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Panel on Welfare Services

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 10 June 2013

Guangdong Scheme

Purpose

This paper provides background information on the provision of Old Age Allowance ("OAA") to Hong Kong ("HK") 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. Launched in 1973, OAA is a non-contributory and largely non-means-tested scheme under the Social Security Allowance ("SSA") Scheme¹, which aims to provide a monthly allowance to HK 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 \$193,000 and \$6,880 respectively, and that for a married couple are \$292,000 and \$10,940 respectively. The monthly rate for OAA, which has been effective since 1 February 2013, is \$1,135. According to the Administration, as at March 2013, there were 546 275 OAA recipients, of whom 89 010 were receiving Normal OAA and 457 265 were receiving Higher OAA.

¹ The objective of the SSA Scheme is to provide a monthly allowance to Hong Kong residents who are severely disabled or who are 65 years of age or above to meet special needs arising from disability or old age. Apart from OAA, the SSA Scheme includes the non-means-tested Disability Allowance and the means-tested Old Age Living Allowance.

3. Since 1 October 2005, an OAA recipient is allowed to be absent from HK for up to 240 days in a payment year without affecting their amount of assistance payable, subject to the recipients having resided in HK 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 ("CE") announced that the Administration would introduce a Guangdong Scheme ("GD Scheme") under the SSA Scheme so that HK elders who moved to live in GD can receive OAA there.

5. In the 2013 Policy Address, CE has stated that the Administration will conduct a review some time after the implementation of the Old Age Living Allowance ("OALA") and the GD Scheme. Based on the findings of the review, the Administration will explore the feasibility of allowing elderly people who choose to retire to the Mainland to receive OALA in GD.

Deliberations of the Panel

Permissible absence limit for OAA

6. The Panel has been following up on the subject of permissible limit of absence from HK 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 HK 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 HK 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.

7. The Administration advised that the annual permissible limit of absence from HK 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 HK, and ensuring that public funds were spent on HK residents. Further relaxation on the absence limit for OAA would create administrative difficulties in reviewing the continuous eligibility of recipients staying outside HK and would have

additional financial implications on the OAA Scheme.

8. 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.

9. While welcoming the Administration's proposal, members took the view that the Administration should remove all restrictions on absence from HK 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 HK permanent residents.

10. 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 clearer². The Administration assured members that the proposal to further increase the absence limit would be looked into after the relevant judicial review was concluded. Members agreed to revisit the need to discuss the matter in due course.

Implementation of the GD Scheme

11. In receiving the Administration's briefing on the CE's Policy Address 2011-2012 at its meeting on 21 October 2011, the Panel noted that the Administration was making preparation for the GD Scheme, such that HK elders who moved to live in GD could receive OAA there. The Panel was further briefed on the justifications for and key features of the GD Scheme at its meeting on 12 March 2012. Members generally supported the GD Scheme as an initiative to allow eligible elders who chose to retire in GD to receive OAA without requiring them to come back to HK each year.

Eligibility criteria

12. The Panel was advised that the GD Scheme had basically the same eligibility criteria as OAA in HK, including the

² The Court of First Instance dismissed two cases of judicial review of the OAA one-year-continuous-residence requirement on 14 May and 17 September 2012 respectively, and ruled that the requirement was constitutional.

one-year-continuous-residence rule, which required an applicant to have resided in HK continuously for one year immediately before submitting his/her application. Members welcomed the Administration's proposed special one-off arrangement in the first year of implementing the GD Scheme to allow elders, who satisfied all other eligibility criteria except the one-year-continuous-residence requirement in HK, to benefit from the Scheme without having to first return to stay in HK. Members also noted that sufficient time would be given to eligible elders to submit applications.

13. Members considered that the related publicity information on the one-off arrangement should be disseminated to those eligible elders who had already resided on the Mainland and support from the GD authorities should be sought to assist in the implementation of the Scheme. The Administration advised that it would step up the publicity work on the GD Scheme and work closely with the Hong Kong Economic and Trade Office in GD on the publicity programmes for the Scheme and inform the relevant GD authorities of the operational arrangements under the GD Scheme if necessary.

