

LCQ13: Initiative to reform Old Age Living Allowances

Following is a question by the Hon Vincent Cheng and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (June 9):

Question:

The Normal Old Age Living Allowance and the Higher Old Age Living Allowance are currently pitched at \$2,845 and \$3,815 per month respectively. In January last year, the Government proposed a reform initiative: combining the two allowances with the higher payment rate to be adopted, and raising the asset limits for elderly singletons and elderly couples to \$500,000 and \$750,000 respectively. Nevertheless, the Government stated in November last year in the Supplement to the 2020 Policy Address that in light of the financial implications of the initiative, the Government would reassess the timing of implementing the initiative. In this connection, will the Government inform this Council:

(1) of the details, progress and outcome of the reassessment work; whether revising the proposed asset limits is within the scope of the reassessment work; if so, of the details and justifications, as well as whether it will consider further raising the asset limits; and

(2) whether it has set an implementation date for the initiative; if so, of the details; if not, whether the Government intends to give up implementing the initiative; if so, the reasons for that?

Reply:

President,

My consolidated reply to the Member's question is as follows:

In January 2020, the Chief Executive (CE) announced a number of livelihood initiatives, including the proposals of combining the Normal Old Age Living Allowance (OALA) and the Higher OALA and adopting the higher payment rate (the Normal OALA currently at \$2,845 per month and the Higher OALA at \$3,815 per month), as well as relaxing the asset limits of the OALA significantly, viz. from \$365,000 under the Normal OALA or \$159,000 under the Higher OALA to \$500,000 for elderly singletons, and from \$554,000 under the Normal OALA or \$241,000 under the Higher OALA to \$750,000 for elderly couples after standardising the payment rate. The two proposed enhancements involve significant recurrent expenditure. It is estimated that the Government's recurrent expenditure on the OALA will increase from about \$30 billion to \$35 billion per year, i.e. by \$5 billion or a 16 per cent increase. The Government also requires substantial administrative and staffing resources to

cope with the significant increase in number of applications.

Subsequently, the CE announced in the 2020 Policy Address Supplement that, in light of the significant financial implications of the two aforementioned the OALA enhancements, the timing of implementation will be reassessed. Therefore, the additional resources and expenditure required for implementing the two measures have not been included in the Social Welfare Department's 2021-22 Estimates of Expenditure.

Given Hong Kong's population ageing will continue and the two measures will involve significant recurrent expenditure, the present and projected Government's overall fiscal position is to be taken into account in the assessment. The Government will announce the assessment outcome at an appropriate juncture.