

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 1 December 2010

**Proposed amendments to motion on
“Comprehensively reviewing the Mandatory Provident Fund Scheme”**

Further to LC Paper No. CB(3) 211/10-11 issued on 19 November 2010, five Members (Hon CHAN Kin-por, Hon Paul TSE Wai-chun, Hon Ronny TONG Ka-wah, Hon Paul CHAN Mo-po and Hon LEE Cheuk-yan) have respectively given notice of their intention to move separate amendments to Hon WONG Kwok-kin’s motion on “Comprehensively reviewing the Mandatory Provident Fund Scheme” scheduled for the Council meeting of 1 December 2010. As directed by the President, the respective proposed amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and amendments. To assist Members in debating the motion and amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon WONG Kwok-kin to speak and move his motion;
- (b) the President proposes the question on Hon WONG Kwok-kin’s motion;
- (c) the President calls upon the five Members, who intend to move amendments, to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon CHAN Kin-por;

- (ii) Hon Paul TSE;
 - (iii) Hon Ronny TONG;
 - (iv) Hon Paul CHAN; and
 - (v) Hon LEE Cheuk-yan;
- (d) the President calls upon the designated public officer(s) to speak;
 - (e) the President invites other Members to speak;
 - (f) the President gives leave to Hon WONG Kwok-kin to speak for the second time on the amendments;
 - (g) the President calls upon the designated public officer(s) again to speak;
 - (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the five Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon CHAN Kin-por to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon CHAN Kin-por's amendment;
 - (i) after Hon CHAN Kin-por's amendment has been voted upon, the President deals with the other four amendments; and
 - (j) after all amendments have been dealt with, the President calls upon Hon WONG Kwok-kin to reply. Thereafter, the President puts to vote the question on Hon WONG Kwok-kin's motion, or his motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Mrs Justina LAM)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Comprehensively reviewing the Mandatory Provident Fund Scheme”
to be held at the Legislative Council meeting
of Wednesday, 1 December 2010**

1. Hon WONG Kwok-kin’s original motion

That, according to the projection of the Census and Statistics Department, the ratio of persons who are aged 65 and above to the population in Hong Kong will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public’s urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all people, and after nearly 10 years since its implementation, the Mandatory Provident Fund (‘MPF’) Scheme is still unable to achieve the objective of protecting people’s retirement life; in this connection, this Council urges the authorities to comprehensively review the MPF Scheme and further improve the relevant mechanisms, so as to protect the retirement life of all people; the relevant review should include:

- (a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people;
- (b) to abolish the mechanism whereby employers’ contributions under the MPF Scheme are used to offset severance payments and long service payments, and retain Hong Kong employees’ rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;
- (c) to implement a system of ‘one lifelong account’, establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of ‘bank books’, so as to enable employees to peruse information on contributions, returns, etc. at any time;
- (d) to lower MPF management fees and administration fees, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to

protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;

- (e) to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;
- (f) to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;
- (g) to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage;
- (h) to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting the companies concerned in the tendering exercises for government services as a form of penalty, etc.; and
- (i) to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme.

2. Motion as amended by Hon CHAN Kin-por

That, ~~according to the projection of the Census and Statistics Department,~~ *enormous changes will occur to the population structure of Hong Kong in the future, and* the ratio of persons who are aged 65 and above to the population ~~in Hong Kong~~ will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public's urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all people, and after nearly 10 years since its implementation, the Mandatory Provident Fund ('MPF') Scheme is still unable to achieve the objective of protecting people's retirement life; in this connection, this Council urges the authorities to comprehensively review the MPF Scheme and further improve the relevant mechanisms, so as to protect the retirement life of all people; the relevant review should include:

- (a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people;
- (b) to abolish the mechanism whereby employers' contributions under the MPF Scheme are used to offset severance payments and long service payments, and retain Hong Kong employees' rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;
- (c) to implement a system of 'one lifelong account', establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of 'bank books', so as to enable employees to peruse information on contributions, returns, etc. at any time;
- (d) to lower MPF management fees and administration fees *by, for example, streamlining the management and administrative procedures of MPF schemes and reducing the operating costs of MPF on the premise of not affecting MPF scheme members' interests, so as to create room for lowering administration fees*, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;
- (e) to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;
- (f) to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;
- (g) to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage, *as well as the percentages of contributions, so as to ensure that the amounts of MPFs are adequate to meet post-retirement expenditure*;
- (h) to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting

the companies concerned in the tendering exercises for government services as a form of penalty, etc.; and

- (i) to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme.