14. In response to members' concern about the limit of absence for the GD Scheme, the Administration advised that the GD Scheme had the same 305-day permissible limit of absence per payment year as the limit for OAA in HK, except that the recipients would be required to reside in GD, instead of HK, for at least 60 days for obtaining a full-year payment of the allowance.

Scope of coverage

15. Some members asked if the proposed GD Scheme would be extended to HK 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 HK elders who chose to reside in GD to continue to receive OAA. It had taken into consideration the unique and close ties between HK and GD, and the greater integration between the two places as they took forward the Framework Agreement on Hong Kong/Guangdong Co-operation and major cross-boundary transport infrastructure projects linking the two places came on stream. In the view of the Administration, only the GD Province had the right conditions for implementing this Scheme at the moment.

16. Concerns were also raised on whether the GD Scheme would be extended to elders on Disability Allowance ("DA") under the SSA Scheme if they chose to live in GD. The Administration advised that the GD Scheme would not be applicable to DA recipients at this stage as the majority of them required professional rehabilitation services as well as

regular assessments by medical practitioners to confirm their eligibility for DA, which in the foreseeable future could only be provided in HK.

Implementation timetable

17. 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 Budget. Taking account of the time required for the appointment of agent(s) in GD, including drawing up tender specifications on the specific role of the appointed agent(s), the Administration aimed to launch the GD Scheme as soon as practicable within the second half of 2013 .

Application procedures

18. In response to members' concerns about detailed operational arrangements, the Administration advised that all applicants for the GD Scheme were required to approach the Social Welfare Department ("SWD") in HK to complete the application procedures in person. For the convenience of the applicants, SWD was considering setting up a dedicated office for the GD Scheme in a convenient location, e.g. Sheung Shui. Special arrangements, including appointing agent(s) in GD, would be made by SWD to assist in processing applications from elders who could produce documentary proof that they were unfit to travel to HK for health reasons. The agent(s) would also assist in conducting postal reviews and home visits to check and verify the status of the recipients and the disbursement of OAA.

Payment mode

19. As regards the payment mode, the Administration advised that OAA would be paid in HK through a recipient's personal bank account in HK on a monthly basis and the payment would be made in HK dollars. In respect of arrangements for elders who might have no bank accounts in HK after settling on the Mainland, the Administration would only consider entrusting the appointed agent(s) to handle the monthly OAA of individual recipients under exceptional circumstances.

Adequacy of amount of allowance

20. 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 HK, and would be adjusted according to the same mechanism.

Switching arrangement

21. Members noted that there would be a switching arrangement under the GD Scheme, under which present OAA recipients, or elders who intended to apply for OAA, might opt for the GD Scheme instead; and they could also opt out of the GD Scheme in future, and return to reside in HK and continue to receive OAA. Elders in HK who were public rental housing ("PRH") tenants and opted for the GD Scheme would be given a grace period of up to three months, subject to the continuous payment of the public housing rent for the three month periods, during which they could return to live in their original PRH flats if they withdrew from the GD Scheme and return to HK for good. The Administration was also exploring the feasibility of an arrangement under which the applicants concerned would not need to apply for PRH afresh through the Waiting List again if they later chose to return to HK for good. The allocation of units to these applicants would, however, be subject to the availability of units at that time.

Latest development

22. The Administration will brief the Panel on the implementation plan of the GD Scheme at its meeting on 10 June 2013.

Relevant papers

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

Appendix

Relevant papers on Guangdong Scheme

Committee	Date of meeting	Paper
Panel on Welfare Services	23 October 2008 (Item I)	Agenda Minutes
Panel on Welfare Services	8 November 2010 (Item IV)	Agenda Minutes
Panel on Welfare Services	21 October 2011 (Item I)	Agenda Minutes
Panel on Welfare Services	12 March 2012 (Item VI)	Agenda Minutes

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