LCQ19: Welfare and employment for the elderly

Following is a question by the Hon Elizabeth Quat and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (December 16):

Question:

In January this year, the Government announced that it would expand the "Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities" (the Concession Scheme) by lowering the eligible age from 65 to 60, and it would amend the Old Age Living Allowance (OALA) Scheme. Quite a number of members of the public have relayed that the Government, apart from improving the welfare for the elderly, should also encourage the elderly (especially persons aged 60 to 64 who are commonly known as "silver-age persons") to seek employment and participate in community services. In this connection, will the Government inform this Council:

(1) as the Government indicated last month that it would include the funding needed for expanding the Concession Scheme in the Budget for the next financial year with a view to implementing the measure progressively, of the specific date for implementing the expanded Concession Scheme;

(2) as the Government indicated that it would study issuing to persons aged 60 or above a personalised Octopus Card embodied with the functions of a Senior Citizen Card issued by the Social Welfare Department, of the progress of the study and the implementation date of the relevant initiative;

(3) as the Government indicated that it would (i) combine the Normal OALA (currently at $2,770 per month) and the Higher OALA (currently at $3,715 per month), (ii) standardise the monthly allowance at the Higher OALA rate, and (iii) raise the asset limits for applying for the allowance (to $500,000 for a single elderly person and $750,000 for a married elderly couple), of the implementation date(s) of these initiatives;

(4) whether the Government will consider reducing by half the salaries tax rate for working people aged 60 or above, so as to encourage the elderly to continue working; if so, of the details; if not, the reasons for that;

(5) given that quite a number of persons who are required to retire from their current positions upon reaching the age of 60 wish to take up employment again, engage in part-time work or even start their own businesses, whether the Government will (i) enact legislation relating to re-employment after retirement and rationalise the relevant arrangements of the Mandatory Provident Fund system, and (ii) introduce measures to encourage employers to offer more positions suitable for the elderly; if so, of the details; if not, the reasons for that; and

(6) of the new measures in place to encourage silver-age persons to actively participate in neighbourhood mutual help, volunteer services as well as social affairs in the community?

Reply:

President,

With longer average life expectancies and an improvement in the overall health quality in Hong Kong, more and more elderly persons are engaged in the labour market. In particular, the labour force participation rate of this age group of 60 to 64 has increased significantly over the past decade from 34 per cent in 2009 to 47 per cent in 2019. The number of employed persons has substantially increased more than double from about 110 000 in 2009 to 259 000 in 2019, far exceeding the 9 per cent increase in the overall working population during the same period. These figures show that on the one hand, more and more people in this age group are still active in the labour market and on the other, more and more employers are willing to employ them.

The Government has all along provided elderly persons with suitable support according to their different physical and financial conditions, covering areas such as employment, cash assistance and more. In fact, the Government has all along adopted a multi-pronged strategy to strengthen training for elderly persons to meet their training and employment needs on the one hand, and provide diversified support services for job seekers, encourage employers to hire elderly persons and step up efforts in promoting friendly employment practices for elderly persons on the other.

Apart from encouraging elderly persons with the ability to work to join the labour market, the Government also attaches great importance to elderly persons who lack the means to make ends meet and those who are physically frail. The Government have endeavoured to render them tailor-made support in terms of cash assistance, as well as services in other relevant areas. Certainly, in view of the rapidly ageing population, the Government must exercise prudence in utilising public coffers and provide pertinent support on the principle that it is rightly targeted.

In respect of Member's detailed questions, having consulted the Financial Services and the Treasury Bureau and the Home Affairs Bureau, my reply is as follows:

(1) and (2) As the Chief Executive (CE) stated earlier, the livelihood initiatives announced by her in early 2020, including lowering the eligible age of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the $2 Scheme) from 65 to 60 and studying the possibility of issuing a personalised Octopus Card that may also serve as the Senior Citizen Card to all elderly persons who are eligible under the $2 Scheme, were proposed on the premise that they would be fiscally affordable by the Government. CE also made it clear that the implementation timetable for the initiative would be announced upon completion of the comprehensive review of the $2 Scheme. The comprehensive review of the $2 Scheme conducted by the Government covered assessments of the effectiveness

and fiscal sustainability of the $2 Scheme, and detailed analysis with regard to the ageing demographic trend in Hong Kong, operation of public transport, effectiveness of anti-abuse measures, public aspirations and the Government's overall fiscal affordability, etc. It is necessary for the Government to consider carefully the feasibility, detailed arrangements, timing of implementation, financial assessment and so on of the proposed improvement measures. CE mentioned in her Policy Address announced on November 25, 2020 that the Government has largely completed the internal assessment, and on the premise of being able to combat and prevent abuse effectively, the Government will include the required funding in the 2021-22 Budget with a view to progressive implementation within that financial year.

