

立法會
Legislative Council

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Panel on Welfare Services

Report of Subcommittee on Retirement Protection

Purpose

This paper reports on the deliberations of the Subcommittee on Retirement Protection ("the Subcommittee").

The Subcommittee

2. The Subcommittee was appointed by the Panel on Welfare Services ("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. The terms of reference of the Subcommittee are in **Appendix I**.

3. The Subcommittee commenced work on 25 February 2014. In accordance with House Rule 26(c), the approval of the House Committee was obtained on 9 January 2015 for the Subcommittee to continue its work in the 2014-2015 session. Pursuant to the decision made at the House Committee meeting on 9 October 2015, approval was further given by the House Committee for the Subcommittee to extend the period of work for three months until 31 December 2015, after which the Subcommittee has been placed on the waiting list till June 2016. Between January and May 2016 when the Subcommittee was placed on the waiting list, the Panel held two special meetings to discuss with the Administration and meet with deputations on related issues.

4. Hon CHAN Yuen-han and Hon CHEUNG Kwok-che were Chairman and Deputy Chairman of the Subcommittee respectively. The membership list of the Subcommittee is in **Appendix II**. The Subcommittee has held a total of 17 meetings. The Subcommittee has also received views from

232 organizations, academics and individuals on related issues at 12 of these meetings. A list of the organizations, academics and individuals which/who have given views to the Subcommittee is in **Appendix III**.

Background

5. According to the updated set of population projections 2015-2064 released by the Census and Statistics Department ("C&SD") in September 2015, the proportion of elderly persons aged 65 and over (excluding foreign domestic helpers) is projected to rise markedly from 15% in 2014 to 36% in 2064. Population ageing is expected to be most rapid in the coming 20 years with the proportion of over 65 years old reaching 23% in 2024 and 30% in 2034. This is mainly attributable to the post-war baby boomers entering old age. Towards the end of the projection period, the proportion of the elderly will stabilize as the baby boomers gradually pass away.

6. According to the Administration, based on the World Bank's multi-pillar model¹, the retirement protection system in Hong Kong is made up of a number of schemes. It comprises four pillars that are complementary to one another in serving the needs of different groups of elderly:

- (a) *zero pillar* : publicly-funded social security system (comprising the Comprehensive Social Security Assistance ("CSSA") Scheme, the Old Age Allowance ("OAA"), Old Age Living Allowance ("OALA") and Disability Allowance ("DA"));
- (b) *second pillar* : mandatory contributions to the Mandatory Provident Fund ("MPF") schemes and other occupation-based retirement schemes;
- (c) *third pillar* : voluntary contributions to the MPF schemes,

¹ The World Bank issued a report on "Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform" ("the Report") in 2005, and proposed to add two pillars to the three-pillar model, i.e. (a) a non-contributory basic pension plan financed by the Government; and (b) non-financial support including access to informal support (e.g. family support), other formal social security programmes (e.g. healthcare and/or housing), and other individual financial and non-financial assets (e.g. home ownership and reverse mortgages where available). The World Bank reiterated in the Report that a multi-pillar retirement protection model can provide the elderly with the needed retirement protection more effectively than a single pillar model. The Report also pointed out that any recommendations to improve the retirement protection scheme should take into consideration the actual situation of the place.

retirement savings-related insurance, etc.; and

- (d) *fourth pillar* : public housing, healthcare and welfare services, family support and personal assets.

7. As announced in the 2013-2014 Budget Speech, the Financial Secretary appointed the Working Group on Long-Term Fiscal Planning in June 2013 to explore ways to make more comprehensive planning for public finances to cope with the ageing population and other long-term commitments of the Government.² The Working Group issued its Phase One Report in March 2014 and the Phase Two Report in March 2015 respectively. The Working Group highlighted the huge pressure that an ageing population and anticipated slower economic growth would put on public finance. It recommended, among others, that the Government should contain the growth of government expenditure and set up a Future Fund or saving schemes for the future generation.

8. A consultancy team led by Professor Nelson CHOW, which was commissioned by the Commission on Poverty ("CoP"), commenced its study on retirement protection in May 2013. The consultancy study aimed to assess various proposed retirement protection schemes on the basis of the multi-pillar approach advocated by the World Bank and make recommendations on the way forward. The consultancy team set out its findings and recommendations in its report entitled "Future Development of Retirement Protection in Hong Kong" ("the Research Report") which was submitted to CoP on 20 August 2014 and made public on the same day³.

