

# 立法會 *Legislative Council*

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## **Panel on Welfare Services**

### **Background brief prepared by the Legislative Council Secretariat for the meeting on 12 March 2012**

#### **Guangdong Scheme**

#### **Purpose**

This paper provides background information on the provision of Old Age Allowance ("OAA") to Hong Kong elders who choose to move to live in Guangdong ("GD") and a gist of discussions held by the Panel on Welfare Services ("the Panel") on the subject.

#### **Background**

2. The Social Security Allowance ("SSA") Scheme, comprising 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 \$186,000 and \$6,660 respectively, and that for a married couple are \$281,000 and \$10,520 respectively. The monthly rate for OAA, which has been effective since 1 February 2012, is \$1,090. According to the Administration, as at December 2011, there were 518 409 OAA recipients, of whom 74 216 were receiving Normal OAA and 444 193 were receiving Higher OAA.

3. 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. With effect from February 2011, the absence limit for OAA recipients was further relaxed from 240 to 305 days in a payment year, and correspondingly reduced the minimum residence period from 90 to 60 days.

4. In the 2011-2012 Policy Address, the Chief Executive announced that the Administration would introduce a GD Scheme under the SSA Scheme so that Hong Kong elders who move to live in GD can receive OAA there.

## **Deliberations of the Panel**

### Permissible absence limit for OAA

5. The Panel has been following up on the subject of permissible limit of absence from Hong Kong for OAA for many years. Pointing out that many elders chose to reside in the Mainland for a lower cost of living and family reasons, members had raised time and again that the Administration should further extend the permissible limit of absence from Hong Kong for OAA 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 the small number of recipients who met the permissible annual absence limit, members considered that further relaxation would have minimal impact on public fund.

6. 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 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.

7. At its meeting on 8 November 2010, the Panel was briefed on the Administration's new arrangement to relax the annual absence limit from 240 days to 305 days and reduce correspondingly the minimum residence period in a year from 90 to 60 days.

8. While welcoming the Administration's proposal, members remained of the view that the Administration should remove all restrictions on absence from Hong Kong for OAA. Members pointed out that in the absence of a universal retirement protection scheme, some elders had to rely on OAA and retire on the Mainland because of lower cost of living. Members noted with concern that nearly half of the 90 000 elders currently staying on the Mainland had not applied for OAA, because they could not meet the one-year-continuous-residence requirement before the application for OAA. Members considered it unfair to impose a residence requirement on OAA recipients who were Hong Kong permanent residents.

9. The Administration advised that it was mindful of the calls from members and the community for removing the absence limit for OAA. However, as the policy on residence requirements under the SSA Scheme was under judicial review, it would consider the way forward when the situation became clearer. The Administration assured members that the proposal to further increase the absence limit would be looked into after the relevant judicial review was concluded.

#### The GD Scheme

10. At the meeting on 21 October 2011 when the Panel received the Administration's briefing on the Chief Executive's Policy Address 2011-2012, members noted that the Administration was making preparation for the GD Scheme, such that Hong Kong elders who moved to live in GD could receive OAA there. According to the Administration, the GD Scheme had basically the same eligibility criteria as OAA in Hong Kong. OAA recipients, or elders who intended to apply for OAA, might opt for the GD Scheme instead. They could also opt out of the GD Scheme in future, and return to reside in Hong Kong and continue to receive OAA. Moreover, the Administration would consider putting in place a special one-off arrangement at the initial stage of implementing the GD Scheme to allow elders who satisfied all other eligibility criteria except the one-year-continuous-residence requirement in Hong Kong to benefit from the Scheme without having to first return to stay in Hong Kong.

11. In response to members' concern about the implementation timetable, the Administration advised that it endeavoured to kick start the GD Scheme as early as practicable. However, members' attention was drawn to the technicalities involved in making preparation for the new Scheme. Notably, the Administration could submit the relevant funding proposal to the Finance Committee only after the forthcoming Budget. It was envisaged that more concrete details of the Scheme would be drawn up by early 2012 for implementation in 2013.

12. Some members asked if the proposed GD Scheme would be extended to Hong Kong elders who chose to move to live in the Fujian Province or those retired in Macau. The Administration advised that the GD Scheme was a new initiative to enable Hong Kong elders who chose to reside in GD to continue to receive OAA. It had taken into consideration the unique and close ties between Hong Kong and GD, and the greater integration between the two places as they took forward the Framework Agreement on Hong Kong/GD Co-operation and major cross-boundary transport infrastructure projects linking the two places came on stream. In the view of the Administration, only GD Province had the right conditions for implementing this Scheme at the moment.

13. Concern was also raised as to whether the GD Scheme could adequately support the elderly to retire on the Mainland having regard to their healthcare need and rising inflation on the Mainland. The Administration stressed that the GD Scheme aimed to facilitate and support elderly persons if they chose to live in GD, instead of encouraging them to do so. The rates of OAA for recipients under the GD Scheme would be the same as those for recipients living in Hong Kong, and would be adjusted according to the same mechanism.

14. The Administration will brief the Panel on the details of the GD Scheme at the meeting on 12 March 2012.

### **Relevant papers**

15. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
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## Appendix

### Relevant papers on Guangdong Scheme

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Welfare Services	23 October 2008 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	8 November 2010 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	21 October 2011 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>