

LCQ4: Raising the eligible age for elderly Comprehensive Social Security Assistance

Following is a question by the Dr Hon Fernando Cheung and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (January 30):

Question:

On the seventh of this month, the Government announced that starting from the first of next month, the eligible age for elderly Comprehensive Social Security Assistance (CSSA) would be changed from 60 to 65. As that measure has aroused grave concerns in the community and among Members of this Council, this Council passed on the seventeenth of this month an amendment proposed by me to a related motion, urging the Government to "shelve the tightening of eligibility age for elderly CSSA to 65". The Government announced on the eighteenth of this month that starting from the first of next month, an Employment Support Supplement (ESS) of \$1,060 would be provided monthly to able-bodied adult CSSA recipients aged between 60 and 64. In this connection, will the Government inform this Council:

(1) of the total amount of CSSA payments granted to elderly CSSA recipients aged between 60 and 64 in each of the past five years, and a breakdown of the number of such recipients by the following characteristics: educational attainment, years of stay on CSSA, the trades and positions in which they were previously employed, whether or not they had any record of work injuries, and current employability (including health conditions and types of jobs which are suitable for them to take up); whether it has assessed the reasons for the number of elderly CSSA recipients dropping continuously in the past five years;

(2) of the anticipated number of able-bodied adult CSSA recipients aged between 60 and 64 in the current year and each of the coming five years, and the total amount of ESS they will receive; given that the objective of ESS is to encourage the recipients to join the labour market, of the reasons for not granting the supplement to able-bodied adult CSSA recipients aged below 60; and

(3) of the respective names of the various supplements and special grants (e.g. grants covering costs of dental treatment and glasses) for which elderly CSSA recipients are eligible but able-bodied adult CSSA recipients are ineligible; in respect of each of those items, the number of recipients and expenditure in each of the past five years; the Government's justifications for deciding that starting from the first of next month, all of those elderly persons aged between 60 and 64 who cannot receive elderly CSSA may not receive such supplements and special grants?

Reply:

President,

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 Comprehensive Social Security Assistance (CSSA) will be adjusted from 60 to 65. The relevant adjustment is one of the social security measures announced in the abovementioned Policy Address. Other measures include raising the asset limits for the Normal Old Age Living Allowance (OALA), introducing the Higher OALA, implementing the Fujian Scheme in addition to the Guangdong Scheme, etc. In this connection, the Higher OALA, which has been implemented for about six months 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 480 000 elderly persons are receiving the higher allowance of \$3,485 per month. With about 60 000 Normal OALA (currently at \$2,600 per month) recipients, the OALA programme covers some 540 000 elderly persons aged 65 or above, involving an annual recurrent expenditure of about \$24 billion.

Regarding the adjustment of eligible age for elderly CSSA from February 1 this year, I would like to reiterate that persons aged between 60 and 64 who have received elderly CSSA before February 1 this year will be "grandfathered" and not be affected. The CSSA payments of persons with disabilities or persons in ill health will not be affected either. They will, regardless of age, continue to receive CSSA payments which are higher than those applicable to able-bodied adults. It is noteworthy that around 70 per cent of CSSA recipients aged between 55 and 59 are with disabilities or in ill-health.

As for the able-bodied recipients aged between 60 and 64 under the new arrangement (i.e. those who are not disabled, in ill-health or have not received elderly CSSA), they will continue to be entitled to the basic living protection as able-bodied adults under CSSA and receive the standard rates and special grants that are applicable to able-bodied adults (including rent allowance, water and sewage charge allowance, burial grant, child-care grants and school grants which are disbursed on a need basis). Furthermore, they will also benefit from the disregarded earnings (DE) arrangement, i.e. the recipients will have part of their monthly earnings from employment disregarded in the CSSA assessment. In other words, they will have extra income on top of their CSSA payments. Recipients will be entitled to the maximum DE level of \$2,500 if their employment earnings reach \$4,200. In addition, CSSA recipients are entitled to medical fee waiver for public healthcare.