9. CoP has launched a six-month public consultation exercise on retirement protection⁴ from 22 December 2015.

² The Working Group, led by the Permanent Secretary for Financial Services and the Treasury (Treasury), aims to assess, under existing policies, the long-term public expenditure needs and changes in government revenue, and to propose feasible measures with reference to overseas experience. The Executive Summary of the report of the Working Group can be found at <http://www.legco.gov.hk/yr13-14/english/fc/fc/papers/fcfc-47-e.pdf>.

³ The Research Report can be found at http://www.legco.gov.hk/yr13-14/english/panels/ws/ws_rp/papers/ws_rp0829-sum20140820-e.pdf.

⁴ The consultation document entitled "Retirement Protection Forging Ahead" can be found at <http://www.rp.gov.hk/>.

Deliberations of the Subcommittee

Efficacy of the existing retirement protection system

Non-contributory social security system

10. Most members note with concern that the labelling effect of the CSSA Scheme has deterred many vulnerable elderly from seeking appropriate financial assistance. Moreover, under the requirement of applying for CSSA on a household basis, those elderly CSSA applicants who are living with family members have to provide information on the financial position of their family members for the purpose of assessing their financial needs. If they wish to apply for CSSA on their own, they must submit a declaration on non-provision of financial support by their family members. It will be difficult for the elderly concerned to make CSSA applications if their family members are unwilling to make such declaration. These members take the view that the provision of allowance and assistance under the means-tested social security system is short-term alleviation measures for the elderly, and are not retirement protection schemes.

11. According to the Administration, the CSSA Scheme is designed to provide financial support to needy families for meeting basic needs. Applications are made on a household basis on the ground that family members should render assistance and support for each other. Where an elderly applicant wish to apply for CSSA on his/her own, the Social Welfare Department would consider exercising its discretion on a case-by-case basis. The Administration has advised that about 80% of the elderly already receive retirement protection under the existing social security system funded by public finance, which include about 220 000 elderly receiving monthly OAA, more than 420 000 elderly receiving a monthly OALA, about 150 000 elderly being on CSSA and over 30 000 elderly receiving monthly DA. The annual expenditure on elderly welfare reaches \$24 billion, accounting for 8% of Government's recurrent expenditure.

MPF system

12. Some members have expressed concern that the current generation of elderly, homemakers and unemployed persons are not covered by the employment-based MPF system. These members also criticize the offsetting arrangement under the MPF system (i.e. the arrangement of offsetting severance payments and long service payments against MPF accrued benefits derived from employers' contributions), as the arrangement, in their view, has rendered the MPF system unable to provide employees, in particular low-income earners,

with retirement protection. These members have strongly called on the Administration to draw up a legislative timetable to abolish the offsetting arrangement within the current term of Government, such that the entire sum of MPF contributions from employers and the accrued benefits can be preserved to strengthen the retirement protection for employees.

13. Some other members, however, have opposed strongly such proposed abolition. They consider that this would impose substantial financial burden on enterprises, especially small and medium ones, and would deal a blow to their operations, or even affect employees' terms of employment and job opportunities.

14. The Administration has explained that the offsetting arrangement is a complicated issue which can be dealt with in different ways gradually. Given that different approaches would have varying impact on employers and employees, the Administration would need to continue to listen to the views of various sectors of the community through the existing platforms. It would consider and examine the issue in a holistic and careful manner before deciding on the way forward.

15. Noting that the Panel on Manpower and the Panel on Financial Affairs have appointed a joint subcommittee to follow up on issues relating to the offsetting arrangement, members agree that the subject matter would be followed up by the relevant Joint Subcommittee⁵.

16. Most members have also expressed concern that the management fees of the MPF schemes are generally on the high side, which would further erode the retirement benefits of employees. The Administration has advised that the MPF system has enabled more than 2.8 million employees, including those self-employees, to save for their retirement. As of May 2015, the annualized internal rate of return (net of fees) of the MPF system since its inception in 2000 was 5.1% and the annualized change of the Consumer Price Index for the same period was 1.7%, reflecting the role of the MPF system in providing retirement protection for scheme members. Moreover, the Mandatory Provident Funds Schemes Authority ("MPFA") and the Administration have since the inception of the MPF system been pursuing various measures and planned initiatives to lower MPF fees and increase employees' control on investment made. Notably, following the implementation of the Employee Choice Arrangement in November 2012, which provides employees with greater autonomy in choosing

⁵ The Joint Subcommittee has completed its work in May 2016 and submitted in its report to the two Panels which has been issued vide LC Paper No. CB(2)1684/15-16.

