

**Poverty Alleviation Strategies
in Hong Kong, Mainland China, Taiwan and Macau**

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**Poverty Alleviation Strategy for Elderly Population
in Macau**

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Background

- In Macau, there are three types of disadvantaged groups, including elderly population, single-parent families and disabled population
- Clearly different groups need different poverty alleviation strategy
- Elderly Poverty
 - Obsolete Skills, Incomplete and Unsustainable Pension System
 - Health Issue
 - Cohort Effects – Ageing

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Macau's Poverty Indicators

- Gini Coefficients
 - 0.38 (2007/08) → 0.35 (2012/13) [Including Government Transfer Payment]
 - 0.40 (2007/08) → 0.38 (2012/13) [Excluding Government Transfer Payment]
- Household Income/Expenditure
 - 2007/08, 22,947 (Expenditure) & 30,891 (Income): 0.743
 - 2012/13, 29,177 (Expenditure) & 41,423 (Income): 0.704
- Median Income
 - 10,000 (2009) → 19,000 (2017) : 90% [Local Resident]
 - 15,300 (2009) → 28,400 (2017) : 86% [Local Household]
- Elderly Population (Proportion)
 - 30,500 (7.1%) (2000) → 68,900 (10.5%) (2017)

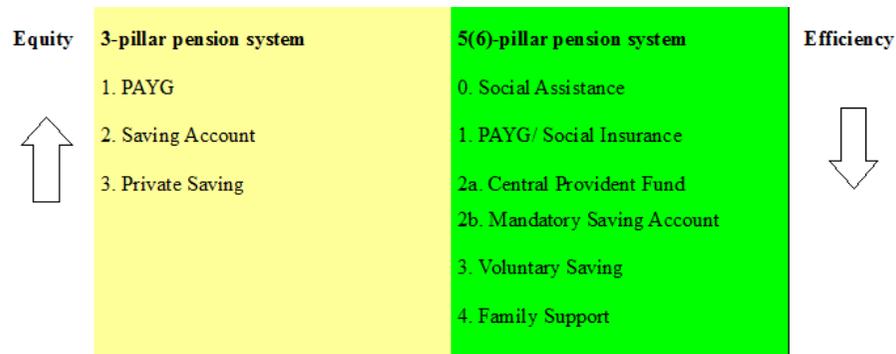
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Poverty Alleviation

- Sustainable Living
 - Concept derived from the traditional poverty line – Engel's food share method
 - The benefit amount of the Minimum Living Standard Security System (Social Assistance) is determined by the basic consumption of a local family
- Development
 - Empowering the disadvantaged groups to “escape” from the safety net
 - Some measures for the disadvantaged groups to have their jobs
- Social Inclusion
 - Bringing the disadvantaged groups back into the mainstream
 - NGOs or folks organizations to provide social services

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World Bank's Multi-pillar Pension System



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Development of Macau's Pension System

- Before Macau's Return of Sovereignty
 - At the beginning, most folks organizations and traditional organizations to provide social welfare for the disadvantaged groups
 - 1930, Macau Government provided the disadvantaged groups with social welfare
 - 1938, Macau Government formed an official organization to formulate social policy
 - 1980, Macau Government set up an governmental department with similar functions of Social Welfare Bureau
 - 1989, Macau Government set up Social Security Fund
- After Macau's Return of Sovereignty (2000 – 2008)
 - Improving the coverage rate (expanded to all Macau residents) and the benefits types (Old-age Pension, Disability Pension, Unemployment Allowance, Sickness Allowance, Birth Allowance, Marriage Allowance, Funeral Allowance, and Compensation for Occupation Respiratory Disease) of Social Security Fund
 - Allow early entitlement of old-age pension (earliest entitlement age is 60 with 5% annual benefit deduction)