The Government has announced that it will put in place, with effect from February 1 this year upon the adjustment of eligible age for elderly CSSA, the Employment Support Supplement under the CSSA Scheme especially designed for able-bodied adults aged between 60 and 64. Eligible recipients will be provided with 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 between 60 and 64 to join the labour market. It will also benefit employed able-bodied adult recipients in this age group to support them to remain in employment. The supplement will be adjusted annually according to the established mechanism. Moreover, the Social Welfare Department (SWD) will provide suitable employment support to these persons under the "Integrated Employment Assistance Programme for Self-reliance" according to their situation and needs. The Labour Department (LD) has also enhanced the Employment Programme for the Middle-aged, and renamed it as the Employment Programme for the Elderly and Middle-aged (EPEM) on September 1, 2018. Employers engaging mature job seekers aged 60 or above who have left the workforce or are unemployed would receive a monthly on-the-job training allowance up to \$4,000 per employee for a period of six to 12 months under the EPEM.

My reply to the Member's question is as follows:

(1) The breakdown of the number of CSSA recipients aged between 60 and 64 by their education level, their duration of receiving CSSA and their categories of standard rates in the past five years is set out at Annex 1. The CSSA Scheme is a household-based programme. The SWD disburses standard rates, supplements and special grants to CSSA cases according to their respective number of family members as well as the needs of individual members. In this connection, the SWD does not maintain the total amount of CSSA payment disbursed to recipients aged between 60 and 64. It also does not maintain information on their employment and work injury records.

Meanwhile, there is a slight decrease in the number of elderly CSSA cases in the past five years. The figure at end-2018 (i.e. 142 364 cases) registered a 6 per cent decrease as compared with that in five years ago (i.e. 151 151 cases in early 2014). Indeed, the relevant figure has remained between 140 000 and 150 000 since 2003. Whether a person applies for or continues to receive CSSA involves a number of factors and considerations, including individual, family and socio-economic circumstances. It should be noted that the CSSA Scheme is only a part of the Government's cash assistance system. We have put in place various measures to cater for the different needs of needy persons. In particular, the expenditure on cash assistance programmes targeting at elderly group, i.e. persons aged 65 or above (i.e. the expenditure arising from the Old Age Allowance and the recently introduced Normal OALA and Higher OALA) has exceeded the overall expenditure on all age groups under the CSSA Scheme. Such expenditure will continue to increase significantly given the ageing population.

(2) The Government has reiterated that the adjustment of eligible age for elderly CSSA is not intended for reducing expenditure. Having regard to the views from the public and stakeholders (including members of the Legislative Council), the SWD will provide the Employment Support Supplement to able-bodied adult recipients aged between 60 and 64 upon the implementation of the relevant arrangement on February 1 this year. Taking into account the job seeking and employment situation of the persons concerned, the supplement

aims to encourage them to join the labour market and remain in employment. In fact, the abovementioned EPEM administered by the LD has specifically provided higher on-the-job training allowance to employers of eligible persons aged 60 or above.

As I have pointed out earlier, whether a person applies for or continues to receive CSSA involves a number of individual, family and socio-economic considerations. The Government is unable to provide an accurate assessment on the number of able-bodied adult recipients aged between 60 and 64 of and the expenditure under the Employment Support Supplement. In fact, the CSSA is a non-cash limited programme and all eligible persons in need would be provided with support.

As at end-November 2018, there were about 6 500 able-bodied CSSA recipients aged between 55 and 59. If they remain able-bodied and need to receive CSSA when they reach the age of 60 on or after February 1 this year, they will benefit from the Employment Support Supplement. CSSA able-bodied applicants aged between 60 and 64 who have not received elderly CSSA before February 1 this year are also eligible for this supplement.

(3) CSSA households are provided with different standard rates according to the number of household members and their circumstances to meet 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 are eligible for rent allowance, water and sewage charge allowance, burial grant, child-care grants and school grants according to their needs. Single parents are entitled to the Single Parent Supplement. Furthermore, the Government will provide the Employment Support Supplement to able-bodied adult recipients aged between 60 and 64 from February 1 this year. These supplements and special grants as well as items particularly applicable to recipients who are elderly, disabled or in ill health are set out at Annex 2.

However, as mentioned earlier, CSSA is payable on a household basis and the SWD does not maintain the respective number of recipients of and expenditure under each of the supplements and special grants.