

**立法會**  
**Legislative Council**

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**Panel on Welfare Services**

**Subcommittee on Retirement Protection**

**Minutes of meeting**  
**held on Saturday, 11 October 2014, at 9:30 am**  
**in Conference Room 1 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 LEUNG Yiu-chung  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Frankie YICK Chi-ming  
Hon CHAN Chi-chuen  
Dr Hon KWOK Ka-ki  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu, JP

**Member attending** : Hon LEE Cheuk-yan

**Members absent** : Hon TAM Yiu-chung, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Dr Hon Fernando CHEUNG Chiu-hung

**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

**Attendance : Item I  
by invitation**

Individuals

Professor CHOU Kee-lee, Head of Department of  
Asian and Policy Studies, The Hong Kong Institute  
of Education

Dr Billy SC MAK, Associate Professor, Department of  
Finance and Decision Sciences, Hong Kong Baptist  
University

Dr Raymond WM YEUNG, Assistant Professor,  
Department of Economics and Finance,  
Hong Kong Shue Yan University

Dr LEE Wing-yan, Assistant Professor, School of  
Decision Sciences, Hang Seng Management College

Dr Kenneth CHAO Chee-kwong, Assistant Professor,  
Lee Shau Kee School of Business and Administration,  
The Open University of Hong Kong

Professor HO Lok-sang, Head of Department of  
Economics, Lingnan University

Dr YUEN Wai-kee, Associate Head and Assistant Professor, Department of Economics and Finance, Hong Kong Shue Yan University

Dr POON Che-cheong, Associate Professor, Department of Economics and Finance, Hong Kong Shue Yan University

Dr Joyce CHANG Sau-han, Head of Department of Social Work, Hong Kong Shue Yan University

Ms Brenda SO Kit-yin, Lecturer, Department of Social Work, Hong Kong Shue Yan University

Mr TAM Hoi-pong, Lecturer, Complementary Studies Programme, The Hong Kong Polytechnic University

Mr LEE Kim-ming, Senior Lecturer, Division of Social Sciences, Community College of City University

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

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

Ms Kiwi NG  
Legislative Assistant (2) 1

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## **I. Research Report on Future Development of Retirement Protection in Hong Kong**

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

2. The Subcommittee received oral representations from 12 academics of local universities and tertiary institutions attending the meeting on the Research Report on Future Development of Retirement Protection in Hong Kong ("the Research Report"), which was prepared by the research team led by Prof Nelson CHOW and released in August 2014. Members also noted that one academic not attending the

meeting had provided the Subcommittee with a written submission. The deputations expressed views on the Research Report and the subject of future development of retirement protection in Hong Kong from different perspectives, including financial, economic, actuarial and social points of views. Their major concerns and views are summarised below -

- (a) acknowledging the inefficacies of the existing retirement protection system and the gravity of old-age poverty amid the ageing population and the ensuing pressure of social security expenditure on public finance, there was a pressing need for improving retirement protection for the elderly. The situation would further worsen in the light of longer average life expectancy. While it might be desirable that a universal, non-means-tested and uniform amount retirement protection scheme could be implemented, the key question was who should foot the bill and the sustainability of the proposals. There was a view that the proposed retirement protection scheme should be fully funded so as to ensure its sustainability;
- (b) in respect of the research team's recommended demo-grants, some deputations raised concerns about the sustainability of the proposal as it would be funded by government revenue on a "pay as you go" basis, and whether it could be financed by the recommended payroll old age tax in the long run. While some deputations pointed out that the huge fiscal reserve or the Land Fund could be made use of for the purpose, some other deputations suggested making additional funding sources by introducing taxation reform, such as the introduction of goods and services tax, and tourism tax, or raising the profits tax for enterprises making a profit exceeding a certain level. Consideration could also be given to extending the retirement age so as to mitigate the pressure on the younger generation; and
- (c) some academics were of the view that retirement protection for the elderly should not be studied from the perspective of poverty alleviation but from that of giving due respect to the elderly for their contribution to society in the past. Enterprises should shoulder the social responsibility to ensure that the elderly could lead a dignified and financially-secured twilight years.

