

立法會
Legislative Council

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Panel on Welfare Services

Subcommittee on Retirement Protection

Minutes of meeting
held on Monday, 7 December 2015, at 8:30 am
in Conference Room 3 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 LEUNG Kwok-hung
Hon Frankie YICK Chi-ming, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP

Member attending : Hon WU Chi-wai, MH

Members absent : Hon Alan LEONG Kah-kit, SC
Hon CHAN Chi-chuen
Hon CHUNG Kwok-pan

**Public Officers : Item I
attending**

The Administration

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

Mr Gordon CHONG Kwok-wing
Acting Principal Assistant Secretary for Labour and Welfare
(Welfare) 4

Ms Marion CHAN Shui-yu
Assistant Commissioner for Census and Statistics (Social)

**Attendance : Item I
by invitation**

HK Social Security Society

Mr MOK Tai-kee
Research Officer

Mr LEUNG Po-lung
Executive Committee member

Individuals

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

Mr Stephen WONG, Lecturer, Master of Social Science in
Global Political Economy Programme of The Chinese
University of Hong Kong

Professor WONG Hung, Associate Professor, Department
of Social Work, The Chinese University of Hong Kong

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

Professor Raymond SO, Dean, School of Business,
Hang Seng Management College

Dr Kevin YUEN Fei-lung, Assistant Professor, Department of Mathematics and Statistics, Hang Seng Management College

Dr KAM Ping-kwong, Associate Professor, Department of Applied Social Sciences, City University of Hong Kong

Dr CHAN Chi-shing, Part-time Lecturer, Department of Economics, University of Macau

Dr LEUNG Hon-chu, Principal Lecturer, Department of Sociology, Hong Kong Baptist University

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

Professor Raees Baig, Assistant Professor, Department of Social Work, The Chinese University of Hong Kong

Professor FUNG Ho-lup, Adjunct Associate Professor, Department of Social Work, The Chinese University of Hong Kong

Dr LEUNG Chi-yuen, Teaching Fellow, Department of Applied Social Sciences, The Hong Kong Polytechnic University

Professor Christine FANG Meng-sang, Professor of Practice, Faculty of Social Sciences, The University of Hong Kong

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

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

Miss Lulu YEUNG
Clerical Assistant (2) 1

I. Future development of retirement protection in Hong Kong and related issues

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

2. The Subcommittee received oral representations from 16 academics from local universities, tertiary institutions and a concern group on the future development of retirement protection in Hong Kong. The major concerns and views expressed by these academics are summarised below -

- (a) a universal non-means-tested old age pension option had been put forth jointly by more than 180 local academics ("the Option of Academics") for the Commission on Poverty's consideration. As the community at large was in support of the implementation of a universal retirement protection scheme and discontent with the inefficacies of the three-pillar retirement protection system, the Administration should introduce a financially sustainable universal retirement protection scheme. The inefficacies of the three-pillar retirement protection system included the following -
 - (i) the labelling effect of the requirement to make declaration on non-provision of financial support by family members of the elderly applicants under the Comprehensive Social Security Assistance ("CSSA") Scheme had deterred many vulnerable elders from seeking appropriate financial assistance; and
 - (ii) there was inadequate retirement protection provided under the Mandatory Provident Fund ("MPF") system in view of the limited amount of accrued benefits accumulated resulting from the low contribution from low income, the arrangement of allowing severance payments and long service payments to be offset with MPF accrued benefits derived from employers' contributions, the low investment return, as well as high management and administration fees. In addition, there was concern that the current generation of elders,

homemakers and unemployed persons were not covered by the employment-based MPF system that had been implemented only in late 2000; and

- (b) the Option of Academics was a partially pre-funded plan as advocated by the World Bank. Its main features included: a universal non-means-tested old age monthly pension of about \$3,500 (at 2016 price level and to be adjusted annually according to the changes in inflation for the preceding year as reflected in the Consumer Price Index) would be issued from 2016 for all Hong Kong permanent residents aged 65 and above with tripartite contributions from the Government, employers and employees. Both employers and employees would not have to make extra contribution under the proposal, but to transfer half of their respective current contribution to the MPF system to the proposed retirement protection fund. As for the Government, it would have to transfer the recurrent funding for the CSSA payments (standard rate) for the elderly recipients, Old Age Allowance and Old Age Living Allowance payments to the fund and to make a one-off capital injection of \$100 billion as a start-up fund. In addition, the profits tax rates for enterprises with an annual profit exceeding \$10 million would be increased by 1.9% to derive additional tax revenue for financing the scheme;
- (c) non-means-tested monthly retirement pension was individual rights of all elderly in recognition of their past contribution to the society and the subject of retirement protection should not be studied from the perspective of poverty alleviation. In light of the risk associated with individual financial management amidst the global economic turbulence, the Government should introduce a sustainable universal non-means-tested retirement protection scheme without further delay so as to ensure that the elderly would have a stable monthly pension; and
- (d) concerns were also raised about the population projections 2015-2064 made by the Census and Statistics Department ("C&SD") in respect of a projected decline in labour force.

