

**立法會**  
**Legislative Council**

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**Panel on Welfare Services**

**Subcommittee on Retirement Protection**

**Minutes of meeting**  
**held on Friday, 29 August 2014, at 2:30 pm**  
**in Conference Room 2 of the Legislative Council Complex**

- Members present** : Hon CHAN Yuen-han, SBS, JP (Chairman)  
Hon CHEUNG Kwok-che (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon TAM Yiu-chung, GBS, JP  
Hon Alan LEONG Kah-kit, SC  
Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu, JP
- Members attending** : Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon CHUNG Kwok-pan
- Members absent** : Hon LEUNG Yiu-chung  
Hon Ronny TONG Ka-wah, SC  
Hon LEUNG Kwok-hung  
Hon Frankie YICK Chi-ming  
Hon CHAN Chi-chuen

**Public Officers : Item I  
attending**

The Administration

Mr Matthew CHEUNG Kin-chung, GBS, JP  
Secretary for Labour and Welfare

Miss Stella CHANG Lai-chu  
Principal Assistant Secretary for Labour and Welfare  
(Welfare) 4

Ms Susanna LAI Shuk-ching  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services) 3

Consultancy Team

Professor Nelson CHOW Wing-sun, GBS, JP  
Honorary Professor, Department of Social Work and  
Social Administration, The University of Hong Kong

Dr HO Kit-mui  
Honorary Principal Lecturer, Department of Social Work  
and Social Administration, The University of Hong Kong

Professor WONG Yu-cheung  
Associate Professor, Department of Social Work,  
The Chinese University of Hong Kong

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

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

Ms Mina CHAN  
Council Secretary (2) 1

Miss Lulu YEUNG  
Clerical Assistant (2) 1

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## I. Consultancy study on retirement protection in Hong Kong

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

2. With the aid of powerpoint presentation, the consultancy team briefed members on the salient points of the findings in the Research Report on Future Development of Retirement Protection in Hong Kong ("the Research Report"), and recommendations of the consultancy team.

*(Post-meeting note: The powerpoint presentation materials were tabled at the meeting and circulated to members vide LC Paper No. CB(2)2241/13-14(01) on 29 August 2014.)*

3. Exchanging views with the consultancy team, members expressed different views on the future development of retirement protection. While some members urged the Administration to implement a universal non-means-tested retirement protection scheme with a uniform payment level without further delay, some other members raised queries about the affordability and sustainability of the relevant proposals and considered that it should build on the existing system to direct public resources to help the elderly most in need through means tests.

4. The Secretary for Labour and Welfare ("SLW") advised that the research study had provided useful reference for future discussion on retirement protection, which was a highly complex subject. He stressed that the Government was concerned about the issue of retirement protection but maintained an open mind on the matter. As the Commission on Poverty ("CoP") had just seen the Research Report at its meeting on 20 August 2014, members of CoP agreed that the subject had to be taken forward prudently and that more time would be needed to examine the Research Report and discuss relevant issues in depth. CoP would convene further meetings as soon as possible.

5. SLW further stressed that as retirement protection would affect all Hong Kong people and given its far-reaching implications on public finance, the local economy and society, the Government must necessarily examine the issue most carefully and objectively. For any proposal to fly, it must be financially sustainable in the long term, affordable to all parties concerned, acceptable to the stakeholders and community as well as operationally viable.

6. The Chairman put the following motion moved by Dr Fernando CHEUNG to vote -

"香港老年人口貧窮比例達三分之一，而設立全民退休保障制度的討論已超逾二十年，周永新教授研究團隊的研究結論指出：「若然政府不設立老年金，有關退休保障的爭議將持續下去。」本小組委員會促請政府尊重研究結果，清楚表示有決心及承擔去推行全面的退休保障制度，並立即就研究報告的各方案展開諮詢，並於下年度施政報告提出具體方案及推行時間表，不要將退休保障的問題一拖再拖。"

(Translation)

"That the elderly living in poverty account for one third of the population of Hong Kong and the establishment of a universal retirement protection system has been under discussion for over 20 years, whilst the study conducted by the research team headed by Professor Nelson CHOW concludes that "failure for the Government to set up the demo-grants would likely perpetuate disputes over retirement protection"; this Subcommittee urges the Government to respect the results of the study and demonstrate clearly its determination and commitment to implement a comprehensive retirement protection system, as well as launch immediately a consultation exercise on various options set out in the study report and put forward a concrete proposal and an implementation timetable in the Policy Address for the coming year without further procrastinating on the issue of retirement protection."

Five members voted for the motion, and no member voted against it or abstained from voting. The Chairman said that all members present unanimously voted for the motion and declared that the motion was carried.

## **II. Any other business**

7. Members agreed that the Subcommittee should schedule further meetings to receive public views on the Research Report. Dr KWOK Ka-ki suggested that the consultancy team should be invited to attend such meetings as well. Professor Nelson CHOW pointed out that as the consultancy team had completed its study, instead of collecting public views, it would clarify misunderstanding and doubts about the contents and findings of the Research Report, if the consultancy team was to be

invited to attend future meetings of the Subcommittee. Taking account of members' views on whether public views should be received according to different groupings, the Chairman said that members would be further consulted on the meeting arrangements for receiving public views after the meeting.

