

立法會
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Panel on Welfare Services

Subcommittee on Retirement Protection

Minutes of meeting
held on Tuesday, 27 January 2015, at 4:30 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 LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Frankie YICK Chi-ming
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP

Members attending : Hon LEE Cheuk-yan
Hon Cyd HO Sau-lan, JP

Members absent : Hon Ronny TONG Ka-wah, SC
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki

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

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

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

Miss Lulu YEUNG
Clerical Assistant (2) 1

I. Research Report on Future Development of Retirement Protection in Hong Kong and related issues

The Chairman advised that approval had been given by the House Committee for the Subcommittee to extend the period of its work to 30 September 2015.

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

3. Referring to the public consultation on retirement protection to be conducted by the Commission on Poverty ("CoP") ("the public consultation") as set out in the 2015 Policy Address, members expressed concern about whether the public consultation would be the final step to be taken by the Administration before making a decision on the way forward and whether the Administration would put forward a concrete option in the public consultation. Members also sought clarification

about the approach and contents of the public consultation. It was pointed out that should a retirement protection scheme not be implemented, the ageing population would also impose heavy burden on the public finance under the existing social security system. Most members were of the view that the \$50 billion earmarked in connection with retirement protection should be used for setting up a retirement fund to demonstrate the Administration's sincerity in taking forward the issue.

4. Some other members, however, opposed to the implementation of a universal non-means-tested retirement protection scheme. While agreeing to provide retirement protection to the needy elderly, concern was expressed about the funding source and the community acceptance of making extra contribution by employers and employees under such proposal.

5. Responding to members' views and concerns on the future development of retirement protection in Hong Kong and the public consultation, Secretary for Labour and Welfare made the following points -

- (a) the Administration was very concerned about the subject of retirement protection in the light of the challenges of an ageing population and agreed that protection for needy citizens after retirement should be improved. However, as revealed in the Working Group on Long-Term Fiscal Planning's report, a structural deficit would be inevitable with an ageing population and a shrinking workforce, together with deceleration of economic and revenue growth. The Administration would adopt a prudent approach in making use of the public resources and target them at needy elderly;
- (b) CoP would meet in early February 2015 and in the coming few months to follow up the relevant issues, including devising a framework and setting out the details for a public consultation on future development of retirement protection in Hong Kong in the latter half of 2015. It was envisaged that various policy options would be included in the public consultation. It was also expected that there would be rational and pragmatic discussions with a view to arriving at a community consensus and identifying the way forward for retirement protection in Hong Kong as appropriate;

- (c) to demonstrate the Administration's determination and commitment in improving protection for needy citizens after retirement, \$50 billion had been earmarked to provide for future needs; and
- (d) views and concerns expressed by members on the future development of retirement protection in Hong Kong and the public consultation would be relayed to CoP for consideration.

6. The Chairman put the following motion moved by Mr CHEUNG Kwok-che and seconded by her to vote -

"本小組委員會要求政府在本年六月前對全民退休保障計劃方案作出全民諮詢，並於本立法會任期內進行立法，落實退休保障。"

(Translation)

"That, this Subcommittee requests the Government to conduct a public consultation on the proposals on universal retirement protection by June this year and introduce the legislation concerned within this legislative session, so as to implement retirement protection."

The Chairman declared that six members voted for the motion, one member voted against it, and no member abstained from voting. Mr CHEUNG Kwok-che's motion was carried.

II. Any other business

7. The Chairman said that the next meeting of the Subcommittee would be held on 24 February 2015 at 10:45 am.

8. There being no other business, the meeting ended at 6:34 pm.

**Proceedings of meeting of the Subcommittee on Retirement Protection
held on Tuesday, 27 January 2015, at 4:30 pm
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)	Action Required
<i>Agenda item I - Research Report on Future Development of Retirement Protection in Hong Kong and related issues</i>			
000000 - 001020	Chairman Mr LEUNG Yiu-chung	Opening remarks Extension of the period of the Subcommittee's work	
001021 - 001849	Chairman Admin	Briefing by the Administration on the content pertaining to retirement protection in the Chief Executive's 2015 Policy Address.	
001850 - 002314	Chairman Deputy Chairman	The Deputy Chairman's view that the Administration should have a clear stance on how to take forward the issue of retirement protection. His view that if universal retirement protection scheme, to which employers and employees would have to make contribution, was not to be implemented, the Administration would have to raise tax so as to meet the increasing expenditure on elderly welfare under the social security system and different schemes/programmes in view of the ageing population. His concern that there would be a labelling effect on the elderly beneficiaries concerned.	
002315 - 002739	Mr LEE Cheuk-yan Admin Chairman	Mr LEE Cheuk-yan's criticism that the Administration did not respect the findings and recommendations in the "Research Report on Future Development of Retirement Protection in Hong Kong" ("the Research Report") submitted by the consultancy team led by Professor Nelson CHOW. Mr LEE's concern that the Commission on Poverty ("CoP")'s public consultation on retirement protection ("the public consultation") would suggest directional guidance on options of retirement protection and his enquiry about whether the suggestion of setting up a demo-grant in the Research Report would be included in the public consultation.	