3. Some other academics expressed the view that apart from discussing the need to enhance the protection of retirement life of the elderly, the community should also discuss how much additional resources were required and how to meet such additional public expenditure for implementing a long-term financially sustainable universal non-means-tested retirement protection scheme. In their view, consideration could be given to examining how to improve and strengthen each pillar of the existing retirement protection model, in particular the MPF system as well as introducing taxation reform as appropriate.

(To allow more time for discussion, members agreed to extend the meeting by 15 minutes.)

4. Exchanging views with the academics, most members expressed disappointment at the inadequacy of the existing social security system in providing retirement protection for the elderly. These members were in support of the Option of Academics and considered that the proposal should be included in the public consultation on retirement protection to be launched before the end of December 2015 ("the public consultation"). They held a strong view that the Administration should introduce a universal non-means-tested retirement protection scheme as soon as practicable.

5. Some members, on the other hand, expressed reservation about the implementation of a universal non-means-tested retirement protection. In their view, limited public resources should be targeted at the needy elderly. They pointed out that apart from the business sector, there was also opposition in the community to the implementation of such a scheme.

(Members agreed to further extend the meeting to 10:55 am.)

6. In response to the views and concerns of the academics attending the meeting and members, Secretary for Labour and Welfare advised that the population projections were regularly updated at two to three years' interval to take account of information on the latest developments of the population. The Administration had made reference to the practice of other advanced economies in extending the projection period from 30 years to 50 years to better discern the trends and profile of the future population. It had no intention to manipulate the findings of the 50-year population projections in supporting the ageing trend and decline in

labour force. He added that it was expected that there would be in-depth, informed, objective and rational discussion of various sectors of the community on retirement protection issues during the public consultation exercise so as to jointly identify options that suited the circumstances of Hong Kong.

7. As regards population projections 2015-2064, Assistant Commissioner for Census and Statistics (Social) made the following points -

- (a) the population projections were regularly updated to take account of information on the latest developments of the population, including the most up-to-date information on fertility, mortality and movement pattern of the population, including admissions of talents from outside Hong Kong, which had emerged since the last set of population projections was produced as well as the prevailing government policies. The "component method", which was commonly used internationally, was adopted for compiling the population projections. Under this method, the population of a base period was brought forward by age and sex under separate projections of fertility, mortality and movement, year after year until the end of the projection period. When making population and labour force projections, prevailing policies and past trends were assumed to continue for derivation of the most likely outcome;
- (b) it was noted that talents from outside Hong Kong, who were admitted to Hong Kong under three talent admission schemes, namely General Employment Policy, Admission Scheme for Mainland Talents and Professionals, and Quality Migrant Admission Scheme, were of high mobility. It was anticipated that the annual net inflow of people from outside Hong Kong (including the talents admitted under various schemes) would be about 4 600 persons; and
- (c) in respect of the fertility analysis and projections, the total number of births was anticipated to decrease because of the increasing proportion of never married women from 14% to 31% towards the end of the projection period and the phenomenon of late marriage.

8. At the request of representatives of Hong Kong Social Security Society and the Chairman, the Administration agreed to provide a written response to the former's concerns in connection with the population projection 2015-2064, including whether the assumptions adopted by C&SD for the population projections had taken account of admission of talents from outside Hong Kong, the basis for determining the labour force participation rate and the impact of government's policy to encourage birth on the fertility rate in the coming years.

II. Any other business

9. The Chairman and the Deputy Chairman suggested that another Subcommittee meeting be held in late December 2015 to receive views from the public on the consultation document on retirement protection to be released before the end of December 2015. Members raised no objection. The Chairman advised that members would be further consulted on their availability after the meeting.

(Post-meeting note: The next meeting of the Subcommittee was scheduled to be held at 1:30 pm on 30 December 2015.)

10. The Chairman advised that the House Committee had given permission for the Subcommittee to continue to operate until 31 December 2015, after which the Subcommittee would be put on the waiting list for re-activation. Therefore, consideration could be given to following up the subject of retirement protection by the Panel on Welfare Services for the time being.

