

政府總部
勞工及福利局
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政府總部



LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

Central Government Offices
Tim Mei Avenue
Tamar, Hong Kong

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28 April 2017

Clerk to Subcommittee on Retirement Protection
Legislative Council Complex
1 Legislative Council Road,
Central, Hong Kong
(Attn : Miss Betty MA)

Dear Miss MA,

**Subcommittee on Retirement Protection
Follow-up to meeting on 7 February 2017**

At the meeting of the Legislative Council Subcommittee on Retirement Protection held on 7 February 2017, the Government was requested to provide supplementary information on relevant issues. Having consulted the Policy and Project Coordination Unit of the Chief Secretary for Administration's Private Office, the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office, and the Social Welfare Department (SWD), I am authorised to reply as follows.

The Financial Commitment of the Proposed Measures to Improve the Multi-pillar Retirement Protection System

The Chief Executive has stated in his 2017 Policy Address that elderly persons have diverse retirement needs. Some have to rely on social security; others may only require some living allowances; the rest are self-sufficient. Hence, for retirement protection, there is no one-size-fits-all approach. A flat-rate payment by the Government to all

elderly persons irrespective of financial means will only dilute the support available to those in need. In 20 years, one-third of Hong Kong's population will be aged 65 or above. Moreover, with longer life expectancies, Hong Kong people's retirement life can be as long as 20 to 30 years. As such, the community needs to be well prepared for retirement protection. After consulting the public, the Government considers the existing multi-pillar retirement protection system should continue. At the same time, we should enhance the effectiveness of each pillar while maintaining the sustainability and financial viability of the system. First, the pillar of the Mandatory Provident Fund (MPF) should be enhanced to maximise the protection for employees. Second, the pillar of social security should be strengthened to perform well the function of a safety net. Third, assistance should be rendered to the elderly to meet their medical expenses. Fourth, financial products should be developed to help the elderly make good use of their assets to increase the stability of their post-retirement investment income.

According to preliminary estimation, the above package of recommendations will involve an additional recurrent expenditure of \$90.6 billion, a one-off expenditure of \$6 billion, and maximum tax revenue forgone of \$18 billion in the coming ten years. The relevant expenditure is entirely funded by the Government's general revenue, and the breakdown thereof is set out in the table below –

| | | Preliminary estimated expenditure or income forgone for the coming ten years (\$ billion) |
|---|--|--|
| <i>Additional recurrent expenditure</i> | Add a higher tier of allowance and relax the existing asset limits under the Old Age Living Allowance (OALA) | 75.57 |
| | Lower the eligibility age for Elderly Health Care Voucher | 11.86 |
| | Automatic medical fee waiver for older and more needy OALA recipients in receiving public medical services | 3.13 |
| <i>One-off expenditure</i> | Government subsidy during the transitional period of abolishing MPF "offsetting" | 6.22 |
| <i>Tax forgone</i> | Maximum tax forgone related to making long service payment provisions which are tax deductible | 17.96 |

Note: The recurrent Government expenditure in 2016-17 is \$345.3 billion; and the total Government expenditure is \$466.7 billion.

The Proposed Enhancement Measures for OALA

As mentioned above, the 2017 Policy Address proposed to add a higher tier of assistance under OALA and to relax the asset limits for the existing allowance. Details are as follows –

- (a) adding a higher tier of assistance (Higher OALA) by providing a higher monthly allowance of \$3,435 per person for elderly persons with more financial needs who are eligible for the allowance, i.e. elderly singletons with assets not exceeding \$144,000 or elderly couples with assets not more than \$218,000; and
- (b) relaxing the asset limits for the existing allowance (\$2,565 for each person per month), from \$225,000 to \$329,000 for elderly singletons and from \$341,000 to \$499,000 for elderly couples, to benefit more elderly persons with financial needs.

According to preliminary estimation, the above proposed enhancement measures will benefit about 500 000 elderly persons or around 40% of the elderly population in the first year of full implementation. The coverage of OALA may increase from the existing 37% to 47%. Taking into account the Comprehensive Social Security Assistance (CSSA) as well as the non-means-tested Old Age Allowance and Disability Allowance, the social security pillar may cover nearly 910 000 or 74% of elderly persons in the first year of full implementation of the above proposed enhancement measures, thereby strengthening its function as a safety net for retirement protection.

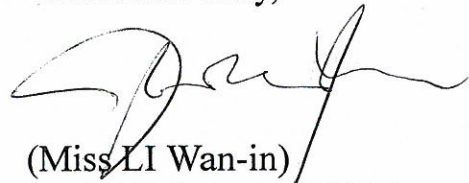
The OALA is a non-contributory allowance funded entirely by the Government's general revenue. It aims to supplement the living expenses of elderly persons aged 65 or above who are in need of financial support. Owing to lack of data on the asset owned by elderly persons, it is difficult for the Government to estimate accurately the number of elderly persons who may benefit from the OALA asset limit of elderly singletons being raised to \$800,000 or \$1 million and the additional expenditure for the allowance which may be incurred. On the other hand, the Government has currently no plan to abolish the means test of OALA, and has not made any estimation on the number of beneficiaries and expenditure involved.

