

(Translation)

**Motion on**  
**“Comprehensively reviewing the Mandatory Provident Fund Scheme”**  
**moved by Hon WONG Kwok-kin**  
**at the Legislative Council meeting**  
**of Wednesday, 1 December 2010**

**Motion as amended by Hon CHAN Kin-por, Hon Ronny TONG Ka-wah  
and Hon Paul CHAN Mo-po**

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That, 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 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;
- (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; and
- (k) when implementing universal retirement protection, to conduct public consultation on the specific proposal;
- (l) 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; and
- (m) 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.