8. There being no other business, the meeting ended at 4:46 pm.

Council Business Division 2  
Legislative Council Secretariat  
17 September 2014

**Proceedings of meeting of the Subcommittee on Retirement Protection  
held on Friday, 29 August 2014, at 2:30 pm  
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)	Action Required
<i>Agenda item I - Consultancy study on retirement protection in Hong Kong</i>			
000000 - 001537	Chairman Dr KWOK Ka-ki Mr TAM Yiu-chung Deputy Chairman Mr CHUNG Kwok-pan Mr TANG Ka-piu Prof Nelson CHOW Admin	Opening remarks  Invitation of public views on the Research Report on Future Development of Retirement Protection in Hong Kong ("the Research Report") compiled by the consultancy team led by Prof Nelson CHOW.  Dr KWOK Ka-ki's suggestion of inviting the consultancy team to attend further meetings of the Subcommittee when receiving public views on the Research Report and Prof Nelson CHOW's advice on the role of the consultancy team if it was invited to such meetings.  Discussion on whether public views should be received according to different groupings.	
001538 - 001821	Chairman Admin	Briefing by the Administration on the background for commissioning the consultancy team to conduct a study on the future development of retirement protection in Hong Kong ("the study"), and the follow-up on the findings and recommendations in the Research Report by the Commission on Poverty ("CoP") and the Government.	
001822 - 002856	Chairman Prof Nelson CHOW	Presentation by Prof Nelson CHOW on the details of the study, including the analysis of the ageing situation of Hong Kong in the next 30 years and its impact on retirement protection; literature review of retirement protection systems in other countries and regions; collection of views through meetings, focus groups and public fora and selection of representative retirement protection proposals for quantitative assessment; and the consultancy team's recommendation on "demo-grants".	

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action Required</b>
002857 - 004116	Chairman Dr HO Kit-mui	<p>Powerpoint presentation by Dr HO Kit-mui on opinions collected from the following bodies on retirement protection -</p> <ul style="list-style-type: none"> <li>(a) focus groups (including views on retirement protection systems in Hong Kong, responsibility of contribution, amount of retirement benefit and taxation reform);</li> <li>(b) public consultation; and</li> <li>(c) political parties and concerned bodies on retirement protection, which could be broadly divided into the following three categories - <ul style="list-style-type: none"> <li>(i) Category I - Universal, uniform amount and non-means-tested option;</li> <li>(ii) Category II - Multi-tiered option of enhancement of existing social security; and</li> <li>(iii) Category III - Annuity scheme option.</li> </ul> </li> </ul>	
004117 - 011146	Chairman Prof WONG Yu-cheung	<p>Powerpoint presentation by Prof WONG Yu-cheung on the results of the 30-year actuarial projection on the following five selected retirement protection options -</p> <ul style="list-style-type: none"> <li>(a) P1: proposal from The Hong Kong Federation of Trade Unions</li> <li>(b) P2: proposal from The Alliance for Universal Pension</li> <li>(c) P3: proposal from The Professional Commons</li> <li>(d) P4: proposal from The Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB")</li> <li>(e) P5: proposal from The New People's Party</li> </ul>	

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		<p>Prof WONG's elaboration on the different aspects covered by the projection, including the adequacy, sustainability, 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.</p>	
011147 - 013424	Chairman Prof Nelson CHOW	<p>Prof Nelson CHOW's elaboration on the comparison of affordability of the five retirement protection options. His remarks that the study was conducted independently and no directional guidance or concrete proposals had been suggested by the Government.</p> <p>Prof CHOW's elaboration on the consultancy team's recommendation on the setting up of the demo-grants at \$3,000 per month for all Hong Kong permanent residents aged 65 and above and the suggestion of levying a payroll old age tax from employers and employees according to the employee's level of salary to finance the proposed demo-grants.</p>	
013425 - 013559	Chairman Dr KWOK Ka-ki	Extension of meeting by 15 minutes	
013600 - 014039	Chairman Dr KWOK Ka-ki Prof Nelson CHOW	<p>Dr KWOK Ka-ki's concern over the conclusion of the Research Report that failure for the Government to set up the demo-grants would likely perpetuate disputes over retirement protection. Dr KWOK's invitation of view and Prof Nelson CHOW's response regarding the following -</p> <p>(a) the Administration's stance on the findings and recommendations in the Research Report; and</p> <p>(b) the strong demand from the majority of the community concern groups and political parties, including the Civic Party, that in view of the inefficacies of the Mandatory Provident Fund ("MPF") system in providing retirement protection for the working population, it should be progressively replaced with a universal retirement protection scheme.</p>	

