

立法會
Legislative Council

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by the Administration)

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Panel on Welfare Services

Subcommittee on Retirement Protection

Minutes of meeting
held on Tuesday, 24 June 2014, at 10:45 am
in Conference Room 2B of the Legislative Council Complex

Members present : Hon CHAN Yuen-han, SBS, JP (Chairman)
Hon CHEUNG Kwok-che (Deputy Chairman)
Hon TAM Yiu-chung, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon Frankie YICK Chi-ming
Hon CHAN Chi-chuen
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu

Member attending : Hon WU Chi-wai, MH

Members absent : Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Hon Ronny TONG Ka-wah, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung

Public Officers : Item I
attending

Mr CHOW Wing-hang
Principal Assistant Secretary for Labour & Welfare
(Welfare) 4

Miss Emmy WONG Kwok-ling
Principal Assistant Secretary for Financial Services &
the Treasury (Financial Services) 3

Clerk in : Miss Betty MA
attendance Chief Council Secretary (2) 1

Attendance : Item I
by invitation

Individual

Mr Apo LEONG

Individual

Mr Henry MOK

The Hong Kong Council of Social Service

Ms Mariana CHAN
Chief Officer (Social Security and Employment)

Staff in : Ms Rita LAI
attendance Senior Council Secretary (2) 1

Ms Kiwi NG
Legislative Assistant (2) 1

Miss Lulu YEUNG
Clerical Assistant (2) 1

I. Key features of proposed retirement protection models

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

2. The Subcommittee met with deputations to exchange views on the key features of proposed retirement protection models. Members shared the grave concerns expressed by deputations that there was a pressing need for the implementation of a universal retirement protection scheme, having regard to the ensuing pressure of social security expenditure on public finance arising from the ageing population which would amount to some 2.54 million in 2041. In the light of the completion of the "Study on Retirement Protection in Hong Kong" ("the Study") undertaken by the consultancy team led by Prof Nelson CHOW, it was high time for the Government to seriously consider implementing a universal retirement protection scheme without further delay.

3. In response to the views and concerns of members and deputations, Principal Assistant Secretary for Labour and Welfare (Welfare)⁴ advised that the Study had analysed and made projection on the major proposals on the development of retirement protection put forth by community groups, the political sector and academics. It covered different aspects including the adequacy and sustainability of the existing three-pillar retirement protection system in Hong Kong, the stability and affordability on the public finance, analysis of relevant data on contribution by employers and employees, basic protection as well as the wage replacement ratio. The Study report by the consultancy team would be submitted by mid-2014. The Commission on Poverty ("CoP") would decide how best to make public the content of the report as appropriate. The Administration would relay members' request for making available to the public and the Subcommittee the full report of the Study to CoP for consideration.

4. Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)³ added that refinements would be made to the Mandatory Provident Fund ("MPF") system, including proposals on launching of a "core fund" as the standardised low fee default fund of all MPF schemes, which would address concerns over high fund management fees and difficulty in fund selection, and on phased withdrawal of accrued benefits for the purpose of strengthening retirement protection for the working population.

5. At the request of Mr TANG Ka-piu, the Administration agreed to provide information on the salient features of the retirement protection schemes in other places which comprised mandatory contribution to an occupational pension similar to the MPF system, in particular whether there was an offsetting arrangement and unemployment assistance.

6. In concluding the discussion, the Chairman said that members of the Subcommittee generally were of the view that all residents aged 65 or above would be eligible for a monthly payment under a universal retirement protection scheme, which would be adjusted annually in accordance with the inflation rate, while members had yet to deliberate the residence requirement and the monthly amount. As regards the refinements to the existing social security system and the MPF system, the Chairman said that the initial thinking was that the Old Age Allowance and Old Age Living Allowance could be replaced with the monthly pension under the proposed retirement protection scheme, and that the Comprehensive Social Security Assistance payment, notably the special grant should continue to be payable to the existing elderly recipients. While the arrangement of offsetting severance payments and long service payments against MPF accrued benefits should be abolished, the mandatory contribution from employers and employees to the MPF system as well as the Occupational Retirement Schemes Ordinance schemes would remain unchanged. The Subcommittee would further deliberate the salient features of the proposed retirement scheme in future.

