

Motion on
“Old Age Allowance and universal retirement protection system”
at the meeting of the Legislative Council on 5 November 2008
Progress Report

Purpose

At the Legislative Council meeting on 5 November 2008, the motion moved by Hon Fred LI Wah-ming, as amended by the Hon Tommy CHEUNG Yu-yan, Hon WONG Sing-chi and Hon TAM Yiu-chung, on “Old Age Allowance and universal retirement protection system” was carried. The wording of the passed motion is at the Annex.

2. This report briefs Members on the work progress of the major areas covered by the motion.

Old Age Allowance

3. The Old Age Allowance (OAA), including Normal Old Age Allowance (NOAA) and Higher Old Age Allowance (HOAA), under the Social Security Allowance (SSA) Scheme aims to provide a monthly allowance to Hong Kong residents who are 65 years of age or above to meet their special needs arising from old age. As approved by the Finance Committee of the Legislative Council on 12 December 2008, the rates of NOAA and HOAA have been increased to \$1,000 per month as from 1 January 2009. The current means test criteria for NOAA will be maintained. In line with the established adjustment mechanism, the new \$1,000 rate will be adjusted with the movement of the Social Security Assistance Index of Prices on the basis of the annual adjustment cycle for social security schemes from 2009-10 onwards.

4. On the issue of exploring if there is room for further relaxing the permissible limit of absence from Hong Kong for OAA recipients, we aim to finalise the review in the first quarter of 2009.

5. The Administration will embark on a review of the sustainability of the OAA policy in the context of our ageing population when circumstances permit.

Financial support of the elderly

6. The current approach adopted by Hong Kong in providing financial assistance to the elderly is based on the three pillars of retirement protection, namely the Comprehensive Social Security Assistance (CSSA) Scheme and the SSA (including OAA and Disability Allowance), the Mandatory Provident Fund Scheme and voluntary private savings. The Government has also built up a vast safety net, providing special care and heavily subsidised services to the elderly in public medical and housing aspects. The elderly also enjoy various transport concessions.

7. The CSSA and the SSA Schemes form the mainstay of Hong Kong's social security system. As at end-June 2008, more than 88% of the elders aged 70 or above have been covered by the Schemes.

8. The Government is currently studying the sustainability of Hong Kong's three pillars of retirement protection. It will consider the findings of the study and other pertinent factors before deciding on the future course of action.

Elderly health care vouchers

9. The Elderly Health Care Voucher Pilot Scheme ("The Scheme") has been implemented from 1 January 2009 and will run for three years until 31 December 2011. The Scheme aims to provide elderly aged 70 or above with partial subsidy (five vouchers of \$50 each every year) for using private primary care services. It is an additional choice available to the elderly. The existing public healthcare services will not be reduced as a result of the implementation of the Scheme, and the elderly can continue to use public healthcare services if necessary. As the Scheme is only pilot in nature, the government considers it prudent to start off with a smaller amount of subsidy and smaller group of people. The Food and Health Bureau will conduct an interim review after the Scheme has been implemented for one year, and a full review after the three-year pilot period has ended. The reviews will cover the effectiveness of the Scheme, its scope and amount of subsidy, etc.

**Motion on
“Old Age Allowance and universal retirement protection system”
moved by Hon Fred LI Wah-ming
at the Legislative Council meeting of Wednesday, 5 November 2008**

Motion as amended by Hon Tommy CHEUNG Yu-yan, Hon WONG Sing-chi and Hon TAM Yiu-chung

“That this Council welcomes the Chief Executive’s announcement that the rates of the Old Age Allowance will be increased to \$1,000 per month and the Government will study whether the permissible limit of absence from Hong Kong under the Old Age Allowance Scheme can be relaxed; at the same time, this Council urges the Government to comprehensively examine the existing welfare policy for the elderly to ensure that elderly people who have financial difficulties and are not on the Comprehensive Social Security Assistance can also receive certain form of living supplement, and when studying the establishment of a universal retirement protection system, the Government must ensure that the system will not increase the burden on the next generation and will enable all elderly people to have comprehensive retirement protection and enjoy a dignified and comfortable life in their twilight years; regarding the Chief Executive increasing the rates of the Old Age Allowance to \$1,000 per month, this Council welcomes his acceptance of this Council’s view, and also welcomes his withdrawal of the proposal of introducing a means test mechanism under the Old Age Allowance Scheme after listening to the opposing voices of this Council and the public; in addition, this Council urges the Government to consider implementing an ‘elderly maintenance grant scheme’ in addition to the existing Old Age Allowance and Comprehensive Social Security Assistance system, so that those elderly people who are aged 60 will receive a monthly living supplement from the Government after making a simple asset declaration; further relax the permissible limit of absence from Hong Kong for Old Age Allowance applicants; and increase the value of elderly health care vouchers to \$1,000 and lower the eligibility age for such vouchers to 65.”