The CSSA Scheme

As at end-December 2016, there were 60 728 elderly CSSA recipients aged 60 or above living with other CSSA recipients. The

supplements and special grants available to eligible elderly CSSA recipients are set out at Annex. SWD does not keep a breakdown of the number of elderly CSSA recipients receiving the supplements and special grants.

Yours sincerely,



(Miss LI Wan-in)
for Secretary for Labour and Welfare

c.c.

Head of the Policy and Project Coordination Unit, Chief Secretary for
Administration's Private Office
(Attn: Ms Joyce CHEUNG)
Government Economist
(Attn: Mr Eric LEE)
Director of Social Welfare
(Attn: Miss Rita LAU)

**Supplements and Special Grants payable to elderly persons under the
Comprehensive Social Security Assistance (CSSA) Scheme**

A. Supplements

1. Annual long-term supplement (for those who are old, disabled or medically certified to be in ill-health, and who have received CSSA continuously for 12 months or more)

Family with one such eligible member \$2,150

Family comprising two or more such eligible members \$4,300
2. Monthly community living supplement (for recipients who are old, disabled or medically certified to be in ill-health and who are not living in institutions) \$325
3. Monthly residential care supplement (for recipients who are old, disabled or medically certified to be in ill-health and who are living in non-subsidised residential care places) \$325
4. Monthly transport supplement (for severely disabled persons aged between 12 and 64 who are medically certified to be 100% disabled, or in need of constant attendance) \$270

B. Special Grants

| Types of grant | Payment rate | |
|--|--|---|
| (i) <u>Housing and related grants</u> | | |
| a) Rent allowance [#] | No. of eligible members in the household | Maximum level per month (\$) |
| | 1 | 1,810 |
| | 2 | 3,640 |
| | 3 | 4,755 |
| | 4 | 5,060 |
| | 5 | 5,075 |
| | 6 or above | 6,340 |
| b) Water and sewage charge allowance [#] | Amount of allowance depends on the number of persons sharing the water meter | |
| | Number of persons sharing the water meter | Amount of allowance per person per month (\$) |
| | 1 | Nil |
| | 2 | 8.7 |
| | 3 | 12.0 |
| | 4 | 14.0 |
| | 5 | 16.2 |
| | 6 | 18.2 |
| | 7 | 20.2 |
| | 8 | 21.8 |
| | 9 | 22.9 |
| | 10 or above | 23.9 |
| c) Grant for rent deposit | Up to two times of the appropriate maximum rent allowance | |
| d) Grant for water, electricity and gas/liquefied petroleum gas deposits for accommodation in public housing | Actual expenses | |

- e) Domestic removal grant
Depends on the types of housing/institutions and the number of eligible family members
- f) Grant to cover telephone installation fees
Actual fees charged for installing a standard telephone set
- g) Grant to cover monthly telephone charges
Actual fees for renting a residential telephone line and a standard telephone set or the monthly fees for basic plan of mobile phone service
- h) Grant for emergency alarm system for elderly recipients
Installation fee on a one-off basis:
up to a maximum of \$2,500; or
Monthly service charges:
up to a maximum of \$100 per month
- i) Grant for renewal of electrical fittings
Actual expenses

(ii) Family grants

- a) Grant to cover fares to and from hospital/clinic and other essential travelling expenses
Actual expenses (usually by the cheapest means of available transport)
- b) Burial grant[#]
Up to a maximum of \$14,910

(iii) Medical and rehabilitation grants

- a) Special diet allowance
Confirmation of the need and medical recommendation from a doctor of a public hospital or clinic based on the medical condition is required.
Higher rate : \$1,080 per month
Lower rate: \$570 per month
- b) Grant to cover costs of medical, rehabilitation,
Actual expenses subject to medical recommendation

- surgical appliances and
hygienic items (e.g.
wheel-chair,
hearing-aid, stoma
bags, disposable
diapers)
- c) Grant to cover costs of
glasses
- d) Grant to cover costs of
dental treatment (tooth
extraction, dentures,
crowns, bridges,
scaling, fillings and
root canal treatment)
- e) Care and attention
allowance
- f) Grant to cover the
charge for respite
service
- g) Grant to cover the
medical examination
fee for admission to a
subvented residential
institution
- h) Grant to cover the
annual medical
examination fee for
elderly recipients in
residential care homes
for the elders and
residential care homes
for persons with
disabilities
- Up to a maximum of \$500 (or more in
exceptional cases) (normally, the special
grant is given to cover the cost of only one
pair of glasses within 24 months)
- Actual expenses or the ceiling amount of the
dental treatment item set by the Social
Welfare Department
- Actual expenses subject to medical
certification and a social worker's
recommendation
- Actual fees charged less a portion of the
standard rate
- Actual fees
- Up to a maximum of \$200

- | | |
|---|--|
| i) Grant to cover fees for Home Help Service/ Integrated Home Care Service | Actual service fees (cost of meals excluded). The grant is not payable to customers in receipt of a higher standard rate or miscellaneous expenses rate for requiring constant attendance. |
| j) Grant to cover costs of Physiotherapist/ Occupational Therapy Service | Actual expenses |
| k) Grant to cover costs of Community-based Support Projects for People with Disabilities and Their Families and Enhanced Home and Community Care Services | Actual expenses in general (cost of meals excluded). The grant is normally not payable to customers in receipt of a higher standard rate or miscellaneous expenses rate for requiring constant attendance. |

The grant is also available to able-bodied adults/children