

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 the proposed improvements to the ‘pro-employment’ measures and other measures under the Comprehensive Social Security Assistance Scheme, and note the implementation timetable of the relevant measures;
- (b) approve a 3.6% increase in the 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 2020 according to established adjustment mechanism; and
- (c) note the additional financial implications of \$960 million and \$1,763 million each year arising from items (a) and (b) above respectively.

/PROBLEM

¹ The Comprehensive Social Security Assistance (CSSA) standard payment rates include standard rates, supplements and the monthly meal allowance under the special grants category.

PROBLEM

We need to improve the CSSA Scheme to further encourage employment, while ensuring that it can continue to serve as the safety net of last resort. Meanwhile, we also need to adjust the standard payment rates under the CSSA Scheme and the rates of allowances under the Social Security Allowance (SSA) Scheme according to the established mechanism.

PROPOSAL

2. We propose to –

- (a) improve the CSSA Scheme, which includes raising the maximum level of disregarded earnings (DE) by 60% from \$2,500 to \$4,000 per month, enhancing the CSSA employment support services, extending a supplement and 11 special grants to eligible non-elderly able-bodied recipients, and increasing the maximum rent allowance (MRA) with reference to the number of household members (details are set out in paragraph 10 below). The proposal on MRA is expected to be implemented about two months after obtaining the approval from the Finance Committee (FC) of the Legislative Council at the earliest, while the remaining proposals can be implemented within about 12 months after obtaining FC approval; and
- (b) increase the standard payment rates under the CSSA Scheme as well as the rates of the Old Age Allowance (OAA)², Old Age Living Allowance (OALA)³ and Disability Allowance (DA) under the SSA Scheme by 3.6% with effect from 1 February 2020 according to the established adjustment mechanism. The CSSA and SSA rates after the proposed increase are set out at Enclosure 1.

Encl. 1

/JUSTIFICATION

² In this paper, the OAA includes those payable under the Guangdong (GD) Scheme and the Fujian (FJ) Scheme. The Schemes currently provide the OAA, on a monthly basis, for eligible Hong Kong elderly persons who choose to reside in GD or FJ to meet their special needs arising from old age.

³ In this paper, the OALA includes those payable under the GD Scheme and the FJ Scheme. Starting from 1 January 2020, the Schemes also provide the OALA, on a monthly basis, for eligible Hong Kong elderly persons who choose to reside in GD or FJ to supplement their living expenses.

JUSTIFICATION

The CSSA Scheme

3. The means-tested CSSA Scheme, as a core element of our social security system, provides cash assistance for financially vulnerable individuals and families to help them meet their basic needs. The CSSA payments comprise three major components, namely standard rates⁴, supplements⁵ and special grants⁶. The Social Welfare Department (SWD) disburses these payments according to the number of eligible household members and their individual circumstances/needs. In general, recipients who are old, disabled or in ill-health may receive higher standard rates as well as a wider range of supplements and special grants. As at end-October 2019, there were 220 775 CSSA cases covering 311 983 recipients. The recurrent expenditure of the CSSA Scheme in 2019-20 is estimated at around \$21 billion.

4. The Government has been observing the following guiding principles since the last comprehensive review of the CSSA Scheme in 1999 –

- (a) to ensure that resources are directed to help the truly needy and disadvantaged members of the community, who cannot fend for themselves through no fault of their own;
- (b) to provide temporary financial assistance for people of working age who are genuinely unable to find work (and for their dependents, if any), and at the same time, to encourage and help them re-join the workforce so that they can lead independent and productive lives; and
- (c) to rid the system of work disincentives so as to ensure that those who can work will work.

These established guiding principles remain valid today. They serve as important benchmarks when the Government contemplates any adjustment to the CSSA Scheme. The Government is mindful of the importance to further promote employment, especially for able-bodied recipients of working age, while meeting the basic needs of disadvantaged members of the community.

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⁴ Different levels of standard rates are provided to different categories of recipients to meet their basic needs.

⁵ Supplements are provided to specified categories of recipients (such as elderly persons, persons with disabilities or in ill-health, single parents and able-bodied adults aged 60 to 64) to meet their special needs.

⁶ Special grants are payable to meet the recipients' specific needs, such as payments to cover medically-recommended diets and costs of medical and rehabilitation appliances.