II. Any other business

7. The Chairman said that the next meeting of the Subcommittee would tentatively be held on 22 July 2014. Pending the release of the Study report by the consultancy team, the Deputy Chairman suggested and members agreed that Prof CHOW be invited to a meeting of the Subcommittee to exchange views with members on the way forward for retirement protection.

8. There being no other business, the meeting ended at 12:36 pm.

**Proceedings of meeting of the Subcommittee on Retirement Protection
held on Tuesday, 24 June 2014, at 10:45 am
in Conference Room 2B of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)	Action Required
<i>Agenda item I - Key features of proposed retirement protection models</i>			
000000 - 001053	Chairman	Opening remarks Invitation of views from deputations on the list of key features of the proposed retirement protection models [LC Paper No. CB(2)1863/13-14(01)].	
001054 - 001238	Chairman Mr Apo LEONG	Mr Apo LEONG's remarks that it was high time for the implementation of a universal retirement protection scheme in the light of the impending completion of the consultancy study on retirement protection conducted by the consultancy team under Prof Nelson CHOW's leadership ("the Study"). Mr LEONG's view that the Occupational Retirement Schemes Ordinance ("ORSO") schemes and the Mandatory Provident Fund ("MPF") schemes could co-exist with a universal retirement protection scheme, and that the community could further deliberate the funding sources for the retirement protection scheme in the context of the taxation system.	
001239 - 001644	Chairman Mr Henry MOK	LC Paper No. CB(2)1863/13-14(02) Mr Henry MOK's expression of view on the eligibility criteria for old age pension under a universal retirement protection scheme and the amount of the monthly pension, which should not be lower than the Comprehensive Social Security Assistance payments (standard rate) for the elderly recipients.	
001645 - 002635	The Hong Kong Council of Social Service ("HKCSS")	LC Paper No. CB(2)1899/13-14(01) Ms Mariana CHAN of HKCSS echoed Mr Apo LEONG's view that a universal retirement protection scheme should be implemented as soon as practicable. She pointed out the deficiencies of the existing retirement protection system in Hong Kong with reference to the five-pillar retirement	

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		<p>protection model as proposed by the World Bank. Measures should be introduced to improve the deficiencies and sustainability of the existing retirement protection system amid the ageing population and the ensuing pressure of social security expenditure on public finance. The community should be engaged in the discussion on the way forward for the retirement protection scheme, particularly whether a tripartite (i.e. the Government, employers and employees) contribution scheme should be introduced, whether it should be wholly or partially funded by the public finance and whether all the elderly should be eligible for an old age pension.</p>	
002636 - 003029	Chairman Admin	<p>The Administration's advice that -</p> <p>(a) the Study had analysed and made projection on the major proposals on the development of retirement protection put forth by community groups, the political sector and academics. It covered different aspects including the adequacy and sustainability of the existing three-pillar retirement protection system in Hong Kong, the stability and affordability on the public finance, analysis of relevant data on contribution by employers and employees, basic protection as well as the wage replacement ratio; and</p> <p>(b) refinements would be made to the MPF system, including proposals on launching of a "core fund" as the standardised low fee default fund of all MPF schemes, which would address concerns over high fund management fees and administration costs and difficulty in fund selection, and on phased withdrawal of accrued benefits for the purpose of strengthening retirement protection for the working population.</p>	

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003030 - 003855	Chairman Mr TANG Ka-piu Admin Mr Henry MOK	<p>Mr TANG Ka-piu's queries about the Government's commitment in establishing a universal retirement protection system under which the Government would be responsible for the pension fund management, in the light of its unwillingness to assume the responsibility of managing the "core fund" under the MPF system.</p> <p>Mr Henry MOK's view that the fund management of the retirement protection scheme could be entrusted to the Hong Kong Monetary Authority with guaranteed investment return, having regard to the shortcomings of the operation of the MPF system.</p> <p>The Administration's reiteration of the proposed introduction of the "core fund" to enhance the MPF system, which was complementary to the other two pillars of the three-pillar model for retirement protection.</p>	
003856 - 004806	Chairman Deputy Chairman Admin Mr Apo LEONG	<p>Discussion on ways to address the heavy burden on public finance with projected significant increase in the number of the elderly population by 2040s, and how best the retirement protection fund could be managed.</p> <p>Mr Apo LEONG's reiteration of the importance of implementing a universal retirement protection scheme without further delay.</p> <p>The Administration's advice that -</p> <p>(a) the Study would take into account the impact of the increasing number of the elderly population and higher life expectancy; and</p> <p>(b) the Study report by the consultancy team would be submitted by mid-2014. The Commission on Poverty ("CoP") would decide how best to make public the content of the report as appropriate. The Administration would relay members' request for making available to the public and the Subcommittee the full report of the Study to CoP for consideration.</p>	<p>Admin to relay the request to CoP</p>