MPF schemes, a number of funds have reduced their management fees. Currently, there are more than 170 low-fee funds available in the market. To facilitate greater scope for fee reduction, the Government and MPFA aim to introduce a "core fund" as the default fund⁶, which will be subject to fee control and based on long-term investment strategy that is consistent with retirement saving objectives, in each MPF scheme by 2016. In addition, MPFA has strengthened publicity and public education efforts on MPF investments.

Voluntary savings

17. As a result of the decreasing family size of the baby boomers, who were born in 1950s and 1960s with no, one or two children, and the declining willingness of the current cohort of younger generation to support elderly parents, most members have expressed reservation about the reliability of family as a major source of financial support for their elderly parents. Some members have also pointed out that the low-income earners can hardly accumulate adequate savings for their twilight age.

18. According to the Administration, it has, over the years, been providing various community support, healthcare and residential care services for the elderly at concessionary rates. In the view of the Administration, all these measures subsidize the daily living and personal care expenses of the elderly to a certain extent. They have provided diversified support for the elderly, which is in addition to, and as important as, financial support.

19. Most members take the view that there are deficiencies of the existing three-pillar retirement protection system in ensuring that the elderly can lead a dignified and financially-secured life in their twilight years. These members have stressed that the Administration should carry out a holistic review of, rather than piecemeal improvement to, the existing three-pillar model for retirement protection in Hong Kong. They have strongly called for the early implementation of a universal retirement protection scheme.

Proposed retirement protection models considered by the Subcommittee

20. In the absence of a concrete proposal on retirement protection being put forth by the Administration and to facilitate members' further deliberation on the subject, the Subcommittee invited five community organizations and political

⁶ The Mandatory Provident Fund Schemes (Amendment) Bill 2015, which aims to introduce a highly standardized and fee-controlled Default Investment Strategy (previously called the "core fund") into the MPF system, was introduced into LegCo on 25 November 2015 and passed at the Council meeting of 25 May 2016.

parties (viz. Neighbourhood and Worker's Service Centre, Alliance for Universal Pension, Hong Kong Social Security, The Hong Kong Federation of Trade Unions and Professional Commons) to present their respective proposed retirement protection models⁷ at a meeting in May 2014. These models can be broadly divided into two categories, viz. universal with uniform amount and non-means-tested retirement protection scheme, and means-tested multi-tiered retirement livelihood protection scheme. A summary highlighting the key features of the five proposed retirement protection models considered by the Subcommittee is in **Appendix IV**.

21. Some members have expressed support for the non-means-tested retirement protection models, which propose in common that all elderly aged 65 and above are entitled to receive a non-means-tested monthly payment in the region of \$3,000 to \$4,000, with tripartite contributions from the Government, employers and employees. These members take the view that as the elderly population is projected to rise markedly in the following decades, the coming few years would be the last golden opportunity for the implementation of a universal retirement protection scheme. If the Government does not introduce a universal retirement protection scheme expeditiously, the public expenditure on old age CSSA, OAA and OALA would, on the other hand, surge in light of the ageing population. More importantly, retirement protection is a fundamental right of individual elderly in recognition of their past contribution and hence should not be studied from the poverty alleviation perspective. As the implementation of universal retirement protection has been discussed at length by the community at large, these members have strongly urged the Administration to make reference to the five-pillar retirement protection model put forward by the World Bank in 2005 and implement a universal retirement protection scheme in Hong Kong without further delay.

22. Some other members, however, are opposed to the implementation of a universal non-means-tested retirement protection scheme. They are worried that it would impose a very heavy burden on the public coffers and the younger generation over time. While agreeing to provide retirement protection to the needy elderly, these members have expressed concern about the funding source, the community acceptance of making extra contribution by employers and employees as well as the sustainability of a universal non-means-tested retirement protection scheme. These members have stressed that the limited public resources should be targeted at the elderly in need. They are therefore in support of a non-universal means-tested retirement protection scheme. It is

⁷ The five proposed retirement protection models considered by the Subcommittee are available at http://www.legco.gov.hk/yr13-14/english/panels/ws/ws_rp/agenda/rp20140527.htm. The Alliance for Universal Pension has updated its proposal in June 2016 for submission to CoP which has been issued vide LC Paper No. CB(2)1820/15-16(01).

further suggested that each pillar of the existing multi-pillar retirement protection regime in Hong Kong should be examined and strengthened with a view to providing more appropriate assistance for the needy elderly.