5. Following the aforementioned review in 1999, SWD introduced a series of measures to ensure that different components under the CSSA Scheme adhere to the above guiding principles. These measures include enhancing employment support services, reducing CSSA payments for non-elderly able-bodied recipients (including the standard rates, supplements and special grants), and tightening eligibility criteria for able-bodied applicants. Meanwhile, CSSA payments are adjusted annually according to the established mechanism to reflect price changes (details are set out in paragraphs 28 and 29 below). SWD has also introduced a number of targeted measures to provide additional support for needy recipients, including increasing the special grant on school-related expenses and abolishing the requirement for a relative who is living apart to make a declaration on whether he/she provides financial support to the elderly person applying for the CSSA (i.e. the so-called ‘bad son statement’ arrangement).

6. Besides, SWD has commissioned non-government organisations (NGOs) to help operate the Integrated Employment Assistance Programme for Self-reliance (IEAPS) since 2013. This programme provides one-stop integrated employment assistance services on a family basis to encourage and assist unemployed able-bodied adult CSSA recipients in enhancing their employability and seeking paid employment.

7. The DE arrangement also serves as an important measure to encourage CSSA recipients to join the employment market. DE refers to the earnings from employment that are disregarded when assessing the amount of assistance payable to CSSA recipients. Currently each able-bodied recipient may enjoy a maximum DE level of \$2,500 per month⁷. In addition, the first month’s income from a new job of eligible CSSA recipients will be totally disregarded every two years. Separately, SWD is implementing a pilot scheme under the Community Care Fund (CCF) to allow for a higher level of DE (at \$4,000 per month) for recipients with disabilities or in ill-health⁸.

8. Furthermore, the Government provides a wide range of allowances for elderly persons and persons with disabilities as well as low-income working households under the SSA Scheme (namely the OAA, OALA and DA) and Working Family Allowance (WFA) Scheme respectively. While many welfare

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⁷ Specifically, the first \$800 earned by able-bodied CSSA recipients from full-time or part-time employment is totally disregarded without affecting their CSSA payments; whereas 50% of the earnings at the next \$3,400 (i.e. \$1,700) is disregarded.

⁸ Specifically, the first \$1,200 earned by CSSA recipients with disabilities or in ill-health from full-time or part-time employment is totally disregarded without affecting their CSSA payments; whereas 50% of the earnings at the next \$5,600 (i.e. \$2,800) is disregarded.

Encl. 2 cash allowances provided by other governments generally require contributions from the recipients or members of the public, the payments under the CSSA Scheme, SSA Scheme and WFA Scheme are non-contributory. Over the years, the total number of recipients covered by the three aforementioned schemes and the public expenditures involved have increased significantly. In 2018-19, the Government's total recurrent expenditure on these schemes was around \$55,000 million, almost three times that of 2000-01. Details are at Enclosure 2.

I. Review on the CSSA Scheme

9. In early 2019, the Government undertook to complete a review on the 'pro-employment' measures under the CSSA Scheme within the year with a view to providing stronger work incentives and support for able-bodied recipients. In this regard, SWD has set up an inter-departmental working group (WG) chaired by the Director of Social Welfare, with members from the Labour and Welfare Bureau, the Financial Services and the Treasury Bureau, the Labour Department (LD) and the Employees Retraining Board (ERB). While other elements that are not 'pro-employment' in nature are, strictly speaking, outside the review scope, the WG has looked into all supplements and special grants under the CSSA Scheme, in particular those with strong public demand for improvements.

10. The WG is mindful that the CSSA Scheme has been, and should remain as, the safety net of last resort for recipients to meet their basic needs. In this regard, the review on the CSSA Scheme must be conducted carefully to avoid impeding its function as the safety net, or discouraging able-bodied adults from fully engaging in the labour market. Against the above background and having considered the WG's review, the Chief Executive's 2019 Policy Address announced a series of improvements to the CSSA Scheme. Specific measures include –

'Pro-employment' Measures

- (a) raising the maximum level of DE by 60% from \$2,500 to \$4,000⁹ per month, and increasing the maximum level of earnings to be totally disregarded from a new job from the first month's income to the first two months' income every two years;

/(b)

⁹ Under the proposed arrangement, the first \$1,200 earned by CSSA recipients from full-time or part-time employment will be totally disregarded without affecting their CSSA payment; whereas 50% of the earnings at the next \$5,600 (i.e. \$2,800) will be disregarded.

