

**Comparing Ageing Policies in Mainland China and Hong Kong, SAR
Implications & Solutions**

King K Tsao, Ph.D.
Associate Professor
Department of Government & Public Administration
The Chinese University of Hong Kong
Shatin, NT, Hong Kong
e-mail: kingktsao@cuhk.edu.hk

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What is the Direction for?

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1. Introduction

How do the governments in Mainland China and Hong Kong,SAR formulate their respective ageing policies to deal with the elder population?

2. China

A. Before the Reform in 1978:

- Planned economy
- From Cradle to Grave
- Public financings

2: China

B. Reform Process

- In 2000, only 7% of China's population was over 65.
- By 2030, will be more than double, to 16%
- Now spends only 2% of GDP on formal systems of old age support and will spend over 10% in 30 years.

Table 1 Proportion of Population by Age Group 65+ to Total Population (%) in China

Year	Proportion of Population by Age Group 65+ to Total Population (%)	
		Mainland China ¹
1990		5.57
1991		5.99
1992		6.07
1993		6.15
1994		6.23
1995		6.69
1996		6.94
1997		6.88
1998		7.43
1999		7.63 ²
2000		6.96 ²
2001		7.58
2002		7.95
2003		8.50

Notes:
1. China Population Statistics Yearbook, 1989- 2004 (data not include Taiwan)
2. Almanac of China's Population, 2000- 2001

Table 2 China: Projection of Percentage of Age 65+

2010	8.1%
2020	11.5%
2030	15.7%
2040	21.3%
2050	22.5%

Source: http://www.cpic.org.cn/yjwx/yjwx_detail.asp?id=2461

2: China

- Policy Formulation
- Great Transformation from planned economy to market
- Province as an Administrative Unit to run the system
- In June 1991, the State Council issued the document 33 (Concerning the Decision to Reform the Retirement Insurance for the Enterprises' Workers and Staff).
- In 1997, the State Council Document, No. 26, stated that the total amount contributed by the enterprises should not be more than 20% of the total enterprise's wage bill for the basic retirement fund. If it is more than 20%, it will be approved both by the Ministries of Labor and Finance. Individual enterprise will decrease the amount of contribution down to 3% of the total enterprise's wage fund (p.167).
- For individual worker, each has to put not less than 4% of one's total wage in the individual retirement account. After 1998, each worker has to add 1% additional to the account for every two years. In 2000, the amount would be 5%, 2002 would be 6% and in 2004, this year, is 7%. The maximum amount for the worker to contribute is 8% of one's wage (p.167)
- Social Security Foundation was set up in 2000.
- 3-Tier (Pillar) System: urban-and enterprise-based pay-as-you-go (PAYG) pension system covering mainly state-owned enterprises (SOEs) and some large collective enterprises
 - 1 – Basic pension plan, mandatory enterprise and individual contribution
 - 2 – Supplementary pension plan, funded by enterprise
 - 3 – Voluntary individual savings
- Rural area is still limited

2. China

C. Problems

- Regional Variations
- Confined to Cities and Towns
- Investment Channels
- Housing and Health
- Other Issues (Welfare)

3. Hong Kong

A. The Economy

- laissez faire capitalist state
- The freest economic system in the world by the Heritage Foundation

3. Hong Kong

B. Ageing Policy

Policy Formulation

--1994: Commission for Elderly Services (Patten)
--Economic growth, remedial and reactionary

--1997: Elderly Commission (Tung Chee-hwa)
--Interventionist but constrained by economic downturn

Data:

1991: 8.7% of the population over 65
1996: 10.1%
2003: 12%
2013: 13%
2023: 19%
2033: 27%

Table 3 Proportion of Population by Age Group 65+ to Total Population (%) in Hong Kong

Year	Proportion of Population by Age Group 65+ to Total Population (%)	
	Hong Kong SAR ¹	
1990	8.50	
1991	8.60	
1992	9.00	
1993	9.20	
1994	9.60	
1995	9.80	
1996	10.2	
1997	10.3	
1998	10.5	
1999	10.8	
2000	10.9	
2001	11.1	
2002	11.4	
2003	11.9	

Note: The Census and Statistics Department Website
http://www.info.gov.hk/censtatd/eng/hkstat/fas/pop/by_age_sex.xls

Table 4: Hong Kong: Projection of Percentage of Age 65+

2013	13%
2023	19%
2033	27%

Source: http://www.cpirc.org.cn/yjwx/yjwx_detail.asp?id=2461

3. Hong Kong

- mandatory provident fund for all the working population.