23. The Administration has advised that having regard to the sustainability of the universal option of retirement protection 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, it has reservation about the universal option. Notwithstanding this, it is open-minded on the way forward for retirement protection in Hong Kong. As retirement protection would affect all Hong Kong people and given its far-reaching implications on public finance, the local economy and society, the Government must examine the issue most carefully and objectively. Given the complexity of the issue, it is 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. The Administration has 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.

24. The Administration has reiterated that it is very concerned about the subject of retirement protection. To demonstrate the Government's determination and commitment in improving protection for needy citizens after retirement, \$50 billion has been earmarked to provide for future needs of retirement protection.

Research Report on Future Development of Retirement Protection in Hong Kong

25. According to the Administration, the consultancy team led by Professor Nelson CHOW was commissioned by CoP to make an in-depth analysis in the following four aspects:

- (a) the relationship among the old age CSSA, OALA, and OAA, as well as their collective retirement protection functions;
- (b) on the basis of the relationship among the existing social security for the elderly, MPF and voluntary private savings (i.e. the three-pillar retirement protection model), examine the retirement protection functions they perform collectively;
- (c) analyze and make projections on the major proposals on the

development of retirement protection put forth by community groups, the political sector and academics, having regard to factors such as demographic changes in Hong Kong in the next 30 years, economic growth forecasts and the Government's fiscal strengths, and so on; and

- (d) use the analysis and projections in (c) above to propose feasible options to further improve social security and retirement protection for the elderly.

Members note that the consultancy team has selected five retirement protection proposals⁸ for financial assessments. Members also note that in the Research Report, the consultancy team recommended the Government to, among others, consider to set up a "Demo-grant" at \$3,000 per month for all Hong Kong permanent residents aged 65 or above.

26. Upon the release of the Research Report on 20 August 2014, the Subcommittee met with the consultancy team and the Administration at the meeting on 29 August 2014 to discuss the findings and recommendations of its Research Report. Some members have strongly urged the Administration to take on board the consultancy team's recommendations and implement a universal non-means-tested retirement protection scheme without further delay. Some other members, however, have expressed reservations with the affordability and sustainability of the proposed "Demo-grant". They consider that the proposal should build on the existing social security system to direct public resources to help the elderly most in need through means tests.

27. The Administration has advised that it attaches great importance to the challenges brought about by an ageing population, and that poverty alleviation and elderly welfare are areas of work priority of the current term Government. Members' attention has been drawn to the fact that the Government has taken the initiative to commission Professor Nelson CHOW to conduct a research study on retirement protection. The Research Report has provided useful reference for future discussion on retirement protection, which is a highly complex subject. CoP would need more time to examine the findings and recommendations in the Research Report and discuss relevant issues in depth.

28. At the abovementioned meeting, the Subcommittee passed a motion urging the Government to pay heed to the results of the consultancy study and

⁸ The consultancy team has originally selected six proposals, but the team has not adopted one of the proposals on annuity scheme for quantitative assessment because it involves large amount of hypothetical data.

demonstrate its determination and commitment to implement a comprehensive retirement protection system, as well as launch immediately a public consultation exercise on various options set out in the Research Report and put forward a concrete proposal and an implementation timetable in the Chief Executive ("CE")'s 2015 Policy Address.

CoP's deliberations on the subject of retirement protection

29. At the request of the Subcommittee, the Administration has been providing members with updates on the discussion of CoP on how to take forward the subject of retirement protection, including the findings and recommendations in the Research Report. Members have expressed grave concern about the unduly long time taken by CoP to study the matter. At the meeting on 11 October 2014, members agreed that the Subcommittee Chairman should write to the Chief Secretary for Administration, who is also Chairman of CoP, requesting CoP to conduct public consultation on the findings and recommendations in the Research Report. The Subcommittee passed a motion on 27 January 2015 urging the Government to conduct a public consultation exercise on various proposals on retirement protection by June 2015 and introduce relevant legislation on the implementation of a retirement protection system within the tenure of the Fifth Legislative Council ("LegCo").

30. In response to the Subcommittee's call for launching a public consultation exercise on retirement protection, the Administration has advised that CoP has planned to do so in the fourth quarter of 2015. CoP's preliminary thinking was that one single universal retirement protection proposal as well as a concrete proposal on the means-tested non-universal retirement protection option providing targeted assistance for the elderly in need should be covered in the consultation document to facilitate public discussion. The Administration has further advised that as C&SD has updated and released the population and labour projection in September 2015, CoP members agreed to make use of the latest projection figures and the projection method adopted in the Research Report to update the financial assessments of the projections of the relevant proposals in the Research Report as well as to explore the feasibility of extending the projection period to 50 years, so as to enable an in-depth discussions based on concrete data.