11. There being no other business, the meeting ended at 10:55 am.

**Proceedings of meeting of the Subcommittee on Retirement Protection
held on Monday, 7 December 2015, at 8:30 am
in Conference Room 3 of the Legislative Council Complex**

| Time marker | Speaker(s) | Subject(s) | Action Required |
|--|--|--|------------------------|
| <i>Agenda item I - Future development of retirement protection in Hong Kong and related issues</i> | | | |
| 000000 - 000849 | Chairman | Opening remarks Future meeting arrangements. | |
| 000850 - 001224 | Chairman Admin | Briefing by the Administration on the deliberations of the Commission on Poverty ("CoP") at its recent meetings on the contents of the consultation document on retirement protection for the six-month public consultation exercise to be launched before the end of December 2015 ("the public consultation"). | |
| 001225 - 001928 | Chairman Mr MOK Tai-kee, HK Social Security Society ("HKSSS") | Presentation of views [LC Paper Nos. CB(2)378/15-16(02) to (04)] | |
| 001929 - 002446 | Chairman Dr Raymond W M YEUNG, Assistant Professor, Department of Economics and Finance, Hong Kong Shue Yan University ("HKSJU") | Presentation of views [LC Paper No. CB(2)378/15-16(05)] | |
| 002447 - 003010 | Chairman Mr Stephen WONG, Lecturer, Master of Social Science in Global Political Economy Programme of The Chinese University of Hong Kong ("CUHK") | Presentation of views [LC Paper No. CB(2)523/15-16(01)] | |
| 003011 - 003545 | Chairman Professor WONG Hung, Associate Professor, Department of Social Work, CUHK | Presentation of views [LC Paper No. CB(2)398/15-16(01)] | |
| 003546 - 004006 | Chairman Professor WONG Yu-cheung, Associate Professor, Department of Social Work, CUHK | Presentation of views [LC Paper No. CB(2)477/15-16(01)] | |

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| 004007 - 004531 | Chairman Professor Raymond SO, Dean, School of Business, Hang Seng Management College ("HSMC") | Presentation of views [LC Paper No. CB(2)398/15-16(02)] | |
| 004532 - 005054 | Chairman Dr Kevin YUEN Fei-lung, Assistant Professor, Department of Mathematics and Statistics, HSMC | Presentation of views | |
| 005055 - 005629 | Chairman Dr KAM Ping-kwong, Associate Professor, Department of Applied Social Sciences, City University of Hong Kong | Presentation of views | |
| 005630 - 010135 | Chairman Dr CHAN Chi-shing, Part-time Lecturer, Department of Economics, University of Macau | Presentation of views | |
| 010136 - 010507 | Chairman Dr LEUNG Hon-chu, Principal Lecturer, Department of Sociology, Hong Kong Baptist University ("HKBU") | Presentation of views | |
| 010508 - 011030 | Chairman Dr Billy MAK Sui-choi, Associate Professor, Department of Finance and Decision Sciences, HKBU | Presentation of views [LC Paper No. CB(2)378/15-16(06)] | |
| 011031 - 011509 | Chairman Professor Raees Baig, Assistant Professor, Department of Social Work, CUHK | Presentation of views | |
| 011510 - 012034 | Chairman Professor FUNG Ho-lup, Adjunct Associate Professor, Department of Social Work, CUHK | Presentation of views | |

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| 012035 - 012544 | Chairman Dr LEUNG Chi-yuen, Teaching Fellow, Department of Applied Social Sciences, The Hong Kong Polytechnic University | Presentation of views | |
| 012545 - 013109 | Chairman Professor Christine FANG Meng-sang, Professor of Practice, Faculty of Social Sciences, The University of Hong Kong | Presentation of views [LC Paper Nos. CB(2)436/15-16(01) and (02)] (Reference materials) [LC Paper No. CB(2)477/15-16(02)] | |
| 013110 - 013132 | Chairman | Extension of the meeting by 15 minutes. | |
| 013133 - 013714 | Chairman Admin | The Administration's response to the views/queries of the academics. | |
| 013715 - 013804 | Chairman | Members agreed to further extend the meeting to 10:55 am. | |
| 013805 - 014326 | Chairman Mr LEUNG Yiu-chung Admin | <p>Mr LEUNG Yiu-chung's concurrence of the view of Dr KAM Ping-kwong that deliberating the subject of retirement protection by CoP from the poverty alleviation perspective was inappropriate.</p> <p>The Administration's response to Mr LEUNG's enquiry/concern regarding the following -</p> <p>(a) whether the universal retirement protection option jointly put forth by more than 180 academics ("Option of Academics") would be included in the public consultation exercise;</p> <p>(b) whether CoP was sincere in conducting an unbiased public consultation exercise, having regard to the Administration's reservation about the universal option of retirement protection; and</p> <p>(c) how the Administration would take forward the subject of retirement protection based on the outcomes of the public consultation.</p> | |

