
INFORMATION NOTE

Supplementary Note on Social Security System in Support of the Elderly in Poverty in Selected Places

1. Background

1.1 The Panel on Welfare Services, at its meeting on 13 June 2005, requested the Research and Library Services Division to provide the following additional information regarding the research report entitled "Social Security System in Support of the Elderly in Poverty in Selected Places (Canada, Australia, Singapore and Hong Kong)":

- (a) public expenditure on programmes in support of the elderly in poverty as a percentage of Gross Domestic Product and total public expenditure in the selected places;
- (b) criteria being used to set the benefit rates of programmes in support of the elderly in poverty in the selected places;
- (c) whether medical expenses are covered by the social security system in support of the elderly in poverty in the selected places;
- (d) income sources of the elderly in Singapore; and
- (e) operational details of the Pension Loans Scheme in Australia.

2. Public expenditure on programmes in support of the elderly in poverty as a percentage of Gross Domestic Product and total public expenditure in the selected places

2.1 The respective percentage shares in Gross Domestic Product and total public expenditure for various programmes in support of the elderly in poverty in the selected places are shown in the table below:

Table 1 — Public expenditure on programmes in support of the elderly in poverty as a percentage of Gross Domestic Product and total public expenditure

	Canada 2003	Australia 2003-04	Singapore 2003	Hong Kong 2003-04
Programme expenditure (a)	CAN\$28,037 million ⁽¹⁾ (HK\$181,927 million)	AUS\$19,553 million ⁽²⁾ (HK\$113,884 million)	S\$6.8 million ⁽³⁾ (HK\$31.4 million)	HK\$11,666 million ⁽⁴⁾
Nominal GDP (b)	CAN\$1,219,000 million (HK\$7,910,547 million)	AUS\$813,183 million (HK\$4,735,864 million)	S\$160,924 million (HK\$743,086 million)	HK\$1,226,427 million
Total public expenditure (c)	CAN\$479,357 million (HK\$3,144,007 million)	AUS\$341,933 million (HK\$2,033,710 million)	S\$19,236 million (HK\$89,288 million)	HK\$247,466 million
(a) as a percentage of (b)	2.3%	2.4%	0.004%	1%
(a) as a percentage of (c)	5.9%	5.7%	0.04%	4.7%

Notes: (1) Programmes include Old Age Security Pension, Guaranteed Income Supplement and Allowance.

(2) Programmes include Age Pension and living allowances.

(3) While waiting for Singaporean authority's reply on the expenditure on the public assistance for the elderly, the figure is derived from the following formula: A x B x C
Where

A = monthly rate of Public Assistance for an one-adult household, i.e. S\$260 (HK\$1,201)

B = number of months in 2003, i.e. 12

C = number of recipients under the Aged Destitutes category in the Public Assistance Scheme in 2003, i.e. 2 191

(4) Programmes in support of the elderly in poverty include Comprehensive Social Security Assistance for the elderly and Old Age Allowance.

Sources: Office of the Chief Actuary (2005), p.30, *Statistics Canada* (2005), Australian Bureau of Statistics (2005a), p.15, Australian Bureau of Statistics (2005b), p.2, Australian Bureau of Statistics (2005c), p.3, *Singapore Department of Statistics* (2005), *Ministry of Community Development, Youth and Sports* (2005), Health, Welfare and Food Bureau (2005), p.2, Census and Statistics Department (2004), p.212, and Census and Statistics Department (2005), p.222.

3. Criteria being used to set the benefit rates of programmes in support of the elderly in poverty in the selected places

3.1 The criteria being used to set the benefit rates of programmes in support of the elderly in poverty in the selected places are presented as follows:

Table 2 — Criteria being used to set the benefit rates of programmes in support of the elderly in poverty

Canada	Australia	Singapore	Hong Kong
<ul style="list-style-type: none"> The objective of the Old Age Security Program (consisting of Old Age Security Pension, Guaranteed Income Supplement and Allowance) is to ensure a minimum income level for all eligible Canadian elderly people. Detailed information on the calculation of the minimum income level is not available, pending Social Development Canada's reply. 	<ul style="list-style-type: none"> The maximum rate of Age Pension for a single person is set to at least 25% of Male Total Average Weekly Earnings. The maximum rate Age Pension for each member of a couple is around 83% of that of a single person. 	<ul style="list-style-type: none"> The objective of the monthly cash grant under the Public Assistance Scheme is to help recipients, including the elderly, with their basic living expenses. Detailed information on the calculation of the basic living expenses level is not available, pending the Ministry of Community Development, Youth and Sports' reply. 	<ul style="list-style-type: none"> Under the Basic Need approach, a baseline is drawn based on needs considered essential to an individual so that the standard of living is considered unacceptable for individuals living below that line.