*(The Deputy Chairman took the chair during the temporary absence of the Chairman.)*

3. In response to the views of the deputations and members, Secretary for Labour and Welfare ("SLW") stressed that the Government was very concerned about the subject of retirement protection in the light of the challenges of an ageing population. SLW said that the Research Report was discussed by the Commission on Poverty ("CoP") on 20 August 2014. CoP would convene further meetings shortly to examine the Research Report and discuss related issues in depth. Acknowledging the different views on the future development of retirement protection, SLW advised that the Government maintained an open mind on the matter. Given the complexity of the issue, it was imperative to identify the policy direction in respect of whether the existing retirement protection system should be enhanced, a universal retirement protection scheme should be implemented or public resources should be directed to help the elderly most in need for the sake of poverty alleviation. SLW stressed that for any proposal to be implemented, 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. He would relay the views of the deputations and members on the subject to CoP for consideration.

4. Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)<sup>3</sup> made the following points -

- (a) the subject of retirement protection was complex and had far-reaching implications on public finance. Concerns about the financial sustainability of the research team's proposed demo-grants and the long-term impact on Government's fiscal position were noted. In the light of the low taxation regime in Hong Kong and the principle of prudent use of public money, the Government would continue to listen carefully to the views of different sectors on the suggestions on retirement protection;
- (b) the Working Group on Long-Term Fiscal Planning's report revealed that with an ageing population and a shrinking workforce, economic and revenue growth would decelerate; a structural deficit would be inevitable if Government expenditure growth continued to outpace revenue growth in a persistent manner;

- (c) the annualised internal rate of return of the Mandatory Provident Fund ("MPF") System since inception was 4.3% and the annualised change of the Consumer Price Index for the same period was 1.6%, reflecting the role of the MPF System in providing retirement protection for scheme members; and
- (d) the statutory role of Exchange Fund, as set out in the Exchange Fund Ordinance, was primarily to affect, either directly or indirectly, the exchange value of the Hong Kong currency and to maintain the stability and integrity of the monetary and financial systems, with a view to maintaining Hong Kong as an international financial centre.

5. Mr TANG Ka-piu suggested and members agreed that the Subcommittee Chairman should write to the Chairman of CoP requesting CoP to conduct public consultation on the findings and recommendations in the Research Report. The Administration agreed to relay the Subcommittee's request to CoP.

*(Post-meeting note: The Chairman's letter to Chairman of CoP was sent on 15 October 2014.)*

6. The Chairman reminded members that the next meeting of the Subcommittee would be held on 15 November 2014 to continue receiving views from deputations.

## **II. Any other business**

7. There being no other business, the meeting ended at 12:47 pm.

**Proceedings of meeting of the Subcommittee on Retirement Protection  
held on Saturday, 11 October 2014, at 9:30 am  
in Conference Room 1 of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action Required</b>
<i>Agenda item I - Research Report on Future Development of Retirement Protection in Hong Kong</i>			
000000 - 001219	Chairman	Opening remarks  Meeting arrangements for receiving public views on the Research Report on Future Development of Retirement Protection in Hong Kong ("the Research Report")	
001220 - 001955	Chairman Professor CHOU Kee-lee, Head of Department of Asian and Policy Studies, The Hong Kong Institute of Education ("HKIEd")	Presentation of views with the aid of powerpoint presentation [LC Paper No. CB(2)18/14-15(01)] [LC Paper No. CB(2)56/14-15(01)]	
001956 - 002645	Chairman Dr Billy SC MAK, Associate Professor, Department of Finance and Decision Sciences, Hong Kong Baptist University ("HKBU")	Presentation of views	
002646 - 003230	Chairman Dr Raymond WM YEUNG, Assistant Professor, Department of Economics and Finance, Hong Kong Shue Yan University ("HKSJU")	Presentation of views [LC Paper No. CB(2)37/14-15(01)]	
003231 - 003523	Chairman Dr LEE Wing-yan, Assistant Professor, School of Decision Sciences, Hang Seng Management College	Presentation of views	
003524 - 004055	Chairman Dr Kenneth CHAO Chee-kwong, Assistant Professor, Lee Shau Kee School of Business and Administration, The Open University of Hong Kong	Presentation of views [LC Paper No. CB(2)56/14-15(01)]	