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		<i>(The Deputy Chairman took the chair during the temporary absence of the Chairman.)</i>	
014040 - 014747	Deputy Chairman Mr Christopher CHEUNG Prof Nelson CHOW Prof WONG Yu-cheung Chairman	<p>Mr Christopher CHEUNG's enquiries and the response of Prof Nelson CHOW and Prof WONG Yu-cheung regarding -</p> <p>(a) the financial burden of making extra contribution arising from the consultancy team's proposed demo-grants and the sustainability of the universal retirement protection system; and</p> <p>(b) whether the proposed universal, non-means-tested and uniform amount retirement protection system should be replaced with a means-tested option so as to direct public resources to help the elderly most in need.</p> <p><i>[At this juncture, the Chairman resumed the chairmanship.]</i></p>	
014748 - 015346	Chairman Mr CHUNG Kwok-pan Prof Nelson CHOW	<p>Mr CHUNG Kwok-pan's view that public resources should be directed to help the elderly most in need and his concern about sustainability of the consultancy team's proposal for retirement protection and the management of an old age fund for retirement protection.</p> <p>Mr CHUNG's further view that the Government should strive to enhance the effectiveness of the MPF system by addressing the problem of high management fee.</p> <p>Prof Nelson CHOW's response as follows -</p> <p>(a) sustainability of the proposed demo-grants would depend on the sources of capital. Apart from transferring resources from the Government, employers and employees were to pay a payroll old age tax. The actuarial projection indicated that the proposed demo-grants was sustainable in the first 30 years, but the balance would start to reduce since 2026. The consultancy team believed that the</p>	

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		<p>Government would have time to review the situation in advance, if the proposal was to be implemented; and</p> <p>(b) the proposed demo-grants was not a poverty alleviation measure or to replace elderly Comprehensive Social Security Assistance ("CSSA"). It was considered that even with the demo-grants, some elderly would still have to rely on CSSA, such as allowance for housing and medical services.</p>	
015347 - 015730	Chairman Dr Fernando CHEUNG Admin	<p>Dr Fernando CHEUNG's grave concern about a considerable number of elderly living in poverty and his dissatisfaction that the subject of retirement protection had been discussed over 20 years and the Government had not proactively taken forward the matter. In the light of the findings of the Research Report, Dr CHEUNG strongly appealed to the Government to implement a universal retirement protection scheme as early as possible.</p> <p>The Administration's advice that it attached great importance to the challenges brought about by an ageing population. The Government adopted an open mind on the recommendations in the Research Report. As CoP had just been presented with the Report, members of CoP agreed that the subject of retirement protection had to be taken forward prudently and more time was needed to examine the Research Report and discuss relevant issues in depth at further meetings to be held shortly.</p>	
015731 - 020306	Chairman Mr TAM Yiu-chung Prof Nelson CHOW	<p>Mr TAM Yiu-chung's elaboration on the three-tiered retirement protection proposal put forward by DAB. Mr TAM's concern about the community acceptance of the introduction of a universal retirement protection scheme, under which both employers and employees were to make extra contribution. He referred members to the results of a relevant survey conducted by DAB in April 2014, in which close to 60% of the respondents indicated that they were unwilling to make</p>	

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		<p>extra contribution to such a retirement protection scheme.</p> <p>Prof Nelson CHOW's advice that the proposed introduction of a payroll old age tax to finance the setting up of demo-grants was considered affordable and viable.</p>	
020307 - 020516	Chairman Dr Fernando CHEUNG	<p>Dr Fernando CHEUNG moved a motion on retirement protection.</p> <p>The Chairman put the motion to vote and declared that the motion was carried.</p>	
020517 - 020946	Mr TANG Ka-piu Prof WONG Yu-cheung Admin	<p>Mr TANG Ka-piu's view that it was imperative to solicit the support of the middle-class to implement a universal retirement protection scheme, which could provide recurrent income to support the livelihood of the elderly after retirement.</p> <p>Prof WONG Yu-cheung's elaboration on the actuarial projections and the Administration's advice in respect of the arrangement of offsetting severance payments and long service payments against MPF accrued benefits.</p>	
020947 - 021353	Mr POON Siu-ping Admin Prof Nelson CHOW	<p>Mr POON Siu-ping's enquiry and Prof Nelson CHOW's response in respect of whether consideration had been given to introducing reform in taxation system so as to increase the funding source.</p> <p>Mr POON's enquiry about whether consideration would be given to extending the retirement age of the working population and how the Government would take forward the subject of retirement protection in the light of the recommendations of the consultancy team.</p> <p>The Administration's reiteration that CoP needed more time to examine the Research Report which had provided a useful reference for future discussion on the subject. It was imperative to identify the fundamental direction to improve retirement protection and to examine the sustainability, feasibility,</p>	

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		community acceptance as well as the relationship with the MPF system should any retirement protection option be implemented.	
021354 - 021630	Chairman Mr Christopher CHEUNG Prof Nelson CHOW	Mr Christopher CHEUNG's remarks that making extra contribution to a universal retirement protection scheme would constitute a heavy financial burden on the small and medium-sized enterprises which already encountered great difficulties in business operation.  Mr CHEUNG's concern and Prof Nelson CHOW's response regarding the affordability and sustainability of a universal retirement protection scheme in the event of economic downturn.	
021631 - 021739	Chairman	Schedule of subsequent meetings to receive public views	