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Panel on Welfare Services

**Proposed continuation of work of
the Subcommittee on Retirement Protection**

Purpose

This paper reports on the progress of work of the Subcommittee on Retirement Protection ("the Subcommittee") and invites members of the Panel on Welfare Services ("the Panel") to endorse the proposal of the Subcommittee to extend the period of its work and continue to operate in the 2015-2016 session.

Background

2. The Subcommittee was appointed by the Panel on 14 January 2013 to study issues relating to the protection of retirement life of all people, and to follow up on the proposal of setting up and implementation of universal retirement protection for all people in Hong Kong. According to its terms of reference and work plan, the Subcommittee would focus its work on the following areas -

- (a) review of the existing three-pillar retirement protection model;
- (b) the feasibility of setting up and implementation of universal retirement protection for all people in Hong Kong; and
- (c) way forward on retirement protection in the light of an ageing population in Hong Kong.

Progress of work of the Subcommittee

3. The Subcommittee commenced work on 25 February 2014. As at early July 2015, the Subcommittee has held 13 meetings with the

Administration and received views of deputations at eight of these meetings. The Subcommittee has studied the following major issues -

- (a) efficacy of the existing three-pillar model for retirement protection;
- (b) key features of the proposed models on retirement protection put forward by community organisations and political parties;
- (c) findings and recommendations in the study report entitled "Research Report on Future Development of Retirement Protection in Hong Kong"¹ ("the Research Report"), which was conducted by the consultancy team commissioned by the Commission on Poverty ("CoP") and was released on 20 August 2014; and
- (d) future development of retirement protection in Hong Kong.

Need for continuation of work in the 2015-2016 session

Major work ahead

4. Since the release of the Research Report (referred to in paragraph 3(c) above), the Subcommittee has been closely following up on how the Government would take forward the issue of retirement protection. Members have strongly urged the Administration to launch a public consultation exercise on findings and recommendations of the Research Report, with a view to drawing up a concrete retirement protection proposal and implementation timetable.

5. According to the Administration, it maintains an open mind on the issue of retirement protection, which is a highly complex subject. The Research Report has provided useful reference for future discussion on retirement protection. CoP has agreed that the subject has to be taken forward prudently and that more time will be needed to examine the Research Report and discuss relevant issues in depth.

¹ The Research Report mainly covers: (a) literature review of practice elsewhere; (b) views collected through meetings, focus groups and public fora; (c) quantitative assessment on five selected retirement protection proposals from the concern groups and political parties. The consultant team has originally selected six proposals, but the team has not adopted one of the proposals for quantitative assessment because it involves large amount of hypothetical data; and (d) 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 levying of a payroll old age tax from employers and employees according to the employee's level of salary to finance the proposed demo-grants.

6. The Chief Executive stated in the 2015 Policy Address that, among others, CoP would devise a framework and set out the details for a public consultation exercise on the future development of retirement protection in Hong Kong in the latter half of 2015. The Government would earmark \$50 billion to provide for future needs of needy citizens after retirement. When the subject was discussed at various meetings of the Subcommittee, members were advised that the public consultation exercise was expected to be launched in the fourth quarter of 2015. The preliminary thinking of CoP was that one single universal retirement protection proposal as well as a concrete proposal on the means-tested non-universal retirement protection option providing targeted assistance for the elderly in need would be covered in the consultation document to facilitate public discussion. The Government would commission two independent consultancy teams to assist in arranging different consultation events, consolidating and analysing the views collected, as well as conducting surveys. Based on the outcomes of the public consultation in early 2016, the Administration would take forward the issue of retirement protection.

7. In view of the above, the Subcommittee would have to press ahead with the launch of the public consultation exercise by the Government and follow up on the relevant preparatory work of the consultation document. After the completion of the public consultation exercise, the Subcommittee would need to examine the views of the public on the consultation findings. The Subcommittee also considers it necessary to continue to follow up the proposal(s) which will be put forward by the Government on the future development of retirement protection in Hong Kong.

Proposed extension of period of work

8. Rule 26(c) of the House Rules provides that a subcommittee should complete its work within 12 months of its commencement and report to the relevant Panel(s). If it is necessary for a subcommittee to work beyond 12 months, the subcommittee should, after obtaining the endorsement of the relevant Panel(s), report to the House Committee and give justifications for an extension of the 12-month period. In accordance with the said House Rule, approval was previously given by the House Committee at its meeting on 9 January 2015 for the Subcommittee to extend the period of its work after expiry of the 12-month period in February 2015 until 30 September 2015.

9. The work of the Subcommittee ties in with the progress of the Administration's work on taking forward the retirement protection scheme. Having regard to the complexity and far-reaching implications of the issues under study and the time required by the Subcommittee to

conclude its work, deliberate and finalize its views and prepare its report, the Subcommittee agreed, at its meeting on 15 July 2015, that it should continue its work in the 2015-2016 session.

Advice sought

10. Members are invited to note the progress of the work of the Subcommittee and endorse the proposal of the Subcommittee to extend the period of its work and continue to operate in the 2015-2016 session. Subject to the views of members of the Panel, a report will be made to the House Committee for seeking its approval of the proposal.

Council Business Division 2
Legislative Council Secretariat
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