

LEGCO PANEL ON WELFARE SERVICES

Permissible Limit of Absence from Hong Kong for Old Age Allowance

Purpose

This paper briefs Members on the key findings of the review on the permissible limit of absence from Hong Kong (absence limit) for Old Age Allowance (OAA) and the new arrangement proposed to be adopted.

Background

2. The Social Security Allowance (SSA) Scheme, comprising OAA and Disability Allowance (DA), provides cash allowances to help Hong Kong residents aged 65 or above and residents with severe disability meet their special needs arising from old age or severe disability. As at the end of September 2010, 633 625 persons were receiving allowances under the SSA Scheme, of whom 501 037 were receiving OAA at a rate of \$1,000, and 132 588 were receiving DA at a rate of \$1,280 (Normal DA) or \$2,560 (Higher DA). The expenditures on OAA and DA in 2009-10 were \$6.32 billion and \$2.53 billion respectively.

3. As the SSA Scheme is a non-contributory and largely non-means-tested social security scheme funded entirely by general revenue, the current policy requires, as a matter of principle, that recipients must regard Hong Kong as their place of residence and be subject to an absence limit which is now set at 240 days in a payment year. Recipients can enjoy the absence limit as long as they have resided in Hong Kong for not less than 90 days in a payment year, which is known as the minimum residence period¹.

¹ The detailed calculations are as follows: a full-year allowance will be paid to recipients who have been away from Hong Kong in a payment year for a period no longer than the absence limit; for

4. Recognising the wishes of some elders to spend more time outside Hong Kong without affecting their OAA payment, the Administration had over the years gradually relaxed the absence limit: from 56 days to 90 days in 1983, then to 180 days in 1993 and further to 240 days in 2005, whilst keeping 90 days as the minimum residence period.

Relaxing the residence requirements

5. In response to calls for further relaxing the absence limit for OAA recipients, and in view of projections that Hong Kong's population will become more mobile in future, the Administration has thoroughly reviewed the current requirements and decided to substantially increase the absence limit for OAA from 240 to 305 days in a payment year, and correspondingly reduce the minimum residence period from 90 to 60 days, so that recipients will enjoy greater flexibility in travelling out of Hong Kong for various reasons. The minimum residence period of 60 days is set having regard to the definition of "Mobile Resident" captured in the "Hong Kong Resident Population" compiled by the Census and Statistics Department².

6. Following the practice of previous relaxations of the OAA absence limit, the new arrangement will also apply to recipients of DA.

7. This arrangement has the following advantages –

- (a) All 630 000 elders and persons with disabilities now under the SSA Scheme can benefit. For those who stay in Hong Kong for only 60 days in a payment year, the benefit will be

recipients who, in a payment year, have stayed in Hong Kong for not less than 90 days but have been away from Hong Kong for a period longer than the absence limit, their allowance will be deducted according to their days of absence in excess of the limit; and for recipients who have stayed in Hong Kong for less than 90 days in a payment year, allowance will only be paid to them for their period of stay in Hong Kong.

² The "Hong Kong Resident Population" concept has been adopted by C&SD in compiling Hong Kong population estimates/statistics since August 2000. Under this enumeration approach, the Hong Kong population comprises "Usual Residents" and "Mobile Residents". "Usual Residents" refers to two categories of people: (1) Hong Kong Permanent Residents who had stayed in Hong Kong for at least three months during the six months before or after the reference time point; and (2) Hong Kong Non-permanent Residents who were in Hong Kong at the reference time point. As for "Mobile Residents", they are Hong Kong Permanent Residents who had stayed in Hong Kong for at least one month but less than three months during the six months before or after the reference time point, regardless of whether or not they were in Hong Kong at the reference time point.

particularly significant, as they will be able to receive an additional payment of \$10,027³ under the new arrangement; and

- (b) It will help streamline the operation of the SSA Scheme as the calculation of payment will be much easier. SSA recipients who have resided in Hong Kong for no less than 60 days in a payment year will receive a full-year allowance, otherwise they will only receive allowance for the period of stay in Hong Kong. Some 40 000 OAA recipients residing on the Mainland for a considerable period⁴ and other SSA recipients who will travel outside Hong Kong will find the arrangement more user-friendly.

Facilitating senior citizens' retirement on the Mainland

8. There are also suggestions that all restrictions on absence from Hong Kong for OAA, both before application and after approval of the application, be removed. This means basically making OAA fully portable to all places outside Hong Kong. As our existing policy on similar absence limits is being challenged by way of judicial review, we will consider the way forward on such restrictions when the situation becomes clearer. Nonetheless, we are aware that as the relationship between Hong Kong and Guangdong grows closer, some of our senior citizens may want to retire in Guangdong. We will embark on a feasibility study to examine in detail the merit of introducing a maintenance allowance for elders who choose to retire on the Mainland, and the legal, financial and technical issues involved.

Financial implications

9. The new arrangement is estimated to give rise to additional expenditure of \$7 million a year for existing recipients of OAA and DA, assuming that there will not be an influx of new applications.

³ A recipient who resides in Hong Kong for 60 days in a payment year can only receive an allowance of \$1,973 (60 x \$12,000/365) at present, but will be able to receive a full-year allowance of \$12,000 under the new arrangement. The difference in payment amounts to \$10,027.

⁴ According to a survey conducted by the Census and Statistics Department in 2007, there were 39 700 OAA recipients who resided substantially on the Mainland (i.e. residing for at least one month during the six months before the reference time-point of the survey).

Implementation timetable

10. The SSA Scheme is an administrative one and no legislative amendment is necessary. Subject to Members' views, we will proceed to seek the approval of the Finance Committee in December 2010, with a view to implementing the new arrangement in February 2011.

**Labour and Welfare Bureau
October 2010**