

**立法會**  
**Legislative Council**

LC Paper No. CB(2)227/10-11  
(These minutes have been  
seen by the Administration)

Ref : CB2/PS/1/10

**Panel on Welfare Services**

**Subcommittee on Retirement Protection**

**Minutes of the fourth meeting**  
**held on Tuesday, 19 July 2011, at 2:30 pm**  
**in Conference Room B of the Legislative Council Building**

**Members present** : Hon CHEUNG Kwok-che (Chairman)  
Hon LEE Cheuk-yan  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon WONG Sing-chi  
Hon IP Wai-ming, MH  
Hon LEUNG Kwok-hung

**Member absent** : Hon LEUNG Yiu-chung  
Hon Ronny TONG Ka-wah, SC  
Hon Alan LEONG Kah-kit, SC

**Member attending** : Hon CHAN Kin-por, JP

**Public officers attending** : Item I

Mrs Polly CHAN  
Principal Assistant Secretary for Labour and Welfare  
(Welfare) 4

Miss Emmy WONG  
Principal Assistant Secretary for Financial Services  
and the Treasury (Financial Services) 3

**Clerk in attendance** : Miss Betty MA  
Chief Council Secretary (2) 4

**Staff in attendance** : Ms Maisie LAM  
Senior Council Secretary (2) 5

Miss Maggie CHIU  
Legislative Assistant (2) 4

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**I. Meeting with the Administration**

[LC Paper Nos. CB(2)534/10-11(01), CB(2)1664/10-11(02), CB(2)1903/10-11(01), CB(2)2350/10-11(01) and IN13/10-11]

The Subcommittee deliberated (index of proceedings attached at **Annex**).

2. Members expressed strong dissatisfaction with the failure of the Administration to elaborate in its paper why it considered that the three-pillar model for retirement protection currently implemented in Hong Kong, viz. the non-contributory social security system, the Mandatory Provident Fund system and voluntary private savings, was adequate for preventing old-age poverty for the current as well as the next generation of elderly.

3. The Administration made the following responses -

- (a) the Central Policy Unit ("CPU") had completed five studies relevant to the sustainability of the retirement protection system in Hong Kong between 2007 and 2010. According to CPU's rough estimate, while the financial burden on the non-contributory social security system under the first pillar would increase in the next 30 years owing to the increase in the elderly population, the role of the Mandatory Provident Fund system under the second pillar would be more evident when it matured with more accrued benefits. The rise in

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personal savings under the third pillar due to a rise in income and the development of a savings habit by more people could also make up for the possible reduction in family support. On the whole, the three-pillar system should be financially sustainable; and

- (b) CPU was refining its studies having regard to the latest developments which had implications for the financial income of the elderly, such as the increase in the rates of Old Age Allowance, the implementation of the Statutory Minimum Wage and the proposed Health Protection Scheme, etc., for the purposes of assessing the sustainability of the existing system and considering ways to improve and enhance each pillar. To this end, CPU was organising a series of focus group meetings with experts, scholars, think tanks and concern groups to collect their views. It was expected that CPU would submit its preliminary findings to the Administration for internal deliberation in late 2012.

4. Members considered it meaningless to continue discussion with the Administration on the subject, if the Administration and/or CPU failed to provide members with the details of the CPU's studies on the retirement protection system in Hong Kong, in particular that of the "Household survey on financial disposition and retirement planning of current and future generations of retired persons" and "A study on sustainability of three pillars of retirement protection in Hong Kong" ("the two studies"). Members considered that a pressing issue was whether the current generation of the poorest elderly, who accounted for 30% to 40% of the elderly population, could lead a dignified and financially-secured life in their old age. To this end, there should be more commitment on the part of the Administration to conduct a holistic review of, rather than piecemeal improvement to, the existing retirement protection system.

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5. To facilitate further discussion, members took the view that CPU and the research team of the two studies should attend the next meeting of the Subcommittee to share with members the preliminary findings of the two studies, and provide information on the propositions, methodology, scope and parameters, survey design and data collected in connection with the two studies. Members also considered it necessary for CPU to take the opportunity to listen to the views of members when refining the studies on how to improve and enhance the existing retirement protection system.

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**II. Outline of research study on retirement protection schemes in selected places**

[LC Paper No. CB(2)2350/10-11(02)]

6. Members endorsed the proposed research outline on retirement protection schemes in selected places prepared by the Research Division of the Legislative Council Secretariat, subject to the incorporation of a study on the retirement protection schemes in the Mainland and/or Taiwan and information on the various retirement protection models proposed by the local community. Members noted that the research was expected to be completed by October 2011.

