

LCQ20: Comprehensive Social Security Assistance

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (June 17):

Question:

The Census and Statistics Department compiles the Social Security Assistance Index of Prices (SSAIP) on a monthly basis to reflect the impact of price changes on the recipients of Comprehensive Social Security Assistance (CSSA). The expenditure weight of individual categories of goods and services covered by SSAIP is updated every five years with reference to the findings of the Household Expenditure Survey on CSSA Households. The Government reviews the standard payment rates under the CSSA Scheme on an annual basis taking into account the changes in the 12-month moving average of SSAIP (the compilation of which is based on the latest expenditure weights) up to the end of October. There are comments that the adjustments to the supplements and special grants under the CSSA Scheme often fail to catch up with the rise in actual living expenses of CSSA recipients. In this connection, will the Government inform this Council:

(1) of the average monthly amount of payments granted to CSSA recipients in each of the past 10 years (with a breakdown by the number of eligible household members);

(2) of (i) the respective average monthly expenditures of households in the lowest five per cent, 10 per cent, 20 per cent and 25 per cent income groups in Hong Kong, and (ii) the median household income, in each of the past 10 years (with a breakdown by household size);

(3) of the changes in the past two decades in the expenditure weights of the various categories of goods and services covered by SSAIP; given that families having the same number of members but comprising different types of members (e.g. the elderly and minor students) have different expenditure patterns, whether the Government will review the composition of the expenditure weights, and formulate a breakdown of the expenditure weights in the light of the different compositions of families;

(4) whether it will work out afresh a "basic needs budget" (i.e. a list of necessities formulated based on the concept of "absolute poverty" in combination with expert judgment and the real spending pattern of members of the public) in order to determine the standard rates for the CSSA Scheme;

(5) as the Chief Executive announced in the Policy Address delivered last year that the maximum rent allowance for different household sizes under the CSSA Scheme would be increased as a one-off measure according to the 10 per

cent trimmed mean of rent paid by CSSA recipients living in rented private housing as at February 2019, of the circumstances under which the Government will adjust the rent allowance again, and whether it will consider making similar adjustments to the supplements and special grants under the CSSA Scheme; and

(6) whether it will adjust upward the rates of the supplements and special grants under the CSSA Scheme so as to make up for the amounts of the downward adjustments made in 1999 and 2003; if so, of the details; if not, the reasons for that?

Reply:

President,

The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net to help persons and families who cannot support themselves financially to meet their basic needs. The Scheme is non-contributory, but applicants have to pass a means test to ensure public resources are used on those who are genuinely in need. My reply to the Member's question is set out below:

(1) The Social Welfare Department (SWD) provides applicable standard rates, supplements and special grants according to the number of household members and the personal circumstances of individual members. The average monthly CSSA payments by the number of eligible members in a household from 2015 to 2019 are set out in Table 1 at the Annex.

(2) As compiled by the Census and Statistics Department (C&SD), the 2009/2010-based and 2014/2015-based average monthly household expenditure by household sizes and by the lowest five per cent, 10 per cent, 20 per cent and 25 per cent monthly household income groups are set out in Table 2 at the Annex.

Separately, the median monthly domestic household income by household sizes from 2015 to 2019 as compiled by C&SD is set out in Table 3 at the Annex.

(3) The Social Security Assistance Index of Prices (SSAIP) is compiled by C&SD to reflect the impact of price changes on CSSA recipients. Except for items covered by CSSA special grants (e.g. rent) or public services provided free to CSSA recipients (e.g. medical services), the index covers all items of goods and services consumed by CSSA recipients.

To maintain the purchasing power of the CSSA payments, the proportions of individual categories of goods and services to total expenditure covered by SSAIP (i.e. statistically called "expenditure weights") are updated every five years with reference to the findings of the Household Expenditure Survey on CSSA Households. The survey collects information on the actual expenditure of CSSA households on goods and services, and is therefore able to accurately reflect the expenditure pattern of CSSA households. The 1999/2000-based to

2014/2015-based expenditure weights of SSAIP are set out in Table 4 at the Annex.

(4) to (6) Under the established mechanism, the Government adjusts annually the CSSA payment rates (including the standard rates) in accordance with the movement of SSAIP, and the maximum rent allowance (MRA) in accordance with the Consumer Price Index (A) rent index for private housing. Taking into account the 3.6 per cent increase, which takes retrospective effect from February 1, 2020, approved by the Legislative Council Finance Committee (FC) on May 29, 2020, the CSSA payment rates registered a cumulative increase of about 40 per cent between 2011 and 2020.

"The Chief Executive's 2019 Policy Address" announced a series of measures to improve the CSSA. These measures included increasing the MRA significantly, raising the maximum level of the monthly disregarded earnings substantially, strengthening employment services, extending a range of supplement and special grants (including the monthly telephone grant, the grant to cover cost of glasses and the grant to cover cost of dental treatment, etc.) to eligible non-elderly able-bodied recipients, etc. In particular, MRA is increased by six per cent to 31 per cent with reference to eligible members in the household. The FC approved the relevant proposal on May 29, 2020. The Government will implement various measures as soon as possible.

It is noteworthy that the aforementioned significant increase in MRA is a special and one-off measure. The Government has to consider cautiously the possible knock-on effect that may be triggered by an increase in the MRA on the private rental market, especially whether the move would cause indirect rental hikes of units for the grassroots (including the sub-divided units), and the result of which will affect more non-CSSA grassroots families. Although the aforementioned significant increase in MRA is a special and one-off measure, the Government will continue to adjust the MRA next year according to the established mechanism, i.e. with reference to the movement of the Consumer Price Index (A) rent index for private housing.