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		<p>The Administration's advice that after the release of the Research Report, there had been divergent views on the issue in the community. The Administration should be prudent in the use of public resources to help the elderly most in need and therefore should study carefully the financial sustainability of various proposals of retirement protection.</p>	
002740 - 003147	Mr POON Siu-ping Admin	<p>Mr POON Siu-ping's concern that failure for the Administration to set up a demo-grant under a universal retirement protection scheme would likely perpetuate disputes over retirement protection, as pointed out in the Research Report.</p> <p>The Administration's response to Mr POON's enquiries regarding the following -</p> <p>(a) whether the public consultation would be the final step to be taken by the Administration before making a decision on the way forward for retirement protection and when the timetable for introducing a retirement protection scheme would be available;</p> <p>(b) how the Administration would follow up on the issue if no community consensus could be arrived; and</p> <p>(c) how the Administration came up with the decision to earmark \$50 billion for future needs of retirement protection.</p>	
003148 - 003850	Dr Fernando CHEUNG Admin Chairman	<p>Dr Fernando CHEUNG's grave concern that the Administration had employed a delay tactic for implementing a universal retirement protection scheme to address the severe problem of elderly poverty, notwithstanding a community consensus on the subject.</p> <p>Dr CHEUNG highlighted that the means-tested retirement protection proposals put forth by the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") and the New People's Party would increase the public expenditure on social security payments as compared with the</p>	

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		<p>non-means-tested with tripartite contribution proposals put forth by the community groups.</p> <p>The Administration's response that it agreed that protection for needy citizens after retirement should be improved. It intended to provide various policy options in the public consultation.</p> <p>The Chairman's view that the Administration should set up a task force to follow up on the issue and draw up the relevant legislative timetable.</p>	
003851 - 004412	Mr LEUNG Yiu-chung Admin Chairman	<p>Mr LEUNG Yiu-chung's disappointment that the suggestion of setting up a demo-grant in the Research Report had not been accepted by the Administration. Mr LEUNG's worries that the Administration would merely enhance the three pillars under the existing retirement protection system for the purpose of strengthening retirement protection. He sought clarification as to whether a universal retirement protection scheme would be implemented and whether the earmarked \$50 billion would be used for setting up a retirement fund.</p> <p>The Administration's reiteration of its determination and commitment to improve protection for needy citizens after retirement.</p>	
004413 - 004818	Mr TAM Yiu-chung Admin	<p>Mr TAM Yiu-chung's view that should a universal retirement protection scheme be implemented, it was imperative to address concerns about requiring employers and employees 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 extra contribution to such a retirement protection scheme.</p> <p>The Administration's response that it was aware of the controversy over the funding source for retirement protection, which would likely be included in the public consultation.</p>	

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004819 - 005431	Mr CHAN Chi-chuen Admin Chairman	<p>Mr CHAN Chi-chuen's view that if the amount of the Old Age Living Allowance ("OALA") be raised and its means-tested requirement be abolished, the provision of OALA could perform the retirement protection function.</p> <p>Mr CHAN's comment on the Administration's failure in formulating policy on retirement protection over the years. His view that the earmarked \$50 billion should be used to set up a retirement fund so as to demonstrate the Administration's sincerity in this regard.</p> <p>The Administration's response to Mr CHAN's enquiry about the framework and details of the public consultation.</p>	
005432 - 010105	Ms Cyd HO Admin	<p>Ms Cyd HO echoed Mr CHAN Chi-chuen's view about the use of \$50 billion earmarked for future needs.</p> <p>Ms HO's enquiry and the Administration's response regarding the framework of the public consultation. Ms HO's view that the public consultation should include specific implementation details of a retirement protection scheme, including contribution by homemakers and the relationship with the Mandatory Provident Funds ("MPF").</p>	
010106 - 010715	Chairman Admin	<p>The Chairman's view that the Administration's stance on the implementation of universal retirement protection was crucial. Her further view that should a retirement protection scheme not be implemented, the ageing population would also impose heavy fiscal pressure on the existing social security system.</p> <p>The Administration's response to the Chairman's enquiry about the timetable and options to be included in the public consultation.</p>	