31. Some members have expressed disappointment at CoP's decision to use C&SD's latest projection figures to update the financial assessments of various proposals in the Research Report, which in their view, would inevitably delay the timetable for public consultation. Some members have questioned the need for the updating exercise and extension of the projection period from 30 years to 50 years.

32. The Administration has explained that the population projections are regularly updated at two to three years' interval to take into account of information on the latest developments of the population, including the most up-to-date information on fertility, mortality and movement patterns of the population which have emerged since the last set of population projections is produced as well as the prevailing government policies and external factors. In preparing the updated set of projections, C&SD has noted a population decline in 20 to 30 years' time and has 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. C&SD has also updated the labour force projections with the availability of the latest population projections.

33. According to the Administration, CoP has agreed 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 various groups of elderly. CoP has also agreed to use the "Demo-grant" proposal from the consultancy team as the basis for analyzing universal retirement protection proposals. As for non-universal proposals, a concrete proposal would be formulated for comparison after making reference to the two non-universal proposals covered in the Research Report. Apart from setting out the two proposals on retirement protection, CoP's consultation document will also provide a simple and clear analytical framework for comparing the two proposals in various aspects such as their rationales, contents, implications and implementation in order to assist the public in making a choice. It is expected that the development direction of retirement protection in Hong Kong can be identified within the current-term of Government.

34. At its meeting on 26 October 2015, the Subcommittee passed another motion urging the Government to, among others, put forward a specific proposal and an implementation timetable for retirement protection immediately.

35. Noting that over 180 academics have put forward an updated universal non-means-tested old age pension option to CoP for consideration in November 2015, most members have urged the Administration to include the latest proposal from these academics in the consultation document for the public consultation.

Public consultation exercise on future direction of retirement protection

36. CoP has launched a six-month public engagement exercise on retirement protection from 22 December 2015. In its consultation document, CoP has put forth two simulated options, one under the "regardless of rich or poor" principle and the other under the "those with financial needs" principle, and compared their increased expenditure as well as the impact on public finances.

37. Some members criticize that the consultation document has unnecessarily re-opened the discussion on the fundamental question of whether a universal retirement protection scheme should be implemented. They consider that the Administration has taken a step backward by conducting a consultation exercise on the development direction of retirement protection after the consultancy team, which is commissioned by the Government, has released its report on future development of retirement protection in Hong Kong and recommended a "Demo-grant" proposal. In these members' view, the public consultation exercise should focus on the financial arrangements for a sustainable universal retirement protection scheme to be implemented in Hong Kong.

38. These members urge the Administration to adopt the "regardless of rich and poor" principle to implement a non-means-tested retirement protection scheme with tripartite contributions from the Government, employers and employees, so as to ensure that the elderly can lead a dignified and financially-secured life in their twilight years. They have reiterated their strong view that retirement protection is a basic right of individual elderly people in recognition of their past contribution and should not be considered merely from the perspective of poverty alleviation.

39. Some other members, however, are opposed to adopting the "regardless of rich or poor" principle. They consider that it would impose a very heavy burden on the public finances and the younger generation over time. Considering that a non-means-tested universal retirement protection scheme to be unsustainable, these members prefer the adoption of the "those with financial needs" principle to provide a means-tested non-universal retirement protection scheme which can direct public resources to help the elderly most in need.

40. Some members have expressed concern about the Government's sincerity in conducting the public consultation exercise, having regard to its reservations over implementation of any universal retirement protection schemes. They are concerned about whether the Administration will take forward the subject of retirement protection according to the public views collected, if the results are in support of a universal retirement protection scheme. Some members cast doubt as to whether a policy on retirement protection could be duly worked out for

implementation within the current term of Government given the tenure of the Fifth LegCo and the current term Government would expire in 2016 and 2017 respectively.

41. The Administration has drawn members' attention to the fact that this is the first time since the establishment of the Hong Kong Special Administrative Region that the Government engages the public to discuss retirement protection, which demonstrates the current term Government's commitment and sincerity. It has stressed that it is open-minded on the way forward for retirement protection in Hong Kong, although it has reservation over any options that are not means-tested and apply equally to all the elderly regardless of being rich or poor. As a responsible government, the Administration has to clearly explain its position to Hong Kong people. Nonetheless, the Administration agrees that the existing retirement protection system has room for improvement and does not wish to see the retirement protection efforts coming to a standstill.

