

**For discussion on  
9 December 2013**

LC Paper No. CB(2)417/13-14(03)

**Legislative Council Panel on Welfare Services**  
**Study on Retirement Protection in Hong Kong**

**Purpose**

This paper briefs Members on information related to the “Study on Retirement Protection in Hong Kong” being conducted by a consultancy team under Professor Nelson CHOW Wing-sun’s leadership.

**Background**

2. The non-contributory social security system (made up of the Comprehensive Social Security Assistance (CSSA) Scheme, Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance), the Mandatory Provident Fund (MPF) System launched in 2000 and voluntary private savings are the three pillars of our existing retirement protection system in Hong Kong. This model was adopted in the 1990s after lengthy discussion by different sectors of the community and is in line with the World Bank’s multi-pillar model<sup>1</sup>.

3. There are diverse views on retirement protection in the community. We are aware of views in favour of the introduction of universal retirement protection. However, there are also concerns that universal retirement protection would impose a very heavy burden on the public coffers over time, involving issues such as affordability and sustainability. In discussing retirement protection, we must consider future changes to Hong Kong’s demographic structure. The population of Hong Kong is expected to age rapidly. The percentage of elderly people aged 65

---

<sup>1</sup> The World Bank issued a report on “Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform” (the Report) in 2005. The World Bank reiterated in the Report that a multi-pillar retirement protection model can provide the elderly with the needed retirement protection more effectively than a single pillar model. The Report also pointed out that any recommendations to improve the retirement protection scheme should take into consideration the actual situation of the place.

or above in the population is projected to rise from 14 per cent in 2012 to 32 per cent in 2041. The labour force is expected to start shrinking in 2018, and would only have mild increases in the mid-2030s. The overall dependency ratio, for young and elderly combined, will rise from 355 dependent persons per 1 000 working age persons in 2012 to 712 per 1 000 by 2041.<sup>2</sup>

4. In this regard, the Chief Executive stated in the 2013 Policy Address that the Social Security and Retirement Protection Task Force (SSRPTF), established under the Commission on Poverty, will actively explore issues related to retirement protection, objectively assess different views on the subject and work towards a consensus in the community on the way forward.

### **Study on Retirement Protection in Hong Kong**

5. In March 2013, SSRPTF agreed to invite a consultancy team led by Professor Nelson Chow to conduct a study on retirement protection to provide a basis for future deliberations.

6. The study will cover literature review on retirement protection; analysis of experiences of other places in implementing their retirement protection systems; collection and analysis of relevant data, including focus group discussions and interviews; and data analysis and projections, etc. Specifically, the study will make an in-depth analysis in the following four aspects –

- (a) the relationship among the elderly CSSA Scheme, OALA, and OAA, as well as their collective retirement protection functions;
- (b) on the basis of the relationship among the existing social security for the elderly, MPF and voluntary private savings (i.e. the three pillars), examine the retirement protection functions they perform collectively;
- (c) analyse and make projections on the major proposals on the development of retirement protection put forth by community

---

<sup>2</sup> The number of foreign domestic helpers has not been included in the figures referred to in this paragraph.

groups, the political sector and academics, having regard to factors such as demographic changes in Hong Kong in the next 30 years, economic growth forecasts and the Government's fiscal strengths, and so on; and

- (d) use the analysis and projections in (c) above to propose feasible options to further improve the social security and retirement protection for the elderly.

7. Since July this year, the consultancy team has been meeting with stakeholders (including major political parties, members of the Legislative Council as well as organisations and persons who openly suggested specific proposals on retirement protection in recent years) in order to further explore their views and proposals on retirement protection. In addition, the consultancy team will organise three public engagement forums this month to collect views on the subject so as to facilitate analysis of views in a comprehensive manner. At the same time, the team continues analysing the relevant data and conducting literature review as well as making reference to the experiences of other places.

8. We expect that the consultancy team would submit the final report to the SSRPTF for consideration by mid-2014. The Administration will explore this important subject in depth in an open, pragmatic and prudent manner.

### **Advice Sought**

9. Members are invited to note the content of this paper and offer views.

**Labour and Welfare Bureau  
December 2013**