

**For discussion on
10 January 2011**

LC Paper No. CB(2)709/10-11(06)

Legislative Council Panel on Welfare Services

Follow-up to special meeting on 18 December 2010

Purpose

This note advises Members of the Administration's response to the motion passed by the Panel on Welfare Services (the Panel) on 18 December 2010.

The motion

2. At the special meeting on 18 December 2010, the Panel passed the following motion moved by Hon Albert HO, Hon LEUNG Yiu-chung and Hon Alan LEONG -

“本事務委員會建議政府立即成立一個跨部門的專責委員會研究落實全民退休保障的方案，本委員會亦成立小組委員會跟進全民退保的議題。”

(Translation)

“That this Panel suggests the Government to immediately set up an inter-departmental task force to study the implementation of the proposal on universal retirement protection, and this Panel will also form a subcommittee to follow up the subject of universal retirement protection.”

The Administration's response

3. We have, vide LC Paper No. CB(2)534/10-11(01), briefed Members on the retirement protection regime in Hong Kong. As explained, Hong Kong has been adopting a three-pillar model for retirement protection: the non-contributory social security system (comprising Comprehensive Social Security Assistance, Old Age Allowance (OAA) and Disability Allowance), the Mandatory Provident Fund (MPF) system which was introduced ten years ago after careful and

extensive discussion in the community, and voluntary private savings. The current model is well established and has been performing its due function. Nonetheless, the Administration has been monitoring closely the operation of the model in the light of Hong Kong's changing socio-economic circumstances and will introduce changes as appropriate and necessary. A recent example is the increase in the level of OAA to \$1,000 with effect from January 2009. As regards the MPF system, the Mandatory Provident Fund Schemes Authority will continue to review and improve its operation, including the review of the minimum and maximum income levels for MPF contributions and the restrictions on withdrawal of MPF accrued benefits.

4. In this connection, the Central Policy Unit (CPU) is refining its study on the sustainability of the three-pillar model of retirement protection in Hong Kong having regard to the latest developments. These include the examples in paragraph 3 above, relaxation of the permissible absence from Hong Kong for OAA recipients which is to take effect in February 2011, as well as the proposed Health Protection Scheme. The findings would be deliberated further within the Administration.

5. As the CPU study is ongoing and the relevant bureaux will be consulted in due course, the Administration sees no need to formally establish an inter-departmental task force on this subject at this juncture. It should be noted that in the course of refining the study, CPU will take account of the latest opinion in the community on retirement protection for the elderly and tap the views of academics, professionals, think tanks and interested parties as appropriate through its established channels. In deciding on any future course of action, the Administration will consider the findings of the study and other pertinent factors such as how to ensure the sustainable development of the social security system, safeguard traditional family values, and maintain our overall economic competitiveness as well as simple tax system.

Labour and Welfare Bureau
Financial Services and Treasury Bureau
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