**III. Date of next meeting**

7. The Chairman reminded members that the next meeting would be held on 24 August 2011.

*(Post-meeting note: As the Administration and CPU had yet to provide the Subcommittee with all the requisite information as of 23 August 2011, the Chairman had instructed to re-schedule the meeting on 24 August 2011 to a later date to be fixed later.)*

8. There being no other business, the meeting ended at 4:25 pm.

Council Business Division 2  
Legislative Council Secretariat  
7 November 2011

**Proceedings of the fourth meeting of the  
Subcommittee on Retirement Protection  
on Tuesday, 19 July 2011, at 2:30 pm  
in Conference Room B of the Legislative Council Building**

Time marker	Speaker(s)	Subject(s)	Action required
<i>Agenda item I – Meeting with the Administration</i>			
000000 - 000416	Chairman Administration	Opening remarks	
000417 - 002647	Administration Chairman	Briefing by the Administration on its response to the matters for follow up arising from the meeting of the Subcommittee on 2 June 2011 [LC Paper No. CB(2)2350/10-11(01)].	
002648 - 004015	Ms LI Fung-ying Chairman Administration Mr LEE Cheuk-yan	<p>Ms LI Fung-ying's expression of disappointment at the lack of responses by the Administration to the suggestions raised by members on enhancing the three-pillar retirement protection system in Hong Kong as well as the proposal given by the deputations attending the Subcommittee meeting on 25 June 2011 concerning the implementation of a universal retirement protection scheme in Hong Kong.</p> <p>Mr LEE Cheuk-yan's expression of dissatisfaction with the lack of justification for the conclusion given by the Central Policy Unit ("CPU") that the three pillars under the current retirement protection model in Hong Kong were complementary to one another, and would continue to be so in future.</p> <p>The Administration's responses -</p> <p>(a) as pointed out by the Chief Executive during the Question and Answer Session at the Legislative Council meeting on 19 May 2011, the Administration considered it impractical to expect the community to reach a consensus on the introduction of a universal retirement protection system within a short period of time. It would be more constructive to review and enhance the existing retirement protection system; and</p> <p>(b) according to CPU's rough estimate, the three-pillar retirement protection system of Hong Kong should be financially sustainable. At present, CPU was refining its studies on the retirement protection system having regard to the latest developments.</p>	

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		Mr LEE Cheuk-yan's request for details of the CPU's studies on "Household survey on financial disposition and retirement planning of current and future generations of retired persons" and "A study on sustainability of three pillars of retirement protection in Hong Kong" ("the two CPU studies").	
004016 - 004220	Mr CHAN Kin-por Chairman IP Wai-ming	Mr CHAN Kin-por's view that -  (a) the Administration should not come to the view that no consensus could be reached as yet on the introduction of a universal retirement protection system when no study to gauge the views of the public had been conducted in this regard; and  (b) the research study on retirement protection system in selected places to be conducted by the Research Division of the Legislative Council Secretariat should give an account of the various retirement protection models suggested in the community.	
004221 - 004508	Chairman	The Chairman's remarks that while the proposed universal retirement protection system might not be the most satisfactory solution to address the challenges arising from an ageing population, the Administration had to prove to the community that the existing three-pillar model for retirement protection could be sustainable in the next 30 years; and his request for details of the two CPU studies.	
004509 - 005337	Mr IP Wai-ming Chairman Administration Ms LI Fung-ying	Mr IP Wai-ming's expression of disappointment at the lack of progress of the discussion with the Administration on retirement protection over the past some 15 years; and his view that the Administration should explain its position on the various retirement protection models proposed by the community.  In response to Mr IP Wai-ming's enquiry about the calculation of the projected accrued benefits of an employee at age 65 who worked under contract employment for the entire employment period as set out in Annex C to the Administration's paper, the Administration's explanation in respect of the assumptions made in arriving at the projections.  Ms LI Fung-ying's remarks that the Administration should work out a more realistic projection for the accrued benefits, as it would be difficult, if not impossible, for an employee to secure seamless contract employment and that his/her monthly	

