

**For discussion  
on 22 November 2024**

## **LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES**

### **Annual Adjustment to Social Security Payment Rates and Support Services for the Unemployed under the Comprehensive Social Security Assistance Scheme**

#### **Purpose**

This paper briefs Members on –

- (a) the latest position of the Social Security Assistance Index of Prices (SSAIP), and the estimated corresponding rate of adjustment to the standard payment rates under the Comprehensive Social Security Assistance (CSSA) Scheme<sup>1</sup> and the rates of allowances under the Social Security Allowance (SSA) Scheme<sup>2</sup> with effect from 1 February 2025;
- (b) the latest position of the Consumer Price Index (A) rent index for private housing (Rent Index)<sup>3</sup>, and the estimated corresponding rate of adjustment to the maximum rent allowance (MRA) under the CSSA Scheme; and
- (c) the issues relating to the Employment Support Services (EmSS) under the CSSA Scheme.

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<sup>1</sup> Namely standard rates, supplements and the monthly meal allowance under the special grants category. The current average monthly CSSA payments for households of different sizes are set out in **Annex**. In this paper, the CSSA Scheme includes the Portable CSSA Scheme, which provides monthly cash assistance to eligible elderly CSSA recipients who opt to retire in Guangdong (GD) or Fujian (FJ) Province.

<sup>2</sup> Namely the Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance. In this paper, OAA and OALA include those payable under the GD and FJ Schemes, which provide monthly OAA or OALA to eligible elderly recipients who opt to retire in GD or FJ Province.

<sup>3</sup> The Rent Index is compiled by the Census and Statistics Department on a monthly basis. It reflects the movement of private housing rents borne by households in the lower expenditure group.

## **Annual Adjustment to Social Security Payment Rates**

### Adjustment Mechanism

2. According to the established mechanism, the Government adjusts the standard payment rates under the CSSA Scheme and the rates of allowances under the SSA Scheme with effect from 1 February of the following year, on the basis of the rate of change in the 12-month moving average of the SSAIP ending October of a year, compared to that ending October of the previous year.

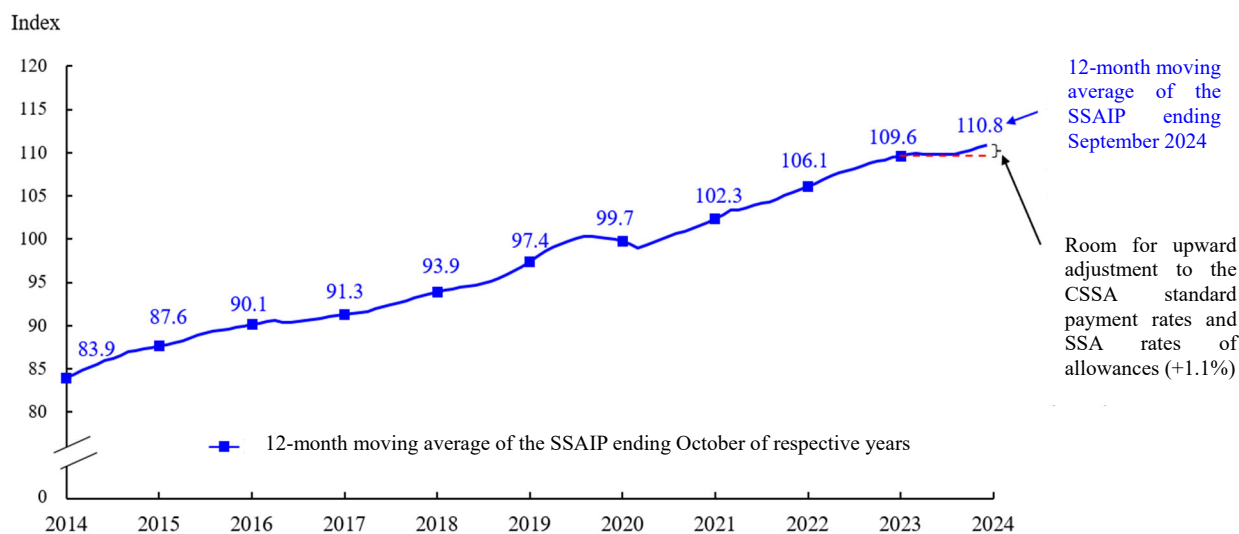
3. Normally, the Government first presents to the Panel an estimated rate of adjustment to the aforementioned rates according to the SSAIP movement ending September. Taking into account the views of the Panel, the Government will proceed to seek approval from the Finance Committee (FC) of the Legislative Council (LegCo) around December for adjusting the relevant rates according to the SSAIP movement ending October. Subject to FC's approval, the Social Welfare Department (SWD) will complete the adjustments to its computer system and other preparatory work as soon as possible, such that it can disburse the new rates to all recipients (currently around 1.6 million) from 1 February of the following year.