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| 014327 - 014909 | Chairman Deputy Chairman Professor WONG Hung, CUHK Dr Billy MAK Sui-choi, HKBU | <p>The Deputy Chairman's enquiry about the efficacy of the Mandatory Provident Fund ("MPF") system in performing the function of retirement protection, having regard to the average longer life expectancy.</p> <p>Professor WONG Hung's concern that there might be increasing cases of wealth transfer from the elderly recipients of social security assistance to their family members under the means-tested requirements. His view that such a welfare system could not address the issue of retirement protection.</p> <p>Dr Billy MAK's view that the MPF system alone could not provide adequate retirement protection because of the low contribution rate. Reference should be made to the World Bank's multi-pillar model.</p> | |
| 014910 - 015341 | Chairman Dr Fernando CHEUNG Professor WONG Hung, CUHK | <p>Dr Fernando CHEUNG's support of the Option of Academics. His enquiry about whether the proponents would conduct their own consultation on the Option of Academics in the community if it was not included in the consultation document.</p> <p>Pointing out the implementation of a universal retirement protection scheme in many developed countries, Dr CHEUNG expressed grave concern that the Administration was reluctant to introduce such a scheme in Hong Kong regardless of the strong community call for decades and the availability of huge fiscal reserve.</p> <p>Professor WONG Hung's advice that the academics concerned would solicit support from the community for their proposal and would urge the Administration to consider it seriously.</p> | |
| 015342 - 015958 | Chairman Mr TANG Ka-piu Admin Mr MOK Tai-kee, HKSSS | <p>Mr TANG Ka-piu made reference to Professor FUNG Ho-lup's view on the importance of community acceptance and confidence in a universal retirement protection scheme in protecting the elders' retirement life when deliberating the subject.</p> | |

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| | | <p>Mr TANG's enquiry and the Administration's response regarding whether social benefits and impacts of a universal retirement protection scheme would be included in the consultation document.</p> <p>At the request of Mr MOK Tai-kee, the Administration agreed to provide a written response to the concerns raised by HKSSS earlier on the population projections 2015-2064.</p> | Admin |
| 015959 - 020436 | Chairman Mr LEUNG Kwok-hung | <p>Mr LEUNG Kwok-hung urged the Administration to seriously consider the Option of Academics.</p> <p>Mr LEUNG's strong view that the past contribution of the elderly to the society should be duly recognised. In the light of huge fiscal reserve, the Administration should introduce a universal non-means-tested retirement protection scheme in Hong Kong without further delay so as to ensure that the elderly could lead a dignified and financially-secured life in their twilight years.</p> | |
| 020437 - 021401 | Chairman Mr POON Siu-ping Dr Billy MAK Sui-choi, HKBU Professor WONG Hung, CUHK Dr Raymond W M YEUNG, HKSJU | <p>Mr POON Siu-ping's expression of support for the Option of Academics.</p> <p>Discussion on the financial arrangement of the Option of Academics, including tripartite contribution from the Government, employers and employees, its relationship with the MPF system and the requirement of Government's further injection of \$50 billion as a start-up fund in addition to the \$50 billion earmarked for provision of future needs.</p> <p>Dr Raymond YEUNG's elaboration on the financial difficulties under a universal non-means-tested retirement protection scheme with reference to those implemented in other places, having regard to the ageing trend.</p> | |

| Time marker | Speaker(s) | Subject(s) | Action Required |
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| 021402 - 021730 | Chairman Mr Frankie YICK | <p>Mr Frankie YICK's remark that the Liberal Party was in support of providing retirement protection to the needy elderly, having regard to the limited public resources. According to the survey conducted by the Liberal Party, apart from the business sector, there was also opposition to the implementation of a universal retirement protection scheme in the community. His grave concern about the adverse impact of such a scheme, including increase in tax, closure of the small- and medium-sized enterprises and unemployment.</p> <p>Mr YICK was not convinced that receiving financial assistance under the Comprehensive Social Security Assistance ("CSSA") Scheme would create a labelling effect on the elderly recipients. His suggestion of abolishing the requirement of the elderly making a declaration on non-provision of financial support by their family members under the CSSA Scheme.</p> | |
| 021731 - 021942 | Chairman Mr WU Chi-wai | <p>Mr WU Chi-wai's view that in the light of projected increase in the government expenditure on Old Age Living Allowance in the forthcoming years because of the ageing population, the Administration should seriously consider implementing a universal retirement protection scheme, which to a certain extent was a kind of re-allocation of the public resources.</p> <p>Mr WU's further view that the Administration should provide information on the economic benefits of a silver hair market arising from the ageing population in the consultation document.</p> | |
| 021943 - 022245 | Chairman | <p>The Chairman considered that while the issue of "who foot the bill" was controversial, the ageing population would also impose heavy fiscal pressure on the existing social security system should a retirement protection scheme not be implemented.</p> | |

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| | | The Chairman's reiteration of the view that the Option of Academics should be included in the public consultation and which should be implemented as soon as practicable. | |
| 022246 - 022653 | Chairman Mr WU Chi-wai Deputy Chairman Dr Fernando CHEUNG Mr LEUNG Kwok-hung | Future work of the Subcommittee. Closing remarks. | |

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