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004807 - 010811	Chairman Mr POON Siu-ping Mr Henry MOK Mr Apo LEONG Admin HKCSS	<p>Mr POON Siu-ping's declaration as a non-executive director of the Management Board of the MPF Scheme Authority.</p> <p>Discussion on funding sources for the implementation of a retirement protection scheme, including increase in employers' contribution, increase in the profits tax rates, redeploying recurrent expenditure for elderly welfare under the social security system and Government's one-off capital injection as a start-up fund.</p> <p>The view of HKCSS that the subject of retirement protection should not be considered merely from the perspective of poverty alleviation, but the well-being of the elderly at large.</p> <p>The Administration's advice that -</p> <p>(a) it was aware of the community's concerns over retirement protection for the elderly and it was sincere in commissioning the Study in the light of the challenges brought about by an ageing population;</p> <p>(b) the Study was conducted in an objective and scientific basis, which would shed light on the further deliberation on the subject of retirement protection. It had taken into account the major proposals of retirement protection schemes as put forth by the community groups, which included literature review on retirement protection; analysis of experiences of other places in implementing their retirement protection systems; collection and analysis of relevant data, which involved organising interviews and focus group discussions; and data analysis and projection; and</p> <p>(c) upon receipt of the Study report, CoP would follow up the subject of retirement protection and decide the way forward.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
010812 - 011205	Chairman Mr TANG Ka-piu Admin Deputy Chairman	<p><i>[The Deputy Chairman took the chair during the temporary absence of the Chairman.]</i></p> <p>Mr TANG Ka-piu's concern about the inefficacies of the MPF system as a result of the arrangement of offsetting severance payments and long service payments against the MPF accrued benefits. At the request of Mr TANG, the Administration agreed to provide information on the salient features of the retirement protection schemes in other places which comprised mandatory contribution to an occupational pension scheme similar to the MPF system, in particular whether there was an offsetting arrangement and unemployment assistance.</p>	Admin to provide
011206 - 012320	Deputy Chairman Chairman Mr Henry MOK Admin	<p><i>[At this juncture, the Chairman resumed the chairmanship.]</i></p> <p>Discussion on the key features of the proposed retirement protection scheme.</p> <p>Mr Henry MOK's concurrence of the view of HKCSS that the subject of retirement protection should not be studied from the perspective of poverty alleviation. The universal retirement protection scheme should be implemented in the light of the International Covenant on Economic, Social and Cultural Rights as enshrined in Article 39 of the Basic Law.</p> <p>The Chairman's support of Mr MOK's view and her appeal to the Administration to actively respond to the strong call from the labour sector for implementing a universal retirement protection scheme.</p> <p>The Administration's advice that the existing three-pillar retirement protection model was complementary to each other in providing retirement protection for the elderly. It would adopt an open mind on how to follow-up on the subject of retirement protection.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
012321 - 012609	Chairman	Discussion on the funding sources for the proposed retirement protection scheme.	
012610 - 014229	Chairman Mr Apo LEONG Mr Henry MOK Mr TANG Ka-piu Mr POON Siu-ping Deputy Chairman HKCSS Admin	Discussion on the following key features of the proposed retirement protection scheme - (a) eligibility criteria of the elderly recipients including age and residence requirement, and whether it should be means-tested; (b) amount of the monthly old age pension; and (c) refinements to the existing social security system (including the Old Age Allowance and the Old Age Living Allowance) and ORSO schemes and the MPF system.	
014230 - 014612	Chairman HKCSS Admin	Mr Henry MOK's reiteration and the Chairman's support of the implementation of a universal retirement protection scheme without further delay.	
014613 - 014853	Chairman HKCSS Admin	Concerns about the impact of the proposed launching of "core fund" under the MPF System on the deliberation on the subject of retirement protection.	
014854 - 015249	Chairman Deputy Chairman	Items for discussion at the next meeting. Closing remarks.	