

香港特別行政區政府
中央政策組



CENTRAL POLICY UNIT
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By Fax & By Post
[2185 7845]

16 August 2011

Ms Betty MA
Clerk to Subcommittee on Retirement Protection
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Ms MA,

**Legislative Council Panel on Welfare Services
Meeting of Subcommittee on
Retirement Protection on 24 August 2011**

Thank you for your letter dated 22 July 2011.

In recent years, a number of people in the community have expressed concern about the issue of retirement protection. The Central Policy Unit (CPU) has conducted a total of five studies on the sustainability of the retirement protection system in Hong Kong between 2007 and 2010. On the whole, the findings indicate that the three pillars under the current retirement protection system in Hong Kong are complementary to one another, and will continue to be so in future.

As mentioned in the paper submitted to the Subcommittee by the Administration for the meeting on 19 July 2011, there have been many social changes in Hong Kong in recent years, including the increase in the rate of Old Age Allowance to \$1,000 a month in 2009, proposed changes to the operation of the Mandatory Provident Fund system and the implementation of the Statutory Minimum Wage since May 2011. These changes have implications for the financial income of the elderly. The CPU is refining its studies on the retirement protection system in Hong Kong having regard to the latest developments, with a

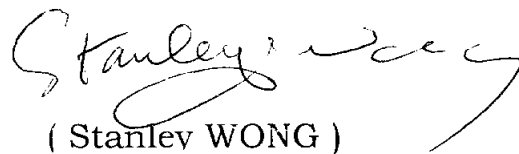
view to assessing the sustainability of the existing system and considering ways to improve and enhance each pillar.

Since retirement protection involves substantial public resources, it is necessary to prepare more objective and reliable projections and assessments. To this end, we have included in our studies a territory-wide household survey, the preliminary findings of which are expected to be available during 2012.

When refining its studies, the CPU will not only consult the bureaux concerned and take into account public views, but also seek the views of academics, professionals, think tanks and relevant organisations through various channels. In exploring the way forward, the Administration will consider the findings of the studies and other relevant factors, such as traditional social and family values, the sustainability of the retirement system, and the need to maintain a simple tax regime.

As the studies are still in progress, we will not attend the Subcommittee meeting to be held on 24 August 2011. Please accept our apologies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stanley Wong', with a long, sweeping underline that extends to the right.

(Stanley WONG)

for Head, Central Policy Unit

c.c. Secretary for Labour and Welfare (Attn.: Miss Elizabeth MOK)
[Fax: 3150 8993]