Formulation Process:

- 1995: Enactment of the Mandatory Provident Fund Schemes Ordinance in August (Cap.485) (MPFSO)
- 1998: Amendment to the MPFSO (Cap.485) in March 1998 and enactment of subsidiary legislation in April 1998: Establishment of the MPFA in September
- 1 December 2000: Implementation of the MPF System

3. Hong Kong

C. Results

- As July 31, 2005
- Employers: 97.9%
- Relevant Employees: 96.7%
- Self-employed Persons: 79%
- This Mandatory, privately managed, fully funded contribution scheme has been supplemented by the Publicly managed, tax-financed social safety net for the old {Comprehensive Social Security Assistance (CSSA) Scheme}, old age allowance, disability allowances, and the voluntary personal savings and insurance as well.

3. Hong Kong

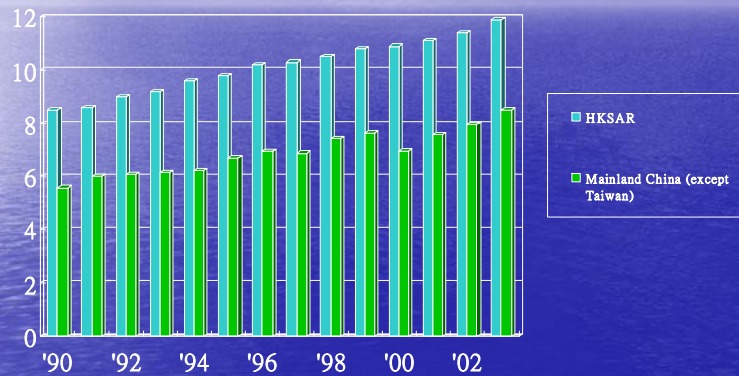
D. Others

- Medical care: publicly managed, tax-financed social safety net for the elders
- Housing (the single elderly priority housing scheme, priority housing scheme for two applicants and elderly in family priority scheme)

4. Wrap Up

- China and Hong Kong

Table 5 Proportion of Population by Age Group 65+ to Total Population (%) in China and Hong Kong



Sources:
1. The Census and Statistics Department Website
http://www.info.gov.hk/censtatd/eng/hkstat/fas/pop/by_age_sex.xls
2. China Population Statistics Yearbook, 1989-2004
3. Almanac of China's Population, 2000-2001

Table 6 Population Projection in China and Hong Kong

Year	Population Projection	
	Hong Kong SAR1 (Average annual growth rate over a 5-year Period)	Mainland China (Excluding Taiwan)2
2001 (Base)	6724900	1285000000
2006	7121800 (1.2%)	1339000000 (4.2%)
2011	7527700 (1.1%)	1391000000 (3.9%)
2016	7896500 (1.0%)	1430000000 (2015) (2.8%)
2021	8228300 (0.8%)	1470000000 (2020) (2.8%)
2026	8492400 (0.6%)	1500000000 (2025) (2.1%)
2031	8721500 (0.5%)	1521000000 (2030) (1.4%)

Notes:

1. Hong Kong Population Projections: 2002- 2031, Census and Statistics

Department, Hong Kong SAR, People's Republic of China

2. The Projection of China's Population by State Family Planning

Commission of China (2000-2050)

<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan004769.pdf>

4. Wrap Up

- How can we account for and explain this seemingly contradictory phenomenon and the different ageing policies in socialist China and capitalist Hong Kong? Why do they move to opposite direction and adopt different approaches to formulate ageing policies within the same country?

4. Wrap Up: China

- Governing elites have used a top-down approach to reform the state-owned enterprises incrementally and hence shifted the financial burden of the enterprises to the market and individuals.

4. Wrap Up: Hong Kong

- Governance - deal with the bottom-up forces within the society and the increasingly assertiveness of the people. These demands and expectations of the people have been further triggered by many internal and external factors such as economic downturn, Asian economic crisis, budget deficit, and poor crisis management, among others.

5. Implications

--Global Problem

--Financial Burden

--Middle Course:

Mainland-Privatization is too much

Hong Kong-Reforms needed