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action Required</b>
004056 - 004732	Chairman Professor HO Lok-sang, Head of Department of Economics, Lingnan University ("LU")	Presentation of views [LC Paper No. CB(2)18/14-15(02)]	
004733 - 005436	Chairman Dr YUEN Wai-kee, Associate Head and Assistant Professor, Department of Economics and Finance, HKSJU	Presentation of views	
005437 - 005950	Chairman Dr POON Che-cheong, Associate Professor, Department of Economics and Finance, HKSJU	Presentation of views [LC Paper No. CB(2)18/14-15(03)]	
005951 - 010412	Chairman Dr Joyce CHANG Sau-han, Head of Department of Social Work, HKSJU	Presentation of views	
010413 - 011521	Chairman Ms Brenda SO Kit-yin, Lecturer, Department of Social Work, HKSJU	Presentation of views	
011522 - 012051	Chairman Mr TAM Hoi-pong, Lecturer, Complementary Studies Programme, The Hong Kong Polytechnic University ("PolyU")	Presentation of views	
012052 - 013005	Chairman Mr LEE Kim-ming, Senior Lecturer, Division of Social Sciences, Community College of City University ("CCCU")	Presentation of views	
013006 - 013602	Chairman Admin	The Administration's response to the views of deputations.	



Time marker	Speaker(s)	Subject(s)	Action Required
013603 - 014104	Mr TANG Ka-piu Deputy Chairman Admin	<p><i>(The Deputy Chairman took the chair during the temporary absence of the Chairman.)</i></p> <p>Mr TANG Ka-piu's suggestion of reinstating the estate duty to finance the universal retirement protection scheme.</p> <p>Mr TANG's view that the subject of retirement protection should not be studied from the perspective of poverty alleviation. His enquiries/request and the Administration's response regarding the following -</p> <ul style="list-style-type: none"> <li>(a) the current extent of elderly poverty in Hong Kong;</li> <li>(b) the Government's next course of action in respect of the implementation of a universal retirement protection scheme; and</li> <li>(c) conducting public consultation on the findings and recommendations of the Research Report.</li> </ul>	
014105 - 015044	Mr CHAN Chi-chuen Dr Raymond WM YEUNG, HKSYU Professor HO Lok-sang, LU Dr Billy SC MAK, HKBU	<p>Discussion on Mr CHAN Chi-chuen's suggestion of paying demo-grants to eligible residents when they reached a specified age, i.e. 20 years before reaching the average life expectancy of Hong Kong residents.</p> <p><i>(At this juncture, the Chairman resumed the chairmanship.)</i></p>	
015045 - 021204	Chairman Deputy Chairman Professor CHOU Kee-lee, HKIEd Professor HO Lok-sang, LU Dr Billy SC MAK, HKBU Ms Brenda SO Kit-yin, HKSYU	<p>The Deputy Chairman's view that the implementation of a universal retirement protection scheme was a political consideration.</p> <p>At the invitation of the Deputy Chairman, the deputations expressed views on the following -</p> <ul style="list-style-type: none"> <li>(a) whether a universal retirement protection scheme should be implemented to ease the problem of elderly poverty;</li> </ul>	