- (b) enhancing various employment support services to increase the employability of and employment opportunities for CSSA recipients, and regularising the current arrangement of allowing voluntary participation in employment support services by able-bodied recipients aged 60 to 64¹⁰;

Other Measures

- (c) extending the Community Living Supplement (CLS) (currently at \$340 per month) to able-bodied adults aged 60 to 64, and providing 11 additional special grants (on top of the existing five types of special grants¹¹) to eligible non-elderly able-bodied CSSA recipients; and
- (d) increasing MRA for different household sizes under the CSSA Scheme as a one-off measure according to the 10% trimmed mean¹² of rent paid by CSSA recipients living in rented private housing as at February 2019.

‘Pro-employment’ Measure: DE Arrangement

11. The DE arrangement under the CSSA Scheme is a complex issue. On the one hand, DE provides CSSA recipients with financial incentive to find and remain in employment, which is conducive to achieving self-reliance in the long run. On the other hand, an excessively generous DE level may delay recipients’ exit from the CSSA net. The Government must strike a balance between maintaining the safety net of last resort for the financially vulnerable and providing financial incentives for employable CSSA recipients to engage in employment.

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¹⁰ The Government announced in the Policy Address in January 2017 the adjustment of the eligible age for elderly CSSA from 60 to 65. The adjustment took effect from 1 February 2019, affecting only able-bodied persons aged 60 to 64 who have not previously received elderly CSSA. It is important to note that these persons are still entitled to the basic living protection as able-bodied adults under the CSSA Scheme. Apart from standard rates and special grants (including rent allowance) applicable to able-bodied adults, they may also benefit from the DE arrangement for pro-employment purpose. The Government has also introduced a new Employment Support Supplement (currently at a fixed rate of \$1,060 per person per month) especially for able-bodied CSSA adult recipients aged 60 to 64. Moreover, SWD has extended the IEAPS to this group of recipients so that they may receive employment support services on a voluntary basis (i.e. they will not be subject to any sanctions if they refuse to join the programme).

¹¹ Namely (i) rent allowance; (ii) water and sewage charge allowance; (iii) grant to cover schooling expenses for children; (iv) grant to cover child-care fees; and (v) burial grant.

¹² It refers to the average of rent payment with the lowest and highest 10% excluded.

12. As at end-November 2019, an accumulated total of around 7 900 recipients received subsidy payment under the CCF pilot scheme targeted at CSSA recipients with disabilities or in ill-health as mentioned in paragraph 7 above. Having considered the effectiveness of the pilot scheme and views of various stakeholders, we recommend that the pilot scheme should be regularised, i.e. the maximum level of DE under the CSSA Scheme will be raised from \$2,500 to \$4,000 per month (with the 100% disregarded limit to be raised from the first \$800 to the first \$1,200 of the monthly income). Upon the implementation of the above arrangement, the adjusted maximum DE level will be applicable to all eligible CSSA recipients (regardless of their health conditions).

13. We also recommend that the totally-disregarded income for eligible CSSA recipients from a new job should be increased from the first month's income to a maximum of the first two months' income every two years. This would help encourage CSSA recipients to maintain their work habit and incentivise newly-hired CSSA recipients to remain in their employment at an early stage of career.

'Pro-employment' Measure: Employment Support Services

14. Following the adjustment of the eligible age for elderly CSSA from 60 to 65 on 1 February 2019, the Government announced earlier that the IEAPS would be extended for 12 months at its current service mode to end-March 2020. Able-bodied adult recipients aged 60 to 64 may receive employment support services on a voluntary basis with no sanctions being applied should they refuse to join the programme.

15. To continue encouraging recipients to seek and remain in employment, SWD would maintain the funding for NGOs to provide employment support services for able-bodied CSSA recipients, with enhanced collaboration with LD, ERB and NGO operators from 1 April 2020. Meanwhile, there have been on-going measures to strengthen collaboration among SWD, LD, ERB and IEAPS NGO operators, including installing ERB's Training Net and LD's Vacancy Search Terminals in IEAPS service centres and establishing a mechanism to arrange ERB's Training Consultancy Service for IEAPS NGO operators. The Government has also relaxed the application criteria for Temporary Financial Aid (TFA)¹³ to cover more job seeking-related activities such as purchasing mobile phone SIM cards and taking meals away from home, with such amount being capped at \$2,000 per person per year.

