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$3b needed to pay social welfare bill

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By TERRY LEE

THE Government will spend about $3 billion over the next five years to implement the social security improvements outlined by the Governor, Sir David Wilson, in his maiden policy speech.

Sir David said that adjustments would be made to the basic rates of public assistance to lift recipients' standard of living and eligibility for the old age allowance would be lowered to 65.

The Director of Social Welfare, Mrs Elizabeth Wong, said yesterday that the first slice of the enlarged social welfare pie, amounting to $314.7 million, would come next year, pending approval by the Finance Committee.

There would be an initial 10 per cent boost to the public allowance and special need allowance and the addition of new benefits under both categories of allowance.

The amount allocated to these areas would grow to about $500 million in 1989, $721 million in 1990, $867 million in 1991 and $900 million in 1992, Mrs Wong said.

The Secretary for Health and Welfare, Mr John Chambers, gave an assurance that the additional commitments would not put an unaffordable constraint on general revenue, nor would they be an extra burden on taxpayers.

He said the Government would not commit itself to expenditures of this order unless it was within its capability.

When the officials were drawing up the proposals, they worked on good assumptions that funds would be available to meet the expenditures, he said.

"The Government will be very reluctant to increase tax to meet the funding demand," he added.

The age limit of eligibility for the old age allowance, which was presently set at 70, would be lowered progressively to 65 over four years to benefit an additional 150,000 people.

Starting next September, the 68-69 age group would be given an old age allowance, then the 67-68 group in 1989, the 66-67 group in 1990 and finally the 65-66 group in 1991, said Mrs Wong.

It was expected that by then 447,000 people of or above 65 would be receiving old age allowances. There were 230,000 people of or above the age of 70 receiving the allowance last year.

However, all new applicants would be required to make a declaration of their personal income and assets to ensure that money went to the needy, she added.

The limit for single persons would be a monthly income of $1,500 and assets of $100,000 value, while that for married couples would be $2,500 a month and $150,000 assets, she explained.

But Mrs Wong assured that current recipients would

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How social service spending will grow

	88/89 $m	88/89 $m	90/91 $m	91/92 $m	92/93 $m
Old age allowance	267.9	371	485.3	598.4	618.6
Disabled allowance	21.2	79.8	158.8	169.1	178.6
TOTAL	289.1	450.8	644.1	767.5	797.2

$3b to be spent on welfare

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not be affected by the new measures.

On public assistance, Mrs Wong said apart from the 10 per cent rise in basic rates in 1988 as revealed by the Governor, additional benefits would be introduced mainly to benefit large families having difficulties making ends meet under the present levels.

The basic rate for single persons would remain at $510 per month, but the rate for the first two members in a family would increase from $370 to $380. The third member would continue to get $370 a month.

While the present scale gave a flat rate of $315 for the fourth to sixth family members, the rate would be boosted to $370 for the fourth member and $360 for the fifth and sixth members.

Rates for all subsequent members would increase from $245 to $360 a month.

Other upgradings of public allowance benefits included the increase from $1,290 to $1,935 per month of the long term supplement for families with more than four members for the replacement of durable household items, and the provision of a meal allowance of $80 per month for full-day schoolchildren.

For the physically handicapped requiring constant attendance, the disability allowance would rise from $510 to $1,020.

Mrs Wong said this would be carried out in phases, with priority given to the aged and sick over the age of 60, who would get the new allowance next year, followed by people above the age of 16 who would get the benefit in 1990, and all others in 1991.

Government figures showed that there were currently about 50,000 people covered by the scheme which cost the Government $299.6 million last year.

Sir David announced that the Government would establish the Queen Elizabeth Foundation to improve the welfare, education and training of the mentally handicapped.

A $90 million target has been set for the fund – $30 million to come from profits on the sale of gold coins to commemorate the 1986 royal visit, $30 million to come from general revenue and another $30 million to be solicited from private donors, Mrs Wong said.