42. According to the Administration, CoP will make good use of the public consultation exercise to listen to a wide spectrum of public views on how to improve the retirement protection system in Hong Kong. At the Subcommittee meeting on 20 June 2016, members are advised that during the public consultation period, the Administration and CoP have organized or attended 105 public engagement activities in various formats, including district forums, meetings of LegCo and District Councils, meetings of Government advisory and statutory bodies, activities organized by various organizations, etc. to listen to the views of different sectors of the community on retirement protection. As at 19 June 2016, the Administration has received some 1 100 submissions on the consultation documents. The Labour and Welfare Bureau ("LWB") has commissioned an independent consultant to collate, consolidate and analyze all the views received during the public consultation exercise. It is expected that the consultant will submit a report to CoP for further consideration by the end of 2016. The Government hopes to set a policy direction for the future retirement protection within the current term of Government.

Recommendations

43. The Subcommittee urges the Administration to take into account the views and concerns expressed by members on various issues as set out above in taking forward the issue of retirement protection. The Subcommittee recommends that the Administration should:

- (a) tackle the challenges of ageing population and improve the existing retirement protection system, including the social security system

and MPF system, without further delay;

- (b) make public all the views collected during CoP's public consultation exercise on the future direction on retirement protection and the analysis of the independent consultant commissioned by LWB; and
- (c) formulate a concrete execution plan for retirement protection within the current term of Government.

44. The Subcommittee also recommends that the Panel of the Sixth LegCo should consider to follow up the above issues with the Administration.

Advice sought

45. Members are invited to note the work and support the recommendations of the Subcommittee.

Council Business Division 2
Legislative Council Secretariat
7 July 2016

Panel on Welfare Services

Subcommittee on Retirement Protection

Terms of reference

To study issues relating to the 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.

Panel on Welfare Services

Subcommittee on Retirement Protection

Chairman Hon CHAN Yuen-han, SBS, JP

Deputy Chairman Hon CHEUNG Kwok-che

Members Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Frankie YICK Chi-ming, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Hon CHUNG Kwok-pan

(Total : 13 members)

Clerk Miss Betty MA

Legal Adviser Miss Rachel DAI

Date 26 October 2015

Panel on Welfare Services

Subcommittee on Retirement Protection

List of organisations/individuals which/who have given oral representation to the Subcommittee

1. 「全民退保 點解唔得」關注組
2. Momentum 107
3. A.I.M. Group
4. 九龍仔全民退休保障關注組
5. 九龍城社區關注組
6. 二分一家用大聯盟
7. Manpower Concern Group
8. 八萬蚊棺材本關注組
9. 八萬零一無得保關注組
10. 十三街五街社區關注組
11. Sheung Shui CSU
12. Tai Hang Tung & Nam Shan Estate Peoples Committee
13. Women Workers Cooperative
14. Democracy Groundwork
15. Labour Rights Commune
16. Labour Party
17. 不要高鐵我要退休保障青年戰線
18. Mr Joseph CHAN, Member of Central and Western District Council
19. 中產關注退休保障陣線
20. Civil Force
21. Civic Party
22. The Professional Commons
23. 反對全民退保力量
24. 反對全民退保陣線
25. 反對全民退保關注組
26. 反對老奉金聯盟
27. 反對退保騙局聯盟
28. Tin Shui Wai Community Development Alliance
29. Tin Shui Wai Community Development Network
30. Tin Shui Wai Elderly Welfare Union
31. 天水圍長者權益關注組
32. Tin Shui Wai Concern Group About Man
33. Tin Shui Wai Retirement Protection Group