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¹³ TFA mainly assists service recipients in meeting employment-related expenses, job-seeking and internship expenses, travelling expenses for attending job interviews and training courses, examination fees, training fees, licence fee for security guard, etc.

16. As for recipients aged 60 to 64, we recommend that the existing arrangement, i.e. they may decide whether to join IEAPS on a voluntary basis, be maintained having regard to the stakeholders' views and operational experience. This will ensure the continuous provision of resources for target recipients who are in need and desire to return to work, and reduce the pressure on those with lower motivation or more difficulties to re-join the workforce.

17. Apart from the above employment support provided to the CSSA recipients, the Government has also been implementing a series of measures to promote employment. Among others, LD implements various employment programmes to encourage employers to engage the elderly and middle-aged, young people and persons with disabilities through the provision of on-the-job training (OJT) allowance. In order to encourage employers to hire job seekers aged 60 or above and provide them with OJT, LD has further enhanced the Employment Programme for the Middle-aged and renamed it as the Employment Programme for the Elderly and Middle-aged (EPEM) on 1 September 2018. Employers engaging mature job seekers aged 60 or above who are unemployed or have left the workforce are offered a monthly OJT allowance up to \$4,000 per employee for a period of six to 12 months under EPEM. EPEM covers both full-time and part-time jobs. LD will also launch a pilot scheme to encourage mature persons aged 60 or above, young people and persons with disabilities to undergo and complete OJT under its programmes (including the EPEM) through the provision of a retention allowance¹⁴, thereby stabilising employment. Separately, CSSA recipients may apply for ERB's regular free placement-tied courses dedicated for unemployed persons to enhance their employability. They may also apply for retraining allowance and receive follow-up placement services after completing the courses. ERB, commissioned by the Government, also launched a one-off Love Upgrading Special Scheme in October 2019 for those affected by the recent economic downturn, under which a special allowance is provided for them to upgrade their skills and pursue self-enhancement, with a view to facilitating their re-entry into the employment market as early as possible.

Other Measures: Supplements and Special Grants

18. As mentioned in paragraph 10(c) above, non-elderly able-bodied recipients are entitled to five types of special grants. They are not eligible for supplements, except for the Single Parent Supplement for single parent recipients and the Employment Support Supplement for able-bodied adults aged 60 to 64.

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¹⁴ The employees concerned will be offered a retention allowance of \$3,000 if they stay in the OJT posts for three months. Thereafter, they will receive an additional allowance of \$1,000 for each ensuing month if they stay in the same job until their completion of the OJT for 6 to 12 months. Those who have taken up a part-time post will be entitled to half the amount payable to their full-time counterparts.

19. Having considered the nature and objectives of various supplements, we recommend that the status quo should be generally maintained, except for extending the CLS to able-bodied adults aged 60 to 64. The CLS is payable to non-institutionalised recipients who are old, disabled or in ill-health to support their stay in the community. The WG considered that the extension of the CLS to able-bodied adults aged 60 to 64 is consistent with the Government's policy objective of encouraging mature persons to stay in the community and preventing early institutionalisation.

Encl. 3 20. We recommend that a total of 11 special grants (including grants to cover telephone charges and costs of dental treatment and glasses) be extended to eligible non-elderly able-bodied recipients. Details are set out at Enclosure 3.

Other Measures: Rental Support

Encl. 4 21. Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of allowance is equal to the actual rent paid by the household, or the MRA determined with reference to the number of household members eligible for the CSSA, whichever is the less. MRA is adjusted annually in accordance with the movement of the Consumer Price Index (A) rent index for private housing (rent index). In accordance with the relevant established adjustment mechanism, MRA will have room for upward adjustment of 3.2% from 1 February 2020 with details set out at Enclosure 4.