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		relevant income could remain unchanged for the entire employment period.	
005338 - 005931	Mr LEUNG Kwok-hung Chairman	Mr LEUNG Kwok-hung's view that it was incumbent upon the Administration to put forward a range of options on retirement protection models for public consultation with a view to forging consensus in the community.	
005932 - 010334	Mr WONG Sing-chi Chairman	<p>Mr WONG Sing-chi's request for the attendance of the representatives of CPU at future meetings of the Subcommittee to brief members on their studies on the retirement protection system in Hong Kong and its position on various retirement protection models proposed by the community.</p> <p>The Chairman's concurrence with Mr WONG's view that representatives of CPU should attend future meetings of the Subcommittee.</p>	
010335 - 011109	Chairman Administration Mr LEE Cheuk-yan Mr WONG Sing-chi Mr LEUNG Kwok-hung	<p>The Chairman's enquiry as to whether the Administration could provide the Subcommittee with the propositions, methodology and preliminary findings of the two CPU studies, if the final outcomes of the studies were not yet available at this stage.</p> <p>The Administration's reiteration that while the two CPU studies had been completed, CPU was refining the studies having regard to the latest developments. The Administration would relay members' request to CPU for consideration.</p>	
011110 - 012501	Mr LEE Cheuk-yan Chairman Administration Mr WONG Sing-chi Mr IP Wai-ming	<p>Mr LEE Cheuk-yan's remarks that the Administration should -</p> <ul style="list-style-type: none"> <li>(a) project the accrued benefits of an employee at age 65, who worked under contract employment for the entire employment period based on the assumptions and scenarios that the annualised internal rate of return after deductions of fees and charges was 2%, 3%, 4% and 5% and the working life of the employee was 20, 30 and 40 years; and</li> <li>(b) ensure that the current generation of the poorest elderly could lead a dignified and financially-secured life in their old age.</li> </ul> <p>The Administration's reiteration that it was necessary for CPU to refine its studies on the retirement protection system in Hong Kong, as new developments in relevant policies had affected the assumptions and parameters of the</p>	

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		<p>original micro-simulation model set up by CPU to project the income, expenses, savings and assets, etc., of the elderly. It was expected that CPU would submit its preliminary findings to the Administration for internal deliberation in late 2012. In the meantime, the Administration would make continuous efforts to enhance the existing retirement protection system.</p> <p>Mr IP Wai-ming's echo of the view that CPU and the research team should attend meetings of the Subcommittee to tap the views of members on the retirement protection system in Hong Kong when refining its studies.</p>	
012502 - 013428	Mr LEUNG Kwok-hung Chairman Administration	<p>Mr LEUNG Kwok-hung's view that the Administration should adopt the proposal of the Joint Alliance for Universal Retirement Protection to provide seed money to start off a universal retirement protection system, so as to obviate the need to require the current younger generation to shoulder heavy contribution to support the current generation of elders.</p> <p>On Mr LEUNG Kwok-hung's enquiry as to whether the Administration would consult the Legislative Council and the public on the CPU's findings on how to improve and enhance each pillar of the existing retirement protection system, the Administration's response that CPU had conducted various focus group discussions to collect the views of the academics, experts, think tanks and concern groups. The Administration would not rule out the possibility that CPU would also consult Legislative Council Members on the issue.</p>	
013429 - 013646	Ms LI Fung-ying Chairman	Ms LI Fung-ying's view that the Administration and CPU should join hands with the Legislative Council to conduct a holistic review of, rather than piecemeal improvement to, the existing retirement protection system to protect the retirement life of the current as well as the future generation of elderly.	
013647 - 014336	Mr LEE Cheuk-yan Chairman Administration	<p>Mr LEE Cheuk-yan's enquiry on whether the Administration would holistically review the social security system.</p> <p>The Administration's advice that CPU would take into account of the intent of the established policy of the social security system when studying how to improve and optimise each pillar under the existing retirement protection system.</p>	



<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action required</b>
014337 - 014840	Chairman Mr LEE Cheuk-yan Mr LEUNG Kwok-hung Administration	The Administration was requested to provide the Subcommittee with the propositions, methodology, scope and parameters, survey design, data collected and preliminary findings of the two CPU studies.  The Clerk would invite representatives of CPU and the research team of the two studies to attend the next meeting of the Subcommittee.	<b>Admin</b>  <b>Clerk</b>
<i>Agenda item II – Outline of research study on retirement protection schemes in selected places</i>			
014841 - 015320	Chairman Mr LEE Cheuk-yan Mr LEUNG Kwok-hung Clerk	Mr LEUNG Kwok-hung and Mr LEE Cheuk-yan's proposal to study also the retirement protection system in the Mainland and/or Taiwan, in addition to that in New Zealand, Spain and Australia as originally proposed.	
<i>Agenda item III – Any other business</i>			
015321 - 015441	Chairman Mr IP Wai-ming Mr LEUNG Kwok-hung	Concluding remarks  Date of the next meeting	