

政府總部
勞工及福利局
香港添馬添美道
政府總部



LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

Central Government Offices
Tim Mei Avenue
Tamar, Hong Kong

本函檔號 Our Ref.: LWB T4/18/43

來函檔號 Your Ref.:

16 March 2018

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

Dear Miss MA,

**Subcommittee on Retirement Protection
Follow-up to meeting on 29 January 2018**

At the meeting of the Legislative Council Subcommittee on Retirement Protection held on 29 January 2018, Members requested the Government to provide supplementary information related to the expenditure of the elderly social security enhancements. Having consulted the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office, I am authorised to reply as follows.

In January 2017, the Government announced two enhancements to the Old Age Living Allowance (OALA) –

- (i) relaxing the asset limits of Normal OALA (currently at \$2,600 per month) to benefit more elderly persons with financial needs; and
- (ii) introducing Higher OALA (currently at \$3,485 per month) to provide a higher allowance for elderly persons with more financial needs.


According to the rough estimation made at that time, the above two enhancements involve an additional recurrent expenditure of around \$7.6 billion in the first ten years from their full implementation to 2026-27.

The Government has relaxed the asset limits for Normal OALA on 1 May 2017¹, and Higher OALA will be implemented on 1 June 2018. According to the latest information (including the asset information declared by Normal OALA recipients), among the 470 000 Normal OALA recipients, it is estimated that around 80% would meet the eligibility criteria for Higher OALA.

Based on the Hong Kong Population Projections 2017-2066 released by the Census and Statistics Department and 2018 price levels, it is roughly estimated that under the baseline scenario without taking into account the enhancements to OALA, the average recurrent Government expenditure on social security for elderly persons during the 49-year period between 2018 and 2066 would be around \$49.3 billion per annum. After taking into account the above two enhancements to OALA (including relaxing the asset limits of Normal OALA and implementing Higher OALA), the average recurrent expenditure would increase to around \$60.9 billion per annum, i.e. an increase of around \$11.6 billion per annum on average.

It should be noted that the above estimation covers an extremely long period of time and hence the relevant figures are subject to significant limitations and uncertainties. As the relaxation of asset limits of Normal OALA was only recently implemented and Higher OALA has yet to commence, the actual application caseload remains to be seen. In addition, the Government does not have comprehensive data on assets owned by elderly persons (such as the total amount of cash/bank deposits or the value of shares/investment funds in hand etc.). There will be discrepancies between our estimations and the eventual figures.

Yours sincerely,



(Miss LI Wan-in)

for Secretary for Labour and Welfare

c.c.

Government Economist
Director of Social Welfare

(Attention: Dr Cecilia LAM)
(Attention: Ms Vivian HAU)

¹ The then asset limit for elderly singletons was raised from \$225,000 to \$329,000; and that for elderly couples was raised from \$341,000 to \$499,000. In accordance with the established mechanism, the limits were increased to \$334,000 for elderly singletons and \$506,000 for elderly couples with effect from 1 February 2018.