Note: Hon CHAN Kin-por's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon Paul TSE Wai-chun

~~That, according to the projection of the Census and Statistics Department, the ratio of persons who are aged 65 and above to the population in Hong Kong will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public's urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all people, and as after nearly 10 years since its implementation, the Mandatory Provident Fund ('MPF') Scheme is still unable to achieve the objective of protecting people's retirement life; in this connection, this Council urges the authorities to comprehensively review the MPF Scheme and further improve the relevant mechanisms, so as to protect the retirement life of all people; the relevant review should include: *completely abolishing the MPF Scheme*~~

- ~~(a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people;~~
- ~~(b) to abolish the mechanism whereby employers' contributions under the MPF Scheme are used to offset severance payments and long service payments, and retain Hong Kong employees' rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;~~
- ~~(c) to implement a system of 'one lifelong account', establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of 'bank books', so as to enable employees to peruse information on contributions, returns, etc. at any time;~~

- ~~(d) — to lower MPF management fees and administration fees, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;~~
- ~~(e) — to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;~~
- ~~(f) — to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;~~
- ~~(g) — to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage;~~
- ~~(h) — to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting the companies concerned in the tendering exercises for government services as a form of penalty, etc.; and~~
- ~~(i) — to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme.~~

Note: Hon Paul TSE Wai-chun's amendment is marked in *bold and italic type* or with deletion line.

4. Motion as amended by Hon Ronny TONG Ka-wah

That, according to the *recent* projection of the Census and Statistics Department, the ratio of persons who are aged 65 and above to the population in Hong Kong will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public's urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all

people, and ~~after nearly 10 years since~~ *today is the tenth year of* its implementation, *but* the Mandatory Provident Fund ('MPF') Scheme is still unable to achieve the objective of protecting people's retirement life; in this connection, this Council urges the authorities to *expeditiously establish a retirement protection scheme that benefits all people and* comprehensively review the MPF Scheme ~~and further improve the relevant mechanisms~~, so as to protect the retirement life of all people; the relevant review should include:

- (a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people, *and conduct public consultation on the specific proposal*;
- (b) to abolish the mechanism whereby employers' contributions under the MPF Scheme are used to offset severance payments and long service payments, and retain Hong Kong employees' rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;
- (c) to implement a system of 'one lifelong account', establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of 'bank books', so as to enable employees to peruse information on contributions, returns, etc. at any time;
- (d) to lower MPF management fees and administration fees, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;
- (e) to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;
- (f) to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;
- (g) to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage;

- (h) to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting the companies concerned in the tendering exercises for government services as a form of penalty, etc.; ~~and~~
- (i) to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme; *and*
- (j) *to conduct comprehensive public consultation on the effectiveness and various aspects of the MPF Scheme, given that it has already been implemented for 10 years.*

Note: Hon Ronny TONG Ka-wah's amendment is marked in *bold and italic type* or with deletion line.

5. Motion as amended by Hon Paul CHAN Mo-po

That, according to the projection of the Census and Statistics Department, the ratio of persons who are aged 65 and above to the population in Hong Kong will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public's urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all people, and after nearly 10 years since its implementation, the Mandatory Provident Fund ('MPF') Scheme is *the implementation of the Mandatory Provident Fund ('MPF') Scheme, even the middle class with a monthly income of several tens of thousands of dollars are* still unable to achieve the objective of protecting people's *their* retirement life; in this connection, this Council urges the authorities to comprehensively review the MPF Scheme and further improve the relevant mechanisms, so as to protect the retirement life of all people; the relevant review should include:

- (a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people, *and ensure that it will not pose extra burden on the future generation;*
- (b) to abolish the mechanism whereby employers' contributions under the MPF Scheme are used to offset severance payments and long service

payments, and retain Hong Kong employees' rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;

