

For information
on 12 November 2007

LEGCO PANEL ON WELFARE SERVICES

Review of the rates of the Old Age Allowance

PURPOSE

This paper briefs Members on the Old Age Allowance (OAA) under the Social Security Allowance (SSA) Scheme.

BACKGROUND

2. OAA is a non-contributory and largely non-means-tested scheme. It aims to provide a monthly allowance to Hong Kong residents who are aged 65 or above to meet special needs arising from old age.

3. Under the OAA Scheme, elders aged between 65 and 69 whose income and assets do not exceed the prescribed limit are eligible for a lower rate, known as Normal Old Age Allowance (NOAA). Elders aged 70 or above are eligible to draw a higher rate, known as Higher Old Age Allowance (HOAA), without having to make means declarations. The current monthly rate for NOAA is \$625 while that for HOAA is \$705.

4. The current means criteria for NOAA are set out below –

	Monthly income (\$)	Assets[#] (\$)
Single person	5,910	169,000
Married couples	9,740	254,000

Excluding owner-occupied properties

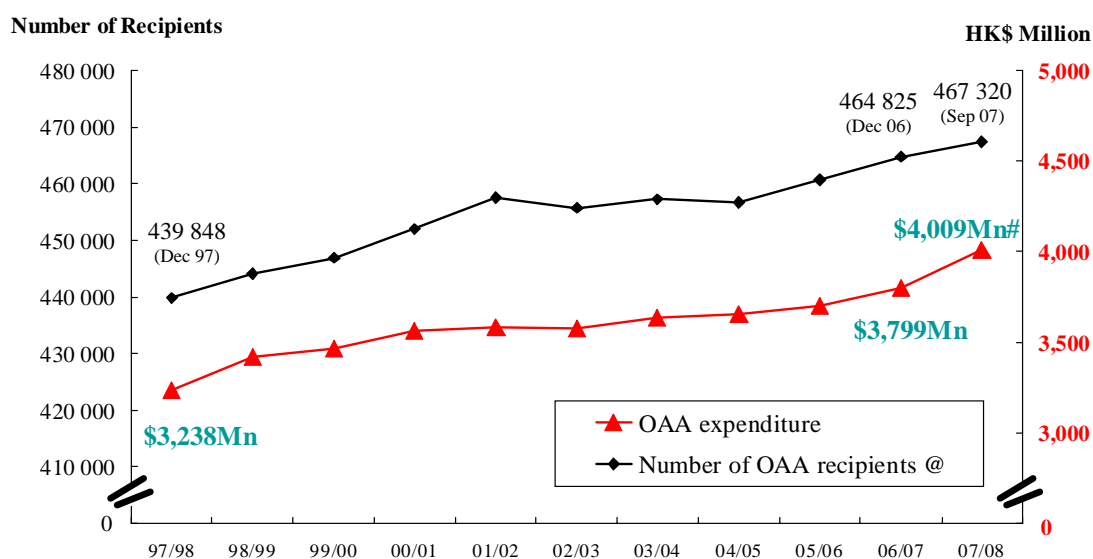
THE RATE ADJUSTMENT MECHANISM

5. The OAA rates are adjusted in accordance with the movement of the Social Security Assistance Index of Prices (SSAIP). However, when the standard rates of Comprehensive Social Security Assistance (CSSA) and Disability Allowance were adjusted downwards by 11.1% in the light of the persistent drop in SSAIP during the deflationary period, there was no corresponding reduction to the OAA rate. As a result, our latest assessment indicates that there still exists room for a downward adjustment by 7.6%. However, we do not propose to revise the OAA downwards.

NUMBER OF RECIPIENTS AND FINANCIAL IMPLICATION OF OAA

6. As at end-September 2007, there were 467 320 recipients of OAA, of whom 71 404 were recipients of NOAA and 395 916 were recipients of HOAA. The take-up rate of OAA amongst elders aged between 65 and 69 is 31.6% and that for elders aged 70 or above is 61.3%. In 2007-08, the estimated expenditure of OAA would be \$4,009 million, representing an increase of 5.5% over the corresponding figure in 2006-07 (i.e. \$3,799 million). The overall OAA expenditure and the total number of recipients in the past 10 years are shown below –

Overall OAA Expenditure and Recipients in the Past Decade



Notes : # Figure refers to 2007-08 estimate which does not cover the one-off provision of \$1.5B for an additional month payment to CSSA / SSA recipients.
 @ Figures refer to end of the calendar year.

OTHER FORM OF FINANCIAL SUPPORT FOR ELDERS-IN-NEED

7. The Administration seeks to provide financial assistance to those elders in financial hardship through the non-contributory but means-tested CSSA Scheme.

8. The CSSA Scheme, whilst seeking to meet the basic needs of those who cannot support themselves financially, takes special care of the elderly, through the provision of higher standard rates, supplements and special grants (including grants for glasses, dentures, removal expenses, fares to hospital/clinic, medically recommended diets and appliances and a burial grant). The current average monthly CSSA payment for a singleton elderly recipient is \$3,740. At at end-September 2007, 186 872 elders aged 60 or above were on CSSA. In 2006-07, the expenditure on Old Age cases under the CSSA Scheme was \$8,282 million and the percentage of population aged 60 or above receiving CSSA as at June 2007 was 16.3%.

9. Members are invited to note the contents of this paper.

Labour and Welfare Bureau
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