(3) The Government announced in January 2020 the enhancements to the Old Age Living Allowance. As mentioned in the 2020 Policy Address Supplement announced by CE, in light of the financial implications of the enhancements, the timing of implementation will be reassessed. The Government will announce the arrangements at an appropriate juncture.

(4) Generally speaking, the career choices of those who are employed or have the intention to enter the job market may be determined by a variety of factors. In terms of salaries tax, the Government taxes income at progressive rates, while offering generous allowances and deductions. In the year of assessment 2018/19, the overall average effective salaries tax rate was just 8 per cent before factoring in the one-off tax reductions. This represents a very light tax burden when compared with that imposed by other economies around the world and helps create a favourable employment environment for the entire labour force.

(5) The Employment Ordinance is applicable to employees of different age groups. Through various publicity activities, the Labour Department (LD) has all along been actively encouraging employers, having regard to the circumstances of their enterprises and staff, to adopt friendly employment practices for elderly persons and allow staff to extend their working life so that elderly persons who wish to work may stay in employment. As for pro-employment measures, LD implements the Employment Programme for the Elderly and Middle-aged (EPEM) to encourage employers to hire the elderly and middle-aged and provide them with on-the-job training (OJT) through provision of OJT allowance. In view of the deteriorating employment situation, LD raised the ceiling of the OJT allowance payable to employers under EPEM in September 2020. The maximum amount of OJT allowance payable to employers engaging job seekers aged 60 or above who are unemployed or have left the workforce is $60,000 per employee. EPEM covers both full-time and part-time jobs. At the same time, LD launched a pilot scheme to encourage persons aged 60 or above to undergo and complete OJT under EPEM through the provision of a retention allowance, thereby stabilising employment. Subject to the length of the OJT period, the maximum amount of retention allowance that a full-time employee may receive is $12,000. To encourage more employers to provide suitable vacancies for elderly job seekers, LD implements various measures, such as staging thematic large-scale job fairs for the elderly and middle-aged and district-based job fairs on part-time employment, strengthening its liaison with employers with recruitment needs to enhance job matching, organising

experience sharing sessions on employment of elderly persons with employers and establishing a dedicated webpage on the Interactive Employment Service website, etc.

In respect of training, the Employees Retraining Board currently offers some 700 training courses covering "Vocational Skills", "Generic Skills" and "Innovation and Technology" of 28 trades, and provides training courses which gear towards the employment needs of persons aged 50 or above (such as "Tailor-made Course for Part-timers") and placement follow-up services, with a view to supporting mature persons with training and employment needs.

As regards Mandatory Provident Fund (MPF) arrangements for retired persons who re-join the labour market, the Mandatory Provident Fund Schemes Ordinance (Cap 485) requires employers to enrol their employees who are at least 18 but under 65 years of age (except for exempted persons) in a MPF scheme and make mandatory contributions for them. The protection under MPF system for those aged 60 to 64, who have withdrawn MPF contributions on the ground of early retirement but subsequently re-joined the labour force, would not be affected. In addition to mandatory contributions, both employers and employees can also consider making additional voluntary contributions to increase retirement savings for employees, including those who are aged 65 or above. Starting from April 1, 2019, eligible persons (Note 1) may also open a tax-deductible voluntary contribution (TVC) account to make TVC and enjoy tax deduction, which is subject to a deduction cap at $60,000 (Note 2) per year. There is no age limit for applying tax deductions under TVC.

(6) The Government has introduced different types of community development services to encourage individuals to interact with others and promote self-reliance and mutual help in solving local issues. Through a wide range of group and community work activities, community development services also promote social relationship and cohesion among people of all ages in the community, and encourage their participation in solving local issues for the betterment of the community.

The Government has spared no effort in promoting volunteer services in different sectors of society, including students and youth, elderly and disabled as well as working persons, to manifest mutual love and respect and fulfil civic responsibility towards the common goal of developing a caring and harmonic community. Community organisations, schools, corporations and government departments etc. often arrange activities and volunteer service projects to encourage elderly's participation. Some of them have also established a system to recognise contributions of volunteers and encourage them to maintain active participation in voluntary work.

Note 1: It refers to members with contribution accounts or personal accounts of MPF schemes, or members of MPF Exempted Occupational Retirement Schemes.
Note 2: This is an aggregate limit for both qualifying deferred annuity premiums and TVC.