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		<p>(b) the efficacies of the retirement protection functions of the Mandatory Provident Fund ("MPF") system having regard to its deficiencies, such as the arrangement of offsetting severance payments and long service payments against MPF accrued benefits; and</p> <p>(c) the imminent need of retirement protection for a considerable number of elderly in the forthcoming several decades.</p>	
021205 - 021614	Mr POON Siu-ping Chairman Dr POON Che-cheong, HKSJU	Mr POON Siu-ping sought further information from Dr POON Che-cheong on management and investment of a retirement protection fund and the latter's response.	
021615 - 023718	Mr LEUNG Yiu-chung Chairman Professor CHOU Kee-lee, HKIEd Dr Raymond WM YEUNG, HKSJU Dr YUEN Wai-kee, HKSJU Mr LEE Kim-ming, CCCU Dr POON Che-cheong, HKSJU Mr TAM Hoi-pong, PolyU Mr TANG Ka-piu	<p>Mr LEUNG Yiu-chung's views and response from deputations regarding the following -</p> <p>(a) provision of retirement protection for the elderly was a token of recognition of their past contribution to the community;</p> <p>(b) should a universal retirement protection scheme not be implemented, the ageing population would also impose a heavy burden on the public finance under the existing social security system; and</p> <p>(c) deficiencies of the existing three-pillar retirement protection system in Hong Kong, namely the non-contributory social security system, the MPF system and voluntary private savings.</p> <p>Mr LEUNG's remarks that there were merits in the retirement protection proposals put forth by the community groups, including that from the Neighbourhood and Worker's Service Centre, which should be taken into consideration in mapping out the way forward for implementing a universal retirement protection scheme.</p> <p><i>(Extension of meeting by 15 minutes)</i></p>	

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action Required</b>
023719 - 025431	Chairman Dr Billy SC MAK, HKBU Professor HO Lok-sang, LU Professor CHOU Kee-lee, HKIEd Dr Raymond WM YEUNG, HKSJU Ms Brenda SO Kit-yin, HKSJU Dr POON Che-cheong, HKSJU	<p>The Chairman cautioned that if the Government failed to address the need of retirement protection for the elderly by implementing a universal retirement protection scheme, which had been advocated in the community over 30 years, it might induce opposing force against the Government and would be difficult for the Government to tackle the challenges brought about by the ageing population.</p> <p>The Chairman's invitation of views and response from deputations regarding the following -</p> <p>(a) the need to address the increasing burden on public finance under the social security system (including the Old Age Allowance and the Old Age Living Allowance) in the light of the ageing population; and</p> <p>(b) suggestion of levying extra profit tax on large enterprises with considerable profits, say over \$10 million, as capital injection for a universal retirement protection scheme.</p>	
025432 - 031000	Dr KWOK Ka-ki Chairman Dr Billy SC MAK, HKBU Dr Raymond WM YEUNG, HKSJU Dr YUEN Wai-kee, HKSJU Professor HO Lok-sang, LU	<p>Dr KWOK Ka-ki's disappointment at the lack of a strong recommendation for implementation of a universal retirement protection scheme in the Research Report even though it was projected to be financially viable.</p> <p>Dr KWOK's elaboration on the Civic Party's proposed retirement protection scheme.</p> <p>Discussion on the following -</p> <p>(a) given the existing huge fiscal reserve, whether the robustness of the public finance would be adversely affected should a universal retirement protection scheme be implemented; and</p> <p>(b) whether the MPF system should be scrapped in the light of its ineffective retirement protection functions.</p>	

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action Required</b>
031001 - 031209	Chairman	The Chairman sought members' views on the proposal to write to the Chairman of Commission on Poverty ("CoP") requesting CoP to conduct public consultation on the findings and recommendations of the Research Report.  Date and arrangement of the next meeting.	
031210 - 031735	Admin Chairman	The Administration's reiteration that it attached great importance to the issue of retirement protection.  The Administration's further response to the views of deputations.	
031736 - 031800	Chairman	Closing remarks	

Council Business Division 2  
Legislative Council Secretariat  
14 November 2014