

Legislative Council Panel on Welfare Services

The Guangdong Scheme

Purpose

In the 2011-12 Policy Address, the Chief Executive announced that the Administration would introduce a new Guangdong (GD) Scheme under the Social Security Allowance (SSA) Scheme to provide Old Age Allowance (OAA) for eligible Hong Kong (HK) elderly people who choose to reside in GD. This paper briefs Members on the justifications for implementing the scheme in GD and the Administration's proposal.

Justifications for making OAA receivable by HK elders who reside in GD

2. The Government's social welfare policy remains that public funds should primarily be used to support HK residents whose place of permanent residence is HK. That notwithstanding, we are of the view that the proposed GD Scheme is a practical, viable and non-discriminatory arrangement to provide financial support for eligible HK elders who choose to reside in GD, and would not conflict with the policy mentioned above. Our considerations are –

- (a) according to a Thematic Household Survey¹ conducted in 2008 by the Census and Statistics Department (C&SD), among elders who aspired to reside substantially on the Mainland² in ten years' time, 76% intended to reside in GD;
- (b) given the unique location of GD as HK's immediate neighbour and that many HK families have their roots in the province, GD

¹ The Thematic Household Survey on HK residents' experience of, and aspiration for, taking up residence on the Mainland, conducted from December 2007 to March 2008.

² This refers to elders with the intention to stay on the Mainland for a period of at least three months in a six-month period on average.

has always been the preferred destination for HK residents who choose to retire on the Mainland. According to another survey³ conducted by C&SD in 2011, GD accommodated approximately 60% (46 000) of HK residents aged 65 or above who were settled⁴ on the Mainland;

- (c) there are unique and close ties between GD and HK in geographical, economic and social terms; with new major transport infrastructure projects coming on stream, travelling between the two places will be even more convenient and the two places will become more closely integrated in future;
- (d) the growing integration and unique relationship between HK and GD has been formally recognised in the Framework Agreement on Hong Kong/Guangdong Co-operation signed in April 2010. The Agreement promotes, inter alia, cooperation between the two places on welfare matters. The GD Scheme will be a positive development in this direction; and
- (e) one of the policy objectives of OAA is to encourage elders to age at home with family support and in their own community, thereby preserving and strengthening family unity and harmony. Making OAA receivable in places far away from HK would go against this policy, whereas elderly people who have moved to GD can still maintain close contact with their relatives and friends here and obtain family support more easily.

3. We consider that GD is at present the only place with unique conditions making it suitable for implementing the new sub-scheme.

Key features of the proposed GD Scheme

Eligibility criteria

4. The proposed GD Scheme has basically the same eligibility criteria as OAA in HK, and has the same 305-day permissible limit of absence per payment year for successful applicants, except that the

³ C&SD conducted a supplementary enquiry via the General Household Survey during February to March 2011 to collect information on HK older persons' experience of and aspiration for residing on the Mainland.

⁴ This refers to staying on the Mainland for a period of at least one month in the past six months before the time of survey.

recipients will be required to reside in GD instead of HK for at least 60 days for obtaining a full-year payment of the allowance (\$13,080 with effect from 1 February 2012).

5. For applicants for the GD Scheme who are public rental housing (PRH) tenants, they will be required to surrender their flats or tenancy right when they join the GD Scheme. The Housing Department (HD)/Hong Kong Housing Society (HKHS), however, will not immediately terminate the tenancies in respect of these elderly tenants under the proposed GD Scheme. These applicants will be given a grace period of up to three months, during which they can return to live in their original PRH flats if they withdraw from the GD Scheme and return to Hong Kong for good. This is subject to the continuous payment of the public housing rent for the three-month period. We are also exploring the possibility of allowing applicants of the GD Scheme to apply for a letter of assurance from HD/HKHS. Under this arrangement, the applicants concerned would not need to apply for PRH afresh through the Waiting List again if they later choose to return to HK for good. The allocation of units to these applicants would, however, be subject to availability of units at the time. This arrangement is in line with that for Portable Comprehensive Social Security Assistance at present, and will strike a balance between releasing public housing units for people in need and easing elders' concerns as they join the GD Scheme.

