent allowance, relocation allowance and special diet allowance, so as to ensure that they can live in adequate rented housing in light of their health care needs, and receive sufficient subvention for purchasing suitable food and health supplements on the recommendation of doctors;
- (3) relaxing the disregarded earnings arrangement under the CSSA Scheme and regularizing the ‘Pilot Scheme on Raising the Maximum Level of Disregarded Earnings for Recipients with Disabilities under the Comprehensive Social Security Assistance Scheme’ under the Community Care Fund, so as to encourage recipients with disabilities to work and sustain employment to safeguard their basic income;
- (4) granting, in accordance with the recommendations made by the United Nations Committee on the Rights of Persons with Disabilities to the Government in 2012, people with disabilities the right to apply for and receive CSSA on an individual basis, and extending this right to the elderly; and
- (5) shelving the tightening of eligibility age for elderly CSSA to 65, and extending the Portable Comprehensive Social Security Assistance Scheme to cover other provinces of the Mainland;

- (6) strengthening the support for single-parent families, including increasing the single parent supplements and support services for single-parent families;
- (7) reviewing the disregarded earnings arrangement to increase the incentive to encourage able-bodied CSSA recipients to work;
- (8) increasing the grants to people with disabilities for various medical treatment and rehabilitation services to help them meet daily nursing care needs; and
- (9) improving the rent allowance mechanism to alleviate the rent burden on the CSSA households;
- (10) calculating the maximum amount of rent allowance on the basis of the average increase in actual rent payments of CSSA recipients renting private residential units;
- (11) reintroducing the grants for rent deposit and removal expenses for able-bodied CSSA recipients to alleviate their financial pressure from finding accommodation elsewhere;
- (12) providing long-term supplement for families who are not living with the elderly, the disabled or ill-health and have been in receipt of CSSA for 12 consecutive months or more, so as to help them replace durable goods such as furniture and electrical appliances; and
- (13) providing grants to CSSA recipients, irrespective of age and disability, for covering costs of dental treatment and glasses having regard to their physical conditions and needs; and
- (14) before revising the benchmark for basic living allowance, taking account of structural changes in society and provide additional items of necessary family expenditure, such as subsidies for service fees of mobile phones, so as to develop a comprehensive safety net that does not only enable the recipients to cope with the basic living needs, but also satisfy their personal needs; and
- (15) conducting the study on basic and essential needs on a regular basis to establish the support items for different groups to maintain a basic standard of living, and re-determining the CSSA rates based on the findings of the study.