34. Catholic Diocese of Hong Kong Diocesan Pastoral Centre for Workers (Kowloon)
35. 天主教香港教區 教區勞工牧民中心(九龍)保安護衛關注組
36. 天主教香港教區 教區勞工牧民中心(九龍)單幢大廈保安關注組
37. Catholic Diocese of HK Diocesan Pastoral Centre for Workers (HK Island)
38. Catholic Diocese of Hong Kong Diocesan Pastoral Centre for Workers (New Territories)
39. North District Outsourcing Cleaning Workers Concern Group
40. North District Grassroot Worker Group
41. North District Employment Concern Group
42. 司長話我父母無經濟需要青年組
43. 失明長者退休保障關注組
44. 平民百姓生活調查組
45. 本土青年聯盟
46. Democratic Alliance for the Betterment and Progress of Hong Kong
47. The Democratic Party
48. Social Development for Hong Kong's Future
49. Mr KAM Kwok-tung
50. Shek Wu Hui Housing Problem Concern Group
51. 全民退保冷靜關注組
52. 全民退保熱情關注組
53. 全民退保關注組
54. Alliance of Social Welfare for Universal Pension
55. 有種精英叫廢青
56. Elderly Welfare Concern Group
57. Chinese Grey Power
58. Liberal Party
59. Liberal Party Opposes Universal Retirement Protection Concern Group
60. Liberal Party Youth Committee
61. Liberal Party Retirement Policy Concern Group
62. 西貢爭取全民退休保障團體
63. Lee Wah House MAC
64. Mr LUI Chun-yin
65. Alliance of Support Universal Retirement Protection and Don't Cheat Our Father and Mother
66. 我要全民退保咪呢我老豆老母聯合陣線
67. Ms Alice Ishigami LEE Fung-king
68. Ms LEE Wai-ming
69. Children's Concern Group on the Development of Retirement Protection
70. Children's Rights Association
71. Miss CHOW Wing-chi

72. Mr Jaco CHOW
73. Radiation Therapist and Radiographer Conscience
74. Alliance for Universal Pension
75. 爭取基層生活保障聯盟
76. Reclaiming Social Work Movement
77. 社區及院舍照顧員總工會
78. Community Development Alliance
79. League of Social Democrats
80. Concern for Elderly Retirement Right Group
81. 青年支持全民退保委員會
82. Youth ADPL
83. Youth Innovators
84. 青年退保關注組
85. 青年鼓油黨
86. 青年撐退保
87. 青年撐退保陣線
88. Youth Concern Elderly Poverty Issue Association
89. 保安護衛關注組
90. Insurance Arise
91. Dr LEE Wing-yan, Assistant Professor, School of Decision Sciences, Hang Seng Management College
92. Professor Raymond SO, Dean, School of Business, Hang Seng Management College
93. Dr Kevin YUEN Fei-lung, Assistant Professor, Department of Mathematics and Statistics, Hang Seng Management College
94. Government Mod 1 Staff General Union
95. Professor Christine FANG Meng-sang, Professor of Practice, Faculty of Social Sciences, The University of Hong Kong
96. Business and Professionals Federation of Hong Kong
97. The Hong Kong Federation of Trade Unions
98. The Hong Kong Federation Of Trade Unions - Social Affairs Committee
99. The Hong Kong Federation of Trade Unions Right & Benefits Committee
100. Mr Stephen WONG, Lecturer, Master of Social Science in Global Political Economy Programme of The Chinese University of Hong Kong
101. Professor FUNG Ho-lup, Adjunct Associate Professor, Department of Social Work, The Chinese University of Hong Kong
102. Professor Raees Baig, Assistant Professor, Department of Social Work, The Chinese University of Hong Kong
103. Professor WONG Yu-cheung, Associate Professor, Department of Social Work, The Chinese University of Hong Kong

104. Professor WONG Hung, Associate Professor, Department of Social Work, The Chinese University of Hong Kong
105. Dr Kenneth CHAO Chee-kwong, Assistant Professor, Lee Shau Kee School of Business and Administration, The Open University of Hong Kong
106. HK Catholic Commission for Labour Affairs
107. Hong Kong Federation of the Blind
108. Hong Kong Association for Democracy and People's Livelihood
109. HK Business Community Joint Conference
110. Elderly Right League (H.K.)
111. Hong Kong Disneyland Cast Members' Union
112. HK Buildings Management and Security Workers General Union
113. The Federation of HK Property Management Ltd.
114. Hong Kong Taxi Owners' Association Limited
115. Society for Community Organization
116. Hong Kong Federation of Social Work Students
117. The Hong Kong Council of Social Service
118. HK Social Security Society
119. Mr LEE Kim-ming, Senior Lecturer, Division of Social Sciences, Community College of City University
120. Dr KAM Ping-kwong, Associate Professor, Department of Applied Social Sciences, City University of Hong Kong
121. Hong Kong Policy Viewers
122. Hong Kong Domestic Workers General Union
123. Dr LEUNG Hon-chu, Principal Lecturer, Department of Sociology, Hong Kong Baptist University
124. Mr SHIU Ka-chun, Associate Director, Centre for Youth Research and Practice, Hong Kong Baptist University
125. Dr Billy MAK Sui-choi, Associate Professor, Department of Finance and Decision Sciences, Hong Kong Baptist University
126. 香港基督徒學生運動
127. Hong Kong Christian Institute
128. Hong Kong Federation of Women's Centres
129. Hong Kong Women Workers' Association
130. Hong Kong Professional Teachers' Union
131. Professor CHOU Kee-lee, Head of Department of Asian and Policy Studies, The Hong Kong Institute of Education
132. Mr TAM Hoi-pong, Lecturer, Complementary Studies Programme, The Hong Kong Polytechnic University
133. Dr CHUNG Kim-wah, Director, Centre for Social Policy Studies, Department of Applied Social Sciences, The Hong Kong Polytechnic University
134. Dr LEUNG Chi-yuen, Teaching Fellow, Department of Applied Social Sciences, The Hong Kong Polytechnic University