4. Meanwhile, the Government adjusts the MRA taking into account the rate of change in the 12-month moving average of the Rent Index ending October of a year, compared to that ending October of the previous year. The new rate takes effect in tandem with the adjusted CSSA standard payment rates and SSA rates of allowances on 1 February of the following year. FC has delegated the authority to approve adjustment to the MRA to the Secretary for Financial Services and the Treasury.

### CSSA Standard Payment Rates and SSA Rates of Allowances

5. As shown in the chart below, the 12-month moving average of the SSAIP ending September 2024 registered a cumulative increase of 1.1% when compared with the 12-month moving average ending October 2023. This indicates that there is room for an upward adjustment to the CSSA standard payment rates and SSA rates of allowances.

## Room for upward adjustment to the CSSA standard payment rates and SSA rates of allowances



6. We will complete compilation of the SSAIP movement ending October 2024 as soon as possible, and seek FC's approval of the proposed adjustment to the CSSA standard payment rates and SSA rates of allowances on that basis.

### MRA under the CSSA Scheme

7. Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of the monthly allowance is equal to the actual rent paid by a household or the MRA, whichever is the less. The MRA is determined with reference to the number of eligible members in a household.

8. The MRA was last adjusted in February 2021 with reference to the rate of change in the 12-month moving average of the Rent Index ending October 2020 compared with the 12-month moving average ending October 2019. While the 12-month moving averages of the Rent Index ending October 2021, October 2022 and October 2023 were lower than the 12-month moving average ending October 2020, we did not correspondingly adjust the MRA downwards in the last three adjustment cycles (i.e., those effective from February 2022, February 2023 and February 2024), considering CSSA recipients' needs for extra financial assistance in face of uncertainties such as the pandemic and Hong Kong's challenging economic conditions<sup>4</sup>.

<sup>4</sup> Vide FCR(2021-22)83, FCR(2022-23)65 and FCR(2023-24)58.

9. The 12-month moving average of the Rent Index ending September 2024 registered a cumulative increase of 0.1% when compared with the 12-month moving average ending October 2020 (being the basis of the prevailing MRA). This indicates that recent increases in private housing rents borne by households in the lower expenditure group have fully offset the cumulative decrease in rents since October 2020. In the event that the 12-month moving average ending October 2024 registers a cumulative increase when compared with the 12-month moving average ending October 2020, the Government will adjust the MRA upwards correspondingly and inform FC of the decision.

## **EmSS under the CSSA Scheme**

### Background

10. In addition to providing cash assistance to needy persons, the CSSA Scheme also assists recipients who may work to overcome employment barriers to achieve self-reliance. In January 2013, SWD launched the Integrated Employment Assistance Programme for Self-reliance, under which non-governmental organisations (NGOs) provided services to relevant recipients to encourage and assist them to enhance employability and secure paid employment or return to mainstream education. In April 2020, SWD launched EmSS to provide intensive counselling services for recipients and improve NGOs operators' efficacy in providing the relevant services by leveraging resources of the Labour Department (LD) and the Employees Retraining Board (ERB)<sup>5</sup>.

11. In general, unemployed able-bodied CSSA recipients aged 15 to 59 are required to receive EmSS, unless they have justifiable reasons for not being able to work (such as pursuing studies, or having to look after young children, sick or disabled family members at home). EmSS recipients are required to comply with a number of obligations, mainly in terms of meeting NGO case managers and sustaining job seeking efforts. Incompliance with the obligations will result in CSSA stoppage for the household. Unemployed able-bodied CSSA recipients aged 60 to 64 may receive EmSS on a voluntary basis.