22. In order to relieve the financial burden of CSSA households in face of rent increase, CCF launched a pilot scheme named Subsidy for CSSA Recipients Living in Rented Private Housing in 2011 to provide a one-off payment to CSSA households living in rented private housing and paying a rent exceeding MRA under the CSSA Scheme. Under the present arrangement of pilot scheme, the amount of CCF subsidy is set at 50% of the rental amount exceeding the applicable MRA or 15% of the applicable MRA, whichever is the less.

23. The Government needs to be cautious in adjusting MRA as it may drive recipients' aspirations to improve their accommodation whereas taxpayers will have to foot the bill for the ever increasing aspirations and rents. An increase in MRA may also trigger a rise in the rental level at the lower end of the private rental market (including rental paid by non-CSSA low-income households living in sub-divided units).

24. Having regard to the relevant factors, we recommend making a one-off increase in MRA to up to the 10% trimmed mean of the rent paid by CSSA recipients living in rented private housing as at February 2019, i.e. the average of rent payment with the lowest and highest 10% excluded. The cases at the lowest 10% may represent families living in poor housing conditions or quarters provided by employers or units charged at a lower rate by relatives/friends, while those at the highest 10% may represent CSSA families cutting down other expenses in exchange for better living conditions. The current MRA and proposed MRA based on the 10% trimmed mean and annual adjustment are set out below –

No. of eligible members (a)	Current MRA (b)	WG's proposed MRA including the annual adjustment (amount increased/%) [*] (c)
1	\$1,885	\$2,475 (\$590/+31.3%)
2	\$3,795	\$4,370 (\$575/+15.2%)
3	\$4,955	\$5,245 (\$290/+5.9%)
4	\$5,275	\$5,910 (\$635/+12.0%)
5	\$5,290	\$6,590 (\$1,300/+24.6%)
6 or above	\$6,610	\$7,675 (\$1,065/+16.1%)

* MRA is adjusted according to the 10% trimmed mean of the rent paid by the CSSA recipients living in rented private housing as at February 2019 and includes the upward adjustment of 3.2% according to the movement of the rent index. The level is rounded to the nearest \$5.

However, it must be stressed the increase of MRA is a special and one-off arrangement arising from the review. In other words, the Government has no intention to set a new policy on the CSSA rent allowance to maintain MRA at 10% trimmed mean. Nevertheless, the Government will continue to adjust MRA according to the established mechanism (i.e. to suitably adjust MRA annually based on the movement of the rent index).

25. Furthermore, the Commission on Poverty has approved the extension of the pilot scheme under CCF for six months at its current service mode to end-April 2020 to render additional support for households living in

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rented private housing with rent exceeding MRA. However, SWD noticed from the statistics and operational experience that the current arrangement under the pilot scheme seemed to have lowered the coverage rate of MRA (i.e. the percentage of households whose rent could be fully covered by MRA) as the arrangement might have enticed some CSSA households to rent more expensive units. Subject to timely funding approval for the proposed MRA by FC, SWD will keep a close watch over the impact of the pilot scheme on the proposed MRA and the overall impact of the two measures on the coverage rate before determining whether the pilot scheme should be continued beyond April 2020.

Implementation

26. If approved by FC and taking into account the preparatory work by SWD (including the adjustments to the computer system), the increased MRA under the CSSA Scheme is expected to take effect about two months after FC's approval at the earliest. As for the other proposals, SWD will endeavour to implement the proposals within about 12 months after FC's approval.

27. Meanwhile, we will, consequential to the aforementioned CSSA improvement measures, suitably increase the payment rates under the WFA Scheme¹⁵, so as to preserve the relativity and balance between the economic position of WFA and CSSA-receiving households and continue encourage WFA households to become self-reliant. The WFA improvement measures will be implemented in tandem with the CSSA improvement measure on MRA, which is about two months after FC's approval for the proposals of this paper at the earliest.

II. Adjustment to the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme

28. In accordance with the established adjustment mechanism, the Government will take into account the inflation or deflation as reflected by the Social Security Assistance Index of Prices (SSAIP)¹⁶ 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 the OAA, OALA and DA) on 1 February every year.

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¹⁵ Specifically, we plan to increase the working-hour linked household allowance of the WFA Scheme by 16.7% to 25%, and to increase the Child Allowance substantially by 40%.

¹⁶ 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 other Consumer Price Indices compiled by the C&SD, except items which are covered by special grants under the CSSA Scheme or provided free by the Government.