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- Building double pillar pension system
 - 2008, the Government proposed to introduce central provident fund as the second pillar pension system
 - 2009, the Government injected MOP 10,000 to all eligible Macau residents' central saving account as start-up government contribution. Afterward, the Government would base on her financial situation to inject some money to their account as maintenance government contribution.
 - 2011, based on the corresponding actuarial report and 2012 Policy Address of Macau SAR Government, the Government expressed her intention to introduce universal central provident fund
 - 2011, the Government allowed all Macau residents, target at older population, to make more contribution to Social Security Fund, so as to let them entitle the full benefit provided by Social Security Fund (It is one-off arrangement)
 - 2013 – 2016, the Government injected MOP 37 billion to Social Security Fund to maintain the sustainability of the system. According to the corresponding actuarial report, the system can be lasted for 50 years
 - 2017, the monthly contribution of Social Security Fund was raised from MOP 45 (employer & employees total contribution) to MOP 90.

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Macau Pension System

Pillar	Mode	System	Target	Sources	Principle
Fourth	Family Support	Family Support	Individual	Individual & Family	Voluntary
Third	Private Retirement Scheme	Private Retirement Scheme	Employee	Employer/ Individual	Voluntary
Second	Central Provident Fund	Non-mandatory Central Provident Fund System	22 or above	Employer and Employee	Voluntary
First	PAYG/ Social Insurance	Pension Income Scheme	60 or above	Government, Employer & Employee	Compulsory/ Voluntary
Zero	Social Assistance/ Universal Welfare	Minimum Living Standard Security	Disadvantaged Group	Government Tax Revenue	Social Welfare
		Subsidy for Senior Citizens	65-aged Permanent Macau Resident		Social Welfare

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New Development of Elderly Alleviation Strategy

- Apart from pension, elderly services is another important element for elderly alleviation strategy
 - There are the 10-year action plan for elderly services, as well as, the 10-year plan for rehabilitation services.
 - Some measures for facilitating older adults to retire in Mainland China, like the arrangement of the proof of life in Mainland China and the benefit of Social Security Fund for eligible recipients residing in Guangdong and Fujian
- The arrangement of elderly alleviation strategy through public-private partnership
 - Elderly Employment – Allowance for employers to employ older adults
 - Retirement Finance & Allowance for Informal Caregivers – Feasibility Study
 - Smart Healthcare – Introduction of electronic healthcare voucher

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Elderly Employment/ Delay Retirement

- Based on a telephone survey in 2015 about Macau residents' opinion of the reforms of Macau's pension system, sponsored by Social Security Fund, MSAR
- Sample size: 1,045
- Dependent Variable: The intention to delay retirement (Yes/ No)
- Independent Variables: Socio-Economic Status, Social Network, Filial Piety, The comments on Macau's pension system (The adequacy of the social welfare system, the sustainability of the pension system, and the recognition of the financial arrangement of the pension system)
- Statistical Method: Binary Regression Method with Backward Elimination

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Results of Delay Retirement Study

	Overall		Male		Female	
	B	s.e.	B	s.e.	B	s.e.
Socio-Economic Status						
Non-permanent Resident					-1.407	0.768
Comments on Pension System						
Adequacy	0.189	0.057	0.335	0.085		
Financial Arrangement	0.200	0.071			0.241	0.091

- There is different factor for male and female to delay retirement.
- Male may focus on the availability of the corresponding services (supply-induced demand)
- Female may focus on the increase of their wealth (according to expansion of elderly services, female with related experience will have higher probability to join the labor market)

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Attitude of Reverse Mortgage

- A telephone survey of Macau Residents' opinion of reverse mortgage, sponsored by Macau Foundation, MSAR
- Population: aged 45+
- Sample Size: 721
- Dependent Variable: Attitude of Reverse Mortgage
- Independent Variable: Socio-Economic Status, Comments on Macau's Pension System, The Influential factor of using reverse mortgage, Life Satisfaction, The Utilization of Interviewees' Pension System
- Statistical Method: ANOVA

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The results of the attitude of reverse mortgage

