

For discussion on  
26 October 2015

**Legislative Council Panel on Welfare Services  
Subcommittee on Retirement Protection**

**Discussion of the Commission on Poverty on Retirement Protection**

**Purpose**

This paper briefs members of the Subcommittee on the discussion of the Commission on Poverty (CoP) on retirement protection.

**The CoP Meetings**

2. Two CoP meetings were held on 22 July 2015 and 23 September 2015<sup>1</sup> respectively to continue discussion on retirement protection.

Meeting on 22 July

3. The CoP further deliberated on the framework and main content of the consultation document on retirement protection at the meeting held on 22 July, and reached consensus on the following areas –

- (a) To enable in-depth discussions based on concrete data, CoP members agreed to use the latest 50-year population and labour force projections to be released by the Census and Statistics Department (C&SD)<sup>2</sup> to update the financial assessment of the five proposals put forward by different parties and covered in the report submitted by the consultancy team led by Professor Nelson Chow, the “Demo-grant” proposal advocated by the team, and another annuity scheme;

---

<sup>1</sup> A CoP meeting was also held on 7 September 2015, but its main purpose was to review the updated 2014 poverty line and the preliminary analysis and data of the poverty situation in 2014.

<sup>2</sup> The C&SD released the relevant projections on 25 September 2015.

- (b) CoP members considered that the core issue to be addressed in the public consultation was whether the Hong Kong community should adopt a universal retirement protection proposal or a non-universal proposal to provide better protection for the needy elderly in old age. Hence, the consultation document should set out both the universal proposals and non-universal proposals for public consideration;
- (c) In order to facilitate public understanding on the characteristics of the universal proposals and non-universal proposals, CoP members supported that the consultation document should provide a simple and easy-to-understand framework to compare one single universal proposal against another non-universal proposal, in terms of the overall and extra financial commitments required during the projection period, as well as the additional subsidy amount received by different groups of elderly. The CoP agreed to use the “Demo-grant” proposal from the team led by Professor Nelson Chow as the basis for analysing universal retirement protection proposals. As to non-universal proposals, a concrete proposal would be formulated for comparison after making reference to the two non-universal proposals covered in the report submitted by the team;
- (d) CoP members agreed that the consultation document should address the issue of “who foots the bill”. Given limited resources, the community should discuss how much more resources we were willing to invest in retirement protection, without affecting the sustainable development of other policy areas (such as elderly medical care and welfare services which should also be strengthened in face of an ageing population, and education and infrastructure which help increase Hong Kong's competitiveness). CoP members considered that how to increase public revenue was an issue that could not be avoided in discussing retirement protection; and

- (e) CoP members expressed understanding that the consultation document should explain clearly Government's stance on the future development of retirement protection. Having regard to the sustainability of the universal option and its impact on public finance, as well as the guiding principle that allocation of public resources should be directed to help the under-privileged, the Government has reservation about the universal option. Nonetheless, the Government acknowledged that there was room for improving the existing multi-pillar system. The community should focus on discussing how to consolidate the existing system and improve and strengthen each pillar, with a view to providing more appropriate assistance to the needy elderly in old age. As such, the consultation document should review the situation of each pillar and put forth possible ideas for improvement based on CoP's deliberations in the past meetings.

#### Meeting on 23 September

4. At the CoP meeting held on 23 September, members agreed that the public consultation period should last for six months, running from December this year till June next year, to allow sufficient time for the community to have in-depth discussions and build consensus on issues concerned. The CoP would be heavily engaged in preparatory work in the coming few months before the launch of the public consultation. Apart from drafting and finalising the consultation document, the CoP would also make use of the updated population and labour force projections to update the financial assessments of relevant proposals based on the methodology adopted in the report submitted by the consultancy team led by Professor Nelson Chow.

5. To tie in with the work of the public consultation, CoP members acknowledged the need to promote in-depth, informed, objective and rational discussion of various sectors of the community on retirement protection issues in order to jointly explore and identify options that suit the circumstances of Hong Kong. To this end, the CoP agreed to take forward its work in two areas, namely (i) enhancing community understanding; and (ii) promoting informed public discussion and facilitating the community to arrive at a consensus on retirement protection.

6. Enhancing community understanding of issues on retirement protection (e.g. the basic concept that the Hong Kong's retirement protection system adopts the multi-pillar approach advocated by the World Bank, the impact of various options on resource utilisation and public finance, and the sustainability of the system, etc.) would help promote informed and objective discussion of the community on the development direction of retirement protection in Hong Kong, thereby exploring and building consensus. The CoP agreed to conduct the relevant work through Announcements in the Public Interest on television and radio, posters and leaflets, as well as a thematic website, etc.

7. To facilitate the work of enhancing public understanding, various channels would be deployed to promote public engagement, including –

- (a) Collecting views of the Legislative Council and District Councils;
- (b) Organising public consultation sessions targeting at citizens;
- (c) Arranging focus group meetings to collect views of stakeholders (e.g. labour unions, employers' associations, non-governmental welfare organisations, concern groups and youth organisations, etc.) and think tanks; and
- (d) Organising consultation sessions with public advisory bodies and stakeholders, including the Elderly Commission, Labour Advisory Board, Commission on Youth, as well as various chambers of commerce, professional groups, non-governmental organisations and community leaders.

## **Conclusion**

8. Members of the Subcommittee are invited to note the content of this paper.

Labour and Welfare Bureau  
October 2015