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010716 - 011149	Mr TANG Ka-piu Admin	Mr TANG Ka-piu's enquiry and the Administration's response regarding the criteria for "community consensus" on retirement protection and whether the Administration would adopt the mainstream option after the public consultation.	
011150 - 011609	Mr Frankie YICK Admin Chairman	<p>Mr Frankie YICK's remarks that the Liberal Party was in support of providing retirement protection to the needy elderly. He referred members to the results of a relevant survey conducted by the Liberal Party, in which most respondents were of the view that receiving welfare benefits would not create a labelling effect on the elderly recipients. Similar view was gathered from the transport industry which did not support a universal retirement protection scheme.</p> <p>Mr YICK's support to enhance the MPF system for the purpose of enhancing retirement protection.</p> <p>The Administration's advice that it would adopt a rational and pragmatic approach in taking forward the subject.</p>	
011610 - 012029	Chairman Deputy Chairman Admin	<p>The Deputy Chairman's grave concern about the projected substantial increase in the public finance for elderly welfare by 2040 and his view that it could be addressed by a universal retirement protection scheme with tripartite contributions from the Administration, employers and employees.</p> <p>The Administration's advice that in the light of the challenges brought about by the ageing population and the projected structural deficit, it would adopt a prudent approach in making use of the public resources and targeting them at needy elderly.</p>	
012030 - 012136	Deputy Chairman Chairman Mr Frankie YICK Ms Cyd HO	<p>The Deputy Chairman moved a motion on retirement protection.</p> <p>The Chairman put the motion to vote and declared that all members present at the meeting, except Mr Frankie YICK, supported the motion, and the motion was carried.</p>	

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012137 - 012645	Chairman Mr LEE Cheuk-yan Admin	<p>Mr LEE Cheuk-yan's concern that even if there was a community consensus on implementation of retirement protection, the Administration would be under a very tight legislative timetable for effecting the proposal.</p> <p>The Administration's response that the current Government would endeavour to enhance protection for needy citizens after retirement.</p>	
012646 - 013204	Mr LEUNG Yiu-chung Admin	<p>Mr LEUNG Yiu-chung sought clarifications and the Administration's response regarding the following -</p> <p>(a) the focus of the public consultation; and</p> <p>(b) whether the earmarked \$50 billion would be used to set up a retirement fund.</p>	
013205 - 014059	Dr Fernando CHEUNG Admin Chairman	<p>Dr Fernando CHEUNG's support of the implementation of a universal retirement protection scheme. His grave concern about the gravity of elderly poverty and strong dissatisfaction about the Administration's failure in squarely addressing the situation, notwithstanding that a community consensus had been reached on the implementation of universal retirement protection and that a number of options had been put forward by community groups and in the Research Report.</p> <p>The Administration's explanation that it would take time for CoP to undertake the preparatory work for the public consultation, including conducting a comprehensive actuarial projection of the demo-grant as suggested in the Research Report.</p>	
014100 - 014749	Ms Cyd HO Admin Chairman	<p>Ms Cyd HO's suggestion on conducting a two-stage public consultation, such that the first round public consultation would focus on the major principles involved in the implementation of retirement protection, which could be launched as soon as practicable, and the implementation details could be made available in the second round public consultation.</p>	

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014750 - 015139	Chairman Mr TANG Ka-piu Admin	Mr TANG Ka-piu's enquiry and the Administration's response regarding the following - (a) whether the arrangement of offsetting severance payments and long service payments against MPF accrued benefits would be included in the public consultation; and (b) whether measures would be introduced under the existing social security system to improve the elderly welfare before the Administration's conclusion of the public consultation.	
015140 - 015451	Chairman Admin	The Chairman's concerns and the Administration's response regarding whether the public consultation would cover the four points highlighted by the consultancy team on pages 41-42 of the English version of the Executive Summary of the Research Report.	
015452 - 015818	Chairman Mr LEE Cheuk-yan Admin	Mr LEE Cheuk-yan's enquiry and the Administration's response regarding the approach and content of the public consultation. The Administration's advice that it would relay members' concerns and views as well as the Subcommittee's motion to CoP for consideration.	Admin
015819 - 020537	Chairman Admin Deputy Chairman	<i>(Extension of meeting by 10 minutes)</i> Date of the next meeting Closing remarks	