- (Socio-Economic Status) Younger, higher education, housewife, having full-time job, having less children → higher knowledge and more likely to use reverse mortgage
- (Comment on Macau's Pension System) Lower level of perceived financial stability of Social Security → higher knowledge and more likely to use reverse mortgage
- (The Influential factor of using reverse mortgage) Lower willingness to leave their property to their child(ren) and Higher Agreement on the lacking private elderly service → Higher knowledge of reverse mortgage; Higher willingness of using his property for retirement → more likely to use reverse mortgage.
- (Life Satisfaction) Higher Material Life Satisfaction → higher knowledge and more likely to use reverse mortgage
- (The Utilization of Interviewees' Pension System) Not having SSF's Old-age Pension, having a job, not yet prepared for retirement → higher knowledge and more likely to use reverse mortgage

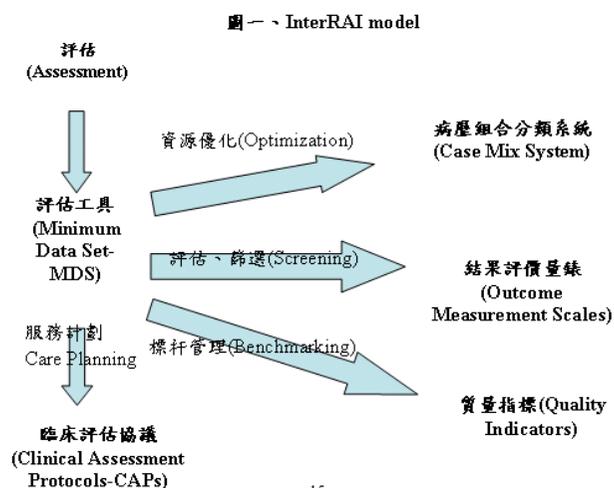
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Smart Healthcare

- The philosophy of developing Macau's healthcare system is "proper medical treatment, prevention first"
- The difficulties for elderly (social/ medical) services development are information fragmentation, services integration, and diversification of stakeholders' interest
 - Information fragmentation – smart healthcare, i.e. portable electronic medical record
 - Diversification of stakeholders' interest – voucher system, i.e. HK's community Care Service Voucher and Macau's electronic healthcare voucher
 - Services integration - ??? According to OECD, InterRAI model might provide us with a direction.

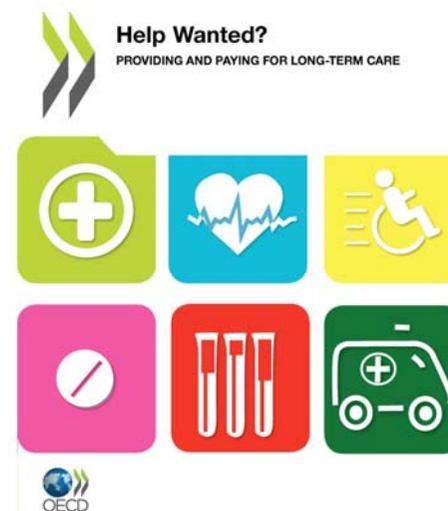
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RAI 工具簡介



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Concerns for Macau's Poverty Alleviation Strategy for Elderly Population

- Limited Economic Size
 - Macau's population is just one tenth of HK
 - Low Efficiency for the Government to provide public good (scale of economy)
- Limited Talents
 - Some professional services should be brought from neighboring cities
- Limited Market
 - It is difficult for private company to provide Macau residents with full range of services

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Future of Macau's Poverty Alleviation Strategy for Elderly Population

- Integration into Guangdong-Hong Kong-Macau Bay Area Development
 - Four flows – people, goods, capital and information
 - Information flows – The difference in professional qualification and service standards lead to the difficulty for the Government to “provide” Macau residents residing in Mainland China with corresponding social/ medical services
- Full utilization of the technology of Smart City to develop elderly market
 - Guangdong province is the best province to utilize big data for her development and there are various national data (penal data), i.e. CHARLS & CLHLC, for the scholars and the private enterprises to know the market and develop more suitable services/ products for the market.
- The synergy among cities in the bay area development
 - Hong Kong, as an international financial center, can provide more innovative service in retirement finance, like reverse mortgage and life annuity product.
 - The synergy of academic power among different regions

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Thanks for your attention
Welcome your comment/ question

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