- (c) to increase the ceiling of employers' monthly contributions to employees' MPFs to HK\$2,500 a month per person, so that employers can make more active commitment to employees' retirement life;*
- (d) to correspondingly increase the maximum tax deduction for employees' mandatory contributions to MPF schemes to HK\$30,000 each tax year, so as to strengthen employees' protection;*
- ~~(e)~~*(e)* to implement a system of 'one lifelong account', establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of 'bank books', so as to enable employees to peruse information on contributions, returns, etc. at any time;
- ~~(d)~~*(f)* to lower MPF management fees and administration fees, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;
- ~~(e)~~*(g)* to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;
- ~~(f)~~*(h)* to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;
- ~~(g)~~*(i)* to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage;
- ~~(h)~~*(j)* to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting the companies concerned in the tendering exercises for government services as a form of penalty, etc.; and

- (i)(k) to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme.

Note: Hon Paul CHAN Mo-po's amendment is marked in *bold and italic type* or with deletion line.

6. Motion as amended by Hon LEE Cheuk-yan

That, according to the projection of the Census and Statistics Department, the ratio of persons who are aged 65 and above to the population in Hong Kong will substantially increase to 26% by 2036; this not only indicates the gravity of population ageing in Hong Kong in the future, but also foretells the public's urgent demand for comprehensive retirement protection; yet, there is at present no retirement protection system in Hong Kong that benefit all people, and after nearly 10 years since its implementation, the Mandatory Provident Fund ('MPF') Scheme is still unable to achieve the objective of protecting people's retirement life; *besides, this Council expresses serious disappointment that the Steering Committee on Population Policy chaired by the Chief Secretary for Administration has not yet put forward any specific improvement proposal on the retirement protection system since its establishment in 2007*, in this connection, this Council urges the authorities to comprehensively review the MPF Scheme and further improve the relevant mechanisms, so as to protect the retirement life of all people; the relevant review should include:

- (a) to implement universal retirement protection, with tripartite contributions from the Government, employers and employees, so as to extend the coverage of protection to all Hong Kong people;
- (b) to abolish the mechanism whereby employers' contributions under the MPF Scheme are used to offset severance payments and long service payments, and retain Hong Kong employees' rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;
- (c) to implement a system of 'one lifelong account', establish portability of MPF accounts, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of 'bank books', so as to enable employees to peruse information on contributions, returns, etc. at any time;

- (d) to lower MPF management fees and administration fees, and at the same time enact legislation to require trustees to set out the actual amounts of management fees in the annual reports of the years concerned, so as to protect the actual amounts of MPFs received by employees upon retirement from not being drastically eroded;
- (e) to implement totally unrestricted choices for employees under the MPF Scheme, allowing employees to choose trustees for both employers' and employees' MPF contributions, and at the same time, through publicity and education, enable employees to understand that they may transfer their MPF contributions according to the levels of risks they can bear;
- (f) to strengthen the regulation of MPF investment products and regularly review the sales practices adopted by intermediaries;
- (g) *to allow employees to choose to deposit part of their contributions into the Exchange Fund, and compute the annual return rate based on the average return rate of the Exchange Fund investment portfolios over the past six years, plus a minimum return guarantee, so as to ensure that the annual return will not be lower than the average yield rate of Exchange Fund Bills of 3-year maturity in the preceding year;*
- (h) *to provide low-income employees with a contribution supplement, so as to strengthen their retirement protection;*
- ~~(g)~~(i) to review the appropriateness of the existing minimum and maximum levels of income, including that the minimum level of income should be higher than the minimum wage;
- ~~(h)~~(j) to step up law enforcement to combat the situation of default in contributions, including sentencing employers who default on contributions to immediate imprisonment, and considering blacklisting the companies concerned in the tendering exercises for government services as a form of penalty, etc.; and
- ~~(i)~~(k) to reform the Occupational Retirement Schemes ('ORSO') system, requiring employers adopting ORSO schemes to provide their employees with accrued benefits not less than those under the MPF Scheme.

Note: Hon LEE Cheuk-yan's amendment is marked in *bold and italic type* or with deletion line.