

立法會
Legislative Council

LC Paper No. CB(2)184/10-11(03)

Ref : CB2/PL/WS

Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 8 November 2010**

**Permissible limit of absence from Hong Kong
for Old Age Allowance**

Purpose

This paper provides background information on the Old Age Allowance ("OAA") under the Social Security Allowance ("SSA") Scheme and a gist of discussions held by the Panel on Welfare Services ("the Panel") on the subject.

Background

2. The SSA Scheme, which comprises two components, i.e. OAA and Disability Allowance, was set up in 1973. OAA is a non-contributory and largely non-means-tested scheme which aims to provide a monthly allowance to Hong Kong residents aged 65 or above to meet special needs arising from old age. There are two types of OAA, namely, Normal OAA and Higher OAA. Elders aged between 65 and 69 whose income and assets do not exceed the prescribed limits are eligible for Normal OAA. Those aged 70 or above are eligible to draw Higher OAA without having to make means declarations. The current asset limit and monthly income limit for Normal OAA for a single person are \$171,000 and \$6,360 respectively, and that for a married couple are \$258,000 and \$9,940 respectively. The monthly rate for OAA, which has been effective since January 2009, is \$1,000.

3. According to the Administration, as at August 2010, there were 500 145 OAA recipients, of whom 69 681 were receiving Normal OAA and 430 464 were receiving Higher OAA.

4. Since 1 October 2005, an OAA recipient is allowed to be absent from Hong Kong for up to 240 days in a payment year without affecting their amount

of assistance payable, subject to the recipients having resided in Hong Kong for at least 90 days in the year. According to a survey conducted by the Census and Statistics Department in 2007, there were 39 700 OAA recipients who resided substantially on the Mainland in a year (i.e. residing for at least one month during the six months before the reference time-point of the survey).

Deliberations of the Panel

5. While the Panel had not discussed specifically the subject of permissible limit of absence from Hong Kong for OAA, the Panel had time and again called on the Administration to review and extend the permissible limit when the subjects of OAA rates and financial assistance for elders in need were discussed. The major deliberations of the Panel are summarised below.

6. Pointing out that many elders chose to reside in the Mainland for a lower cost of living and family reasons, members suggested that the Administration should further extend the permissible limit of absence from Hong Kong for OAA from 240 days to 360 days in a year. Members took the view that such arrangement would obviate the need for OAA recipients to return to Hong Kong to continue to receive the allowance. Given that the number of recipients who met the permissible annual absence limit was not particularly large, members considered that further relaxation would have minimal impact on public fund.

7. The Administration advised that the annual permissible limit of absence from Hong Kong for OAA had been extended from 180 to 240 days since 1 October 2005. The Administration considered that the present arrangement had struck a reasonable balance between allowing the eligible elders to spend more time to travel or visit their relatives/friends outside Hong Kong, and ensuring that public funds were spent on Hong Kong residents. Further relaxation on the absence limit for OAA would create administrative difficulties in reviewing the continuous eligibility of recipients staying outside Hong Kong and would have additional financial implications on the OAA Scheme.

8. In his Policy Address 2008-2009, the Chief Executive ("CE") stated that, among other things, the Government would explore whether the permissible limit of absence from Hong Kong for not more than 240 days in a year under the OAA Scheme could be further relaxed. When the Panel was briefed on the funding proposal of increasing the rates of OAA to \$1,000 at the meeting on 10 November 2008, members were advised that the Administration was conducting a review on the permissible limit of absence from Hong Kong under OAA, which was expected to be completed by end 2008/early 2009. It would revert to the Panel on the findings of the review.

Latest development

9. CE announced in the Policy Address 2010-2011 that the permissible limit of absence from Hong Kong for OAA would be relaxed from 240 days to 305 days a year. The Administration will brief the Panel on the subject at the meeting on 8 November 2010.

Relevant papers

10. Members are invited to access the Legislative Council website at <http://www.legco.gov.hk> to view the Administration's papers for and the relevant minutes of the meeting of the Panel on 10 November 2008.

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Legislative Council Secretariat
2 November 2010