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<sup>5</sup> Examples include installing LD's Vacancy Search Terminals in EmSS service centres to facilitate recipients' job search, referral of EmSS recipients to ERB training courses and facilitating the use of ERB's Training Consultancy Service by EmSS operators.

12. During the five-and-a-half-year EmSS contract period, which expires in September 2025, NGO operators are required to assist at least 25% of EmSS recipients in securing employment or returning to mainstream education for at least one month, and at least 20% of EmSS recipients to do the same for three months. As at 30 September 2024, these percentages stood at 22.8% and 17.9% respectively. Some members of this Panel have expressed concerns over the efficacy of the current EmSS model. To address such concerns and in furtherance of the policy objectives of assisting recipients to enhance employability, better integrate into society and reduce reliance on CSSA, SWD will replace EmSS with the Support Programme for the Unemployed (SPU) on a pilot basis for two years.

### The New Programme

13. To dovetail with the expiry of the EmSS contracts in September 2025, SWD will commission NGOs and/or other organisations to operate the SPU for two years from 1 October 2025 to 30 September 2027. All unemployed able-bodied CSSA recipients aged 15 to 59 will be mandated to join the SPU. SPU participants will be required to take up unpaid work arranged by the SPU operators on a weekly basis, unless and until they have secured gainful employment or returned to mainstream education. Incompliance with the unpaid work requirement will result in CSSA stoppage for their households. Compared to EmSS which emphasises counselling services and job seeking efforts, the SPU will be more streamlined in operation and will focus on ensuring meaningful engagement of participants through unpaid work. With clearly defined obligations, SPU participants will have stronger impetus to secure gainful employment or return to mainstream education, and eventually reduce reliance on CSSA in the longer term.

14. At present, amongst all unemployed able-bodied CSSA recipients, around 50% are aged 50 to 59, and many of whom seem to have relatively low employability due to low education level and skills. The SPU is expected to facilitate participants' integration into society through enriching participants' work experience and instilling in them a work habit. SPU participants will continue to have access to a wide range of free-of-charge employment services and training resources as well as allowances / subsidies provided by LD<sup>6</sup> and

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<sup>6</sup> Apart from employment services provided by LD's job centres and recruitment centres for the catering, retail and construction industry, job seekers may make use of LD's Interactive Employment Service website and mobile application to search for job vacancies, access employment information and submit job applications. LD also implements various employment programmes to assist different target groups, including the elderly and the middle-aged, to join the job market.

ERB<sup>7</sup>, including those targeting the elderly, the middle aged and persons with low education and skill levels. Under the current tight labour market situation, employment opportunities for SPU participants should be more readily available.

**Financial Implication**

15. In accordance with the established mechanism, subject to the actual movement of the SSAIP ending October 2024, we will report to FC the financial implication of the proposed annual adjustment to the CSSA standard payment rates and SSA rates of allowances that will take effect from 1 February 2025. Meanwhile, SWD will include the necessary provision of the SPU for the relevant years in the draft estimates.

**Implementation**

16. Subject to the Panel’s views, the Government plans to seek FC’s approval in December 2024 of the proposed annual adjustment to the CSSA standard payment rates and SSA rates of allowances. Due to the SPU’s pilot nature, SWD will implement the programme for two years starting from October 2025 and carry out a review before the end of the two-year period. SWD will collect data on SPU participants’ compliance and CSSA stoppage for assessing the SPU’s operation.

**Labour and Welfare Bureau  
Social Welfare Department  
November 2024**

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<sup>7</sup> These include ERB’s Training Consultancy Service, under which ERB’s training consultants would assess users’ training needs and job aspirations, provide recommendation on suitable ERB courses and assist them in applying for these courses. Unemployed persons may also attend ERB’s placement-tied courses which aim to equip trainees with skills required by specific industries and improve employability.

**Average Comprehensive Social Security Assistance (CSSA)  
Monthly Payments by the Number of Eligible Members in a Household**

*(Assuming CSSA households do not have income other than CSSA payments, including standard rates, supplements and special grants)*

<b>Number of Eligible Members in a Household</b>	<b>Average Monthly CSSA Payment (\$)</b>
1	7,983
2	12,111
3	15,762
4	18,858
5	21,774
6 or above	26,056

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