29. The 12-month moving average of the SSAIP for the period ending October 2019 registered a cumulative increase of 3.6% when compared with the average figure ending October 2018. We therefore propose to increase the standard payment rates under the CSSA Scheme and the rates of the OAA, OALA and DA under the SSA Scheme by 3.6% with effect from 1 February 2020. If the proposal could not receive timely approval from FC before 1 February 2020, the relevant increase will take retrospective effect from 1 February 2020 according to the established mechanism. The same arrangement will also apply to the increase in MRA of 3.2%¹⁷ under the established adjustment mechanism.

FINANCIAL IMPLICATIONS

30. If implemented, the above proposed improvements to the CSSA Scheme, which include (a) raising the maximum level of monthly DE; (b) extending a supplement and 11 special grants to eligible non-elderly CSSA able-bodied recipients; and (c) increasing MRA with reference to the number of household members, will bring about an estimated total increase in recurrent expenditure of about \$960 million¹⁸ per year. The financial implications of the improvements will be reflected in the Estimates of the relevant year.

31. As regards the proposals on annual adjustment of the payment rates under the CSSA Scheme and SSA Scheme, based on the latest caseload, it is estimated that the total increase in recurrent expenditure arising from the proposal will be about \$1,763 million per year, with breakdown as follows –

	\$ million
(a) 3.6% increase in CSSA standard payment rates	582
(b) 3.6% increase in OAA rate	164
(c) 3.6% increase in OALA rates	877
(d) 3.6% increase in DA rates	140
Total	1,763

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¹⁷ The increase will be the differences between row (c) and (b) in the table as set out at Enclosure 4. For instance, the difference in MRA is \$60 per month for one-person household.

¹⁸ The breakdown of individual items of enhancement for the CSSA Scheme is as follows –

Items	Estimated annual recurrent expenditure
1. DE arrangement	\$48 million
2. Special grants/supplements	\$655 million
3. Rent allowance	\$254 million
Total	\$957 million
	(rounded to \$960 million)

PUBLIC CONSULTATION

32. On 11 November 2019, we briefed the Panel on Welfare Services of the Legislative Council on the proposals in this paper. The Panel supported in principle the submission of the relevant proposals to FC.

BACKGROUND

Encl. 5 33. An explanatory note on the CSSA Scheme and SSA Scheme is attached at Enclosure 5 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.

34. The special grants and financial limits under the CSSA Scheme and SSA Scheme (including MRA under the CSSA Scheme) are adjusted annually under delegated authority in accordance with changes to the relevant price indices.

35. As for the WFA Scheme, it aims to support lower-income working households who are not on CSSA and work longer hours (e.g. being engaged in full-time employment) with a view to encouraging self-reliance and alleviating intergenerational poverty. The amount of allowance is assessed on a monthly basis according to the applicant's household income and working hours, and that a Child Allowance would be provided to each eligible child and youth in the household.

**Standard Payment Rates under
the Comprehensive Social Security Assistance Scheme
and the Rates of Allowances
under the Social Security Allowance Scheme after the Adjustment**

Comprehensive Social Security Assistance (CSSA) Scheme

A. Standard rates

1. *Elderly persons and non-able-bodied recipients*

	Existing (per month) (\$)		Proposed (per month) (\$)	
	Single person	Family member	Single person	Family member
(a) Elderly person				
Able-bodied/ 50% disabled	3,585	3,375	3,715	3,495
100% disabled	4,335	3,830	4,490	3,970
Requiring constant attendance	6,095	5,590	6,315	5,790
(b) Ill-health/Disabled adult				
Ill-health/ 50% disabled	3,585	3,375	3,715	3,495
100% disabled	4,335	3,830	4,490	3,970
Requiring constant attendance	6,095	5,590	6,315	5,790
(c) Disabled child				
50% disabled	4,030	3,510	4,175	3,635
100% disabled	4,780	4,270	4,950	4,425
Requiring constant attendance	6,535	6,035	6,770	6,250

