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香港添馬添美道
政府總部



LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

Central Government Offices
Tin Mei Avenue
Tamar, Hong Kong

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7 May 2015

The Honourable Ronny TONG Ka-wah, SC
Room 810
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Post-it® Fax Note	7671	Date	7 May	# of pages	6
To	Daniel Sin	From			
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #	2869 6794		

Dear Hon. Tong,

**Question raised during 2015-16 Draft Estimates Exercise
– Serial No. R032**

During the examination of the 2015-16 Draft Estimates of Expenditure, you raised a question on retirement protection, and requested the Government to provide the estimated expenditure on various elderly social security programmes (including the standard rates for recipients aged 65 or above under the Comprehensive Social Security Assistance (CSSA) Scheme, the Old Age Living Allowance (OALA) and Old Age Allowance (OAA)) in 2015, 2025, 2035, 2045 and 2050, as well as the estimated elderly poverty rate in the above-mentioned years. The Chairman of the Finance Committee ruled that the question was not directly related to the 2015-16 Estimates. The Government may consider providing a reply after the Special Finance Committee Meeting. I am authorised to respond.

Retirement protection is a very important social issue. As the Chief Executive stated in the 2015 Policy Address, after the release of the report on the “Future Development of Retirement Protection in Hong Kong” submitted by a research team led by Professor Nelson Chow in August 2014,

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there have been divergent views on the issue in the community. Some supported the “demo-grant” proposed by the consultancy team, considering that “non-means-tested, universal and uniform payment level” retirement protection is the basic right of the elderly. Yet, a considerable number of people opposed any options that are non-means-tested, maintaining that public resources should be devoted to the most needy elderly people. They also raised crucial questions such as financial sustainability and “Who pays?” Overseas experience shows that universal retirement protection schemes operating on the “pay-as-you-go” principle are bound to result in financial problems, entailing a long and painful financial adjustment process that usually involves extension of retirement age, reduction of retirement payment or upward adjustment to contribution rate.

The Commission on Poverty is devising a framework and setting out the details for the public consultation on retirement protection. The public consultation is expected to be launched in the fourth quarter of this year. The Government looks forward to rational and pragmatic discussions with a view to arriving at a community consensus.

Regarding the statistics which you sought, the number of CSSA recipients aged 65 or above, OALA recipients and OAA recipients as well as the related expenditure are listed below –

	2014-15	
	Number of recipients (as at end-December 2014)	Estimated expenditure (million)
CSSA recipients aged 65 or above	149 806	9,316
OALA recipients	412 291	12,397
OAA recipients (excluding those under the Guangdong Scheme)	213 997	2,939
Total	776 094	24,652
As a percentage of the total operating expenditure of the Government	--	8%
As a percentage of gross domestic product (GDP)	--	1%

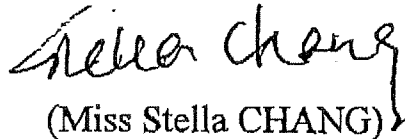
Note: The estimated expenditure in 2014-15 includes payment of one additional month of CSSA standard rates payment, as well as one additional month of OALA and OAA payment. Separately, the figure on percentage of GDP is based on the GDP in 2014.

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The Social Welfare Department maintains neither the breakdown of the standard rates payment on CSSA recipients aged 65 or above, nor the projections on recipients of CSSA, OALA and OAA in the years mentioned in the question.

As regards the elderly poverty rate, according to the "Hong Kong Poverty Situation Report 2013", the poverty rate of elderly aged 65 or above after recurrent cash policy intervention was 30.5% in 2013. At present, the Government has not made projections on the poverty rate (including elderly poverty rate) beyond 2013.

Yours sincerely,



(Miss Stella CHANG)

for Secretary for Labour and Welfare

c.c. Clerk to the Finance Committee