Sources: *Seniors Policies and Programs Database* (2005), Department of Family and Community Services, Australia (2005), *Ministry of Community Development, Youth and Sports* (2005), and Legislative Council Secretariat (2005).

4. Whether medical expenses are covered by the social security system in support of the elderly in poverty in the selected places

4.1 Among the selected places, the medical expenses are covered by the social security system in support of the elderly in poverty in Singapore and Hong Kong. The forms of medical subsidy for the elderly in poverty are described in the following table:

Table 3 — Forms of medical subsidy for the elderly in poverty

Canada	Australia	Singapore	Hong Kong
<ul style="list-style-type: none"> • The Old Age Security Program does not cover medical expenses. • Medical expenses are covered by publicly-funded provincial health insurance plans. • Provinces may provide supplementary health benefits for seniors e.g. prescription drugs. 	<ul style="list-style-type: none"> • The Age Pension does not cover medical expenses. • Medical expenses are covered by a universal health insurance programme. • The elderly are entitled to medicines at a reduced cost under the Pharmaceutical Benefits Scheme. 	<ul style="list-style-type: none"> • Public Assistance recipients are eligible for free treatment at polyclinics and government or restructured hospitals. 	<ul style="list-style-type: none"> • Comprehensive Social Security Assistance recipients are entitled to free medical treatment at public hospitals or clinics.

Sources: *Health Canada* (2004), *Health Insurance Commission* (2005), *Centrelink* (2005), *Ministry of Community Development, Youth and Sports* (2005), and *Social Welfare Department* (2004), p.41.

5. Income sources of the elderly in Singapore

5.1 According to a national survey report entitled *Transitions in Health, Wealth, and Welfare of Older Singaporeans: 1995-1999*, the income sources of the respondents are presented in the table below:

Table 4 — Income sources of the elderly in Singapore

	Percentage of respondents
Employment earnings	6.1%
Pension or retirement fund	2.6%
Income from rental property, savings, stocks and shares	23.7%
Income from family business	1.5%
Children	78.1%
Relatives	3.8%
Friends or neighbours	0.3%

Source: *Transitions in Health, Wealth, and Welfare of Older Singaporeans: 1995-1999* as quoted from Asher (2004), p.25.

5.2 Enacted in 1995, the Maintenance of Parents Act provides a legal channel through which parents who are unable to maintain themselves adequately may request their children, who can afford to maintain them but refuse to do so, to pay for their maintenance. According to the Ministry of Community Development, Youth and Sports, the number of new applications for maintenance filed and the corresponding number of maintenance orders issued (number in brackets) between 2001 and 2004, on an annual basis, are 120 (88), 103 (71), 88 (61) and 105 (77) respectively.

5.3 The number and percentage of elderly persons receiving Public Assistance against the total elderly population from 2000 to 2004 are presented in the table below:

Table 5 — Elderly persons receiving Public Assistance against the total elderly population in Singapore

	2000	2001	2002	2003	2004
Number of elderly recipients (a)	1 930	2 128	2 148	2 191	2 331
Total elderly population (b)	237 626	246 500	253 373	264 672	278 952
(a) as a percentage of (b)	0.8%	0.9%	0.8%	0.8%	0.8%

Sources: *Ministry of Community Development, Youth and Sports* (2005), *Ministry of Health* (2005) and *Singapore Department of Statistics* (2002).

6. Operational details of the Pension Loans Scheme in Australia

6.1 The Pension Loans Scheme is a loan scheme that assists the eligible elderly to attain a standard of living comparable to that of the Age Pension recipients. The operational details of the scheme are summarized in the table below:

Table 6 — Operational details of the Pension Loans Scheme

	Description
Application procedure	<ul style="list-style-type: none"> Eligible elderly can register an Intent to Claim with Centrelink online, by telephone or in person.
Security for the loan	<ul style="list-style-type: none"> The Australian government registers a charge with the Land Titles Office on the title deed of the property offered by the applicant as security. The real estate offered by the applicant for his/her loan must be valued independently by the Australian Valuations Office.
Guaranteed Amount	<ul style="list-style-type: none"> Based on the result of the valuation of the real estate, the applicant may choose to keep some equity in the property which is not included in the calculation of loan. For example, if an applicant's property is valued at AUS\$150,000 (HK\$889,086), he/she may request that AUS\$90,000 (HK\$533,406) be left as the Guaranteed Amount and the remaining AUS\$60,000 (HK\$355,680) be used in deciding what the total loan amount should be.
Calculation of interest	<ul style="list-style-type: none"> Interest is calculated on a fortnightly basis and on the amount of loan the applicant has received plus previously accrued interest, less any repayments made. In 2005, the interest rate is 5.25%. The rate of interest is reviewed periodically and set by the Australian government by notice in the Gazette.

Sources: *Pension Loans Scheme* (2004) and *Infochoice* (2005).

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21 October 2005
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