2. *Able-bodied recipients*

	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	2,740	2,840
- in a family comprising three able-bodied adults/children	2,475	2,565
- in a family comprising four or more able-bodied adults/children	2,195	2,275
<i>Others</i>		
Single person	2,525	2,615
Family member		
- in a family comprising not more than two able-bodied adults/children	2,250	2,330
- in a family comprising three able-bodied adults/children	2,030	2,105
- in a family comprising four or more able-bodied adults/children	1,810	1,875
(b) Child		
Single person	3,035	3,145
Family member		
- in a family comprising not more than two able-bodied adults/children	2,515	2,605
- in a family comprising three able-bodied adults/children	2,255	2,335
- in a family comprising four or more able-bodied adults/children	2,015	2,090

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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 continuously for 12 months or more)		
Family with one such eligible member	2,240	2,320
Family comprising two or more eligible members	4,480	4,640
2. Monthly single parent supplement	355	370
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 homes. The supplement is suggested to be extended to able-bodied adult recipients aged between 60 and 64)	340	350
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 homes)	340	350
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)	285	295
6. Monthly employment support supplement (for able-bodied adult recipients aged between 60 and 64)	1,060	1,100

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C. Special grants

	Existing (per month) (\$)	Proposed (per month) (\$)
Meal allowance (for students attending full-day school and taking lunch away from home)	300	310

Social Security Allowance Scheme

A.	Old Age Allowance (OAA) ¹	1,385	1,435
B.	Old Age Living Allowance (OALA) ²		
1.	Normal OALA	2,675	2,770
2.	Higher OALA	3,585	3,715
C.	Disability Allowance (DA)		
1.	Normal DA	1,770	1,835
2.	Higher DA ³	3,540	3,670
3.	Transport supplement (for those aged between 12 and 64)	285	295

¹ Same as the monthly rate of OAA provided under the Guangdong (GD) Scheme and the Fujian (FJ) Scheme.

² Same as the monthly rate of OALA provided under the GD Scheme and the FJ Scheme.

³ The rate of Higher DA is set at twice the amount of that of Normal DA and will be \$3,670 per month after adjustment (i.e. \$1,835 x 2).

Number of Recipients and Recurrent Expenditure of Major Government Cash Assistance Schemes

Scheme	Number of recipients [as at the end of the year]					Recurrent expenditure [\$ million] (percentage of the Government's total recurrent expenditure)				
	2000	2010	2013	2016	2018	2000-01	2010-11	2013-14	2016-17	2018-19
CSSA (households)	365 185 (228 060)	446 006 (283 176)	394 907 (260 774)	348 431 (237 056)	323 023 (226 437)	13,560 (7.3%)	17,424 (7.8%)	18,383 (6.5%)	21,164 (6.1%)	19,930 (4.9%)
OAA (including GD and FJ Schemes)	451 925	505 194	209 158	251 188	267 941	3,563 (1.9%)	5,956 (2.7%)	2,706 (1.0%)	3,835 (1.1%)	4,163 (1.0%)
Normal OALA			410 043	442 932	57 307			12,301 (4.3%)	13,218 (3.8%)	3,430 (0.9%)
Higher OALA					475 193					22,701 (5.6%)
DA (including Normal and Higher DA)	95 727	133 736	123 185	141 142	145 965	1,567 (0.8%)	2,432 (1.1%)	2,608 (0.9%)	3,455 (1.0%)	3,554 (0.9%)
Sub-total				1 183 693	1 269 429				41,672	53,777
LIFA/WFA (households)				103 679 (28 629) [LIFA]	151 535 (44 649) [WFA]				602.7 (0.17%)	1,191 (0.29%)
Total	912 837	1 084 936	1 137 293	1 287 372	1 420 964	18,690 (10.1%)	25,812 (11.6%)	35,998 (12.7%)	42,274.7 (12.3%)	54,968 (13.6%)

Legends

CSSA (Comprehensive Social Security Assistance)

DA (Disability Allowance under the SSA Scheme)

GD and FJ Schemes (Guangdong and Fujian Schemes under the SSA Scheme)

LIFA (Low-income Working Family Allowance - predecessor of the Working Family Allowance)

OAA (Old Age Allowance under the Social Security Allowance (SSA) Scheme)

OALA (Old Age Living Allowance under the SSA Scheme)

WFA (Working Family Allowance)

**11 Special Grants under
the Comprehensive Social Security Assistance Scheme
Proposed to be Extended to Eligible Non-elderly Able-bodied Recipients**