Special one-off arrangement in the first year

6. Under the present SSA Scheme, an applicant for OAA must satisfy, inter alia, the one-year continuous residence (OYCR) rule which requires the applicant to have resided in HK continuously for one year immediately before submitting an application. The OYCR rule was introduced following the report of the Task Force on Population Policy in 2003. Its purpose is to ensure that OAA is only granted to people who have a genuine, long term connection with HK. It strikes a balance between the interests of various sectors of the community, having regard to the long-term sustainability of our social security system and the need for a rational basis on which our public resources are allocated.

7. Applying the OYCR rule to the GD Scheme means that a substantial number of HK elders who have already settled in GD⁵ would

⁵ There were at least 20 000 elders aged 65 or above who usually stayed in GD (i.e. stayed there for at least 1 month in the 6 months before enumeration of the survey) in 2011 who were not receiving Comprehensive Social Security Assistance, OAA, or Disability Allowance, according to a survey conducted by C&SD in 2011. See also paragraph 2(b) above.

need to come back to stay in HK for one year in order to be eligible. These elders can fully meet the Scheme's post-application residence requirements, but their decision to move to GD some time ago has made it difficult for them to satisfy the OYCR rule now, even though a GD Scheme, which is meant precisely to facilitate HK elders' residence in GD, will now be available. We fully understand their difficulties, and are aware that if they all return to stay in HK for one year at the same time, there may be considerable pressure on local public resources and services.

8. To address the needs of these elders, we propose a special one-off arrangement at the initial stage of implementing the GD Scheme to allow elders who satisfy all other eligibility criteria, except the OYCR rule, to benefit from the GD Scheme without having to first return to stay in HK. The special one-off arrangement will apply in the first year of the GD Scheme, and should give eligible elders sufficient time to submit applications. Applicants should, in addition to satisfying all other eligibility criteria for OAA except the OYCR rule, provide documentary proof of their residence in GD and declare that they have resided in GD continuously for at least one year immediately before the date of application. This is to ensure that beneficiaries of this special one-off arrangement have in fact settled in GD.

Application procedures

9. All applicants for the GD Scheme, whether or not they are existing OAA recipients, should approach the Social Welfare Department (SWD) in HK to complete the application procedures in person. SWD will make special arrangements, including appointing an agent in GD, to assist in processing applications from elders who can produce documentary proof that they are unfit to travel to HK for health reasons.

Rates and payment

10. Successful applicants under the GD Scheme will receive the same payment rates as OAA in HK. The allowance will be paid in HK dollars through the recipient's personal bank account in HK.

Switching between OAA in GD and OAA in HK

11. Present recipients of OAA, or elders who intend to apply for OAA, may opt for the GD Scheme instead. They can also opt out of the GD Scheme in future, return to reside in Hong Kong and continue to

receive OAA. This will be a highly flexible arrangement. Beneficiaries of the one-off special arrangement, however, can only switch to ordinary OAA in HK one full payment year after they first receive OAA under the GD Scheme, unless they satisfy the OYCR.

Financial implications

12. As information on the asset levels of potential participants of the GD Scheme (especially elders who have already settled in GD and may benefit from the special one-off arrangement) is not available, we are unable to assess how many elders could meet the means test for Normal OAA under the proposed GD Scheme. Moreover, whether an eligible person would ultimately apply is subject to other personal factors. Therefore, we have no accurate estimate as to the number of beneficiaries under the GD Scheme. Nonetheless, we have, for planning purpose, made the assumption that about 30 000 elders (mainly those who will benefit from the special one-off arrangement mentioned in paragraph 8 above) will join the GD Scheme initially. On this basis, the additional OAA payment to them is estimated at about \$371 million per annum.

Way Forward

13. The GD Scheme is a groundbreaking policy. We must ensure that every detail of the Scheme is reliable. The operational arrangements should on the one hand be user-friendly for applicants, and on the other ensure the prudent use of public money. In this connection, we are working out the details including the appointment of the agent in GD and other logistics support, etc. and the resources requirements. Taking account of the time required to select and appoint the agent, and the preparatory work required of the appointed agent before the launch of the scheme, we expect that the GD Scheme would be ready for implementation around mid-2013.

Labour and Welfare Bureau
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