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Panel on Welfare Services
Subcommittee on Retirement Protection

Proposed continuation of work of the Subcommittee
in the 2014-2015 session

Purpose

This paper seeks members' views on the need for the Subcommittee on Retirement Protection ("the Subcommittee") formed under the Panel on Welfare Services ("the Panel") to extend the period of its work and continue to operate in the 2014-2015 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 has since February 2014 held eight meetings with the Administration and received views of deputations at seven 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; and
- (c) study report entitled "Research Report on Future Development of Retirement Protection in Hong Kong" ("the Research Report"), which was conducted by the consultancy team commissioned by the Commission on Poverty ("CoP") and was released on 20 August 2014.

Need for continuation of work in the 2014-2015 session

Major work ahead

4. In the Research Report (referred to in paragraph 3(c) above), the consultancy team has set out the quantitative assessment on five selected proposals on retirement protection and recommended 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.

5. The Subcommittee has been briefed on the findings and recommendations of the consultancy team at its meeting on 29 August 2014, and has held two further meetings on 11 October and 15 November 2014 respectively to receive public views on the Research Report. Members have strongly urged the Administration to demonstrate clearly its determination and commitment to implement a comprehensive retirement protection scheme. Members have also requested the Administration to launch immediately a consultation exercise on the Research Report, as well as put forward a concrete proposal and an implementation timetable in the Chief Executive's 2015 Policy Address.

6. 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. As CoP has just been presented with the Research Report at its meeting on 20 August 2014, it 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. CoP has discussed the Research Report at its meeting on 24 November 2014 and will convene meetings to further discuss in detail the Research Report. Given that the Government has yet to take a stance on the subject, it is incumbent upon the Subcommittee to press ahead with the launch of the public consultation on the Research Report by the Government, follow up the findings of the public consultation, and the proposals to be put forward by the Government for the implementation of a comprehensive retirement protection scheme.

Proposed extension of period of work

7. 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.

8. 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 outstanding matters which need to be followed up by the Subcommittee as set out in the paragraph 6 above and the time required by the Subcommittee to conclude its work and finalize its recommendations, members may wish to consider the need for the Subcommittee to continue to work in the 2014-2015 session.

Advice sought

9. Members' views are sought on whether the Subcommittee should seek for an extension of its work in the 2014-2015 session (i.e. until 30 September 2015). Subject to members' view and the endorsement of the Panel, a report will be made to the House Committee for seeking its approval of the proposal.