Child care-related

1. Grant to cover babysitting charges *[only extending to cases with all able-bodied adults in households engaging in employment]*
2. Grant to cover maintenance payment to a relative/friend for provision of board and lodging for a child *[only extending to cases with all able-bodied adults in households engaging in employment]*

Housing-related

3. Grant for rent deposit
4. Grant for water, electricity and gas/liquefied petroleum gas deposits for accommodation in public rental housing *[also extending to private housing]*
5. Domestic removal grant *[only extending to single-parent households]*
6. Telephone-related grant *[merging the existing grants on telephone installation fee and monthly telephone charges into one single grant, and extending to all recipients aged 18 or above on a household basis (except those living in homes) –*
 - ✧ *One eligible member in a household:* \$130 per month
 - ✧ *Two eligible members in a household:* \$240 per month
 - ✧ *Three or more eligible members in a household:* \$330 per month]
7. Grant for renewal of electrical fittings

/Medical

Medical and rehabilitation-related

8. Grant to cover cost of glasses
9. Grant to cover cost of dental treatment
10. Special diet allowance *[only extending to cases with certified medical needs]*
11. Grant to cover fees for community support services (including physiotherapy/occupational therapy service) *[only extending to able-bodied adults aged 60 to 64]*

Enclosure 4 to FCR(2019-20)41

The Maximum Rent Allowance under the Comprehensive Social Security Assistance Scheme Adjusted in accordance with the Established Mechanism based on the movement of the Consumer Price Index (A) Rent Index for Private Housing

No. of eligible members (a)	Current Maximum Rent Allowance (MRA) (b)	The MRA to take effect on 1 February 2020 [#] (c)
1	\$1,885	\$1,945
2	\$3,795	\$3,915
3	\$4,955	\$5,115
4	\$5,275	\$5,445
5	\$5,290	\$5,460
6 or above	\$6,610	\$6,820

[#] In accordance with the established adjustment mechanism, there is room for upward adjustment of 3.2% for MRA. The relevant level is rounded to the nearest \$5 according to the established arrangement.

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 receive training/retraining.

3. The 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 CSSA Scheme provides various supplements to recipients with special needs, such as elderly persons, persons with disabilities or in ill-health, single parents and able-bodied adult recipients aged 60 to 64. 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.

4. Elderly persons 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 2019, there were 311 983 recipients under the CSSA Scheme. The estimated expenditure of CSSA for 2019-20 is \$21 billion¹, representing 4.8% of the estimated total recurrent Government expenditure.

The SSA Scheme

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

- (a) Old Age Allowance (OAA) (\$1,385): non-means-tested allowance for elderly persons aged 70 or above².
- (b) Normal Old Age Living Allowance (OALA) (\$2,675): means-tested allowance for elderly persons aged 65 or above who are in need of financial support³.
- (c) Higher OALA (\$3,585): means-tested allowance for elderly persons aged 65 or above who have more financial need⁴.
- (d) Normal Disability Allowance (DA) (\$1,770): non-means-tested allowance for severely-disabled persons.
- (e) Higher DA (\$3,540): 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 homes 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.

/7.

¹ The figure for 2019-20 is the approved provision in the Budget for that year, and does not include the one-off supplementary provision for extra standard rate payment to CSSA recipients.

² Same as the monthly rate of OAA provided under the GD Scheme and the FJ Scheme.

³ Same as the monthly rate of Normal OALA provided under the GD Scheme and the FJ Scheme.

⁴ Same as the monthly rate of Higher OALA provided under the GD Scheme and the FJ Scheme.

7. As at the end of October 2019, there were 988 685 recipients under the SSA Scheme. Of these recipients, 279 919 were OAA recipients, 557 765 were OALA recipients (including 49 357 Normal OALA recipients and 508 408 Higher OALA recipients) and 151 001 were DA recipients (including 133 628 Normal DA recipients and 17 373 Higher DA recipients). The estimated expenditures on the OAA, OALA and DA for 2019-20⁵ are \$4.5 billion, \$24.2 billion and \$3.8 billion respectively, representing 1.0%, 5.5% and 0.9% of the estimated total recurrent Government expenditure.

⁵ The figures for 2019-20 are the approved provisions in the Budget for that year, and do not include the one-off supplementary provision for extra allowance to SSA recipients.