135. Dr Joyce CHANG Sau-han, Head of Department of Social Work, Hong Kong Shue Yan University
136. Ms Brenda SO Kit-yin, Lecturer, Department of Social Work, Hong Kong Shue Yan University
137. Dr Raymond W M YEUNG, Assistant Professor, Department of Economics and Finance, Hong Kong Shue Yan University
138. Dr YUEN Wai-kee, Associate Head and Assistant Professor, Department of Economics and Finance, Hong Kong Shue Yan University
139. Dr POON Che-cheong, Associate Professor, Department of Economics and Finance, Hong Kong Shue Yan University
140. Hong Kong Confederation of Trade Unions
141. Hong Kong Confederation of Trade Unions (Kowloon) Comprehensive Pension Concern Group
142. Hong Kong Confederation of Trade Unions (N.T. West) Comprehensive Pension Concern Group
143. Hong Kong Confederation of Trade Unions (N.T. East) Comprehensive Pension Concern Group
144. Smart & Beauty House
145. Mr TSUI Yat-keung
146. 耆英社
147. 耆英團結組
148. 耆樂融融關注組
149. Elderly Council of Tsuen Kwai Tsing District
150. 荃灣石圍角長者組
151. Tsuen Wan Elderly Joint Group
152. The Grassrooteer
153. Mr Bryan YUEN Kwan-wing
154. Concern for the Retirement Scheme Group
155. Secured retired no worrie group
156. 做到死都無退休保障關注組
157. Evangelical Lutheran Church Social Service - Hong Kong
158. Grassroot Labour Concern Group
159. Grassroots Women Concern Group on Retirement Protection
160. Grassroots Women Concern Group on Social Security
161. Grassroot Worker Concern Group
162. Grassroots Development Centre
163. Grassroots Rights Monitor
164. Concern Group of Women Poverty
165. 婦女就業致癌關注組
166. 婦女權益關注組
167. 將軍澳長者民生關注會
168. T.K.O. Concern Network of Universal Pension
169. Mr Jackson CHUI Siu-kwan

170. Mr HONG Fu-yeuk
171. Miss CHEUNG Nga-lam
172. Promoters and Causal Workers Union
173. Mr Apo LEONG
174. Sham Shui Po Community Association
175. 深水埗街坊爭取全民退休保障聯合戰線
176. Cleaning Workers' Union
177. Mr Henry MOK
178. Mr CHAN Chung-yau
179. Mr FU Ka-ho
180. Ms FU Suk-yin
181. 勞協女工合作社
182. Industrial Relations Institute
183. The Federation of Hong Kong and Kowloon Labour Unions
184. Mr Felix TONG Fu-cheong
185. Neighbourhood and Worker's Service Centre
186. Progressive Teachers' Alliance
187. Mr FUNG Chi-wood
188. Ms WONG Siu-ping
189. Mr Raphael WONG
190. Neo Democrats
191. New People's Party
192. 新界東工人退休保障關注組
193. New Territories Evangelical Ambassador
194. The Association for the Advancement of Feminism
195. Care Takers Concern Group
196. The Lion Rock Institute
197. Hong Kong Association For The Survivors of Women Abuse (Kwan Fook)
198. 落實全民退休保障青年關注組
199. Ms YIP Mee-young
200. 葵芳工友組
201. Kwai Fong Estate Elderly Rights Concern Group
202. Mr Andrew WAN Siu-kin, Member of Kwai Tsing District Council
203. Mr WONG Yun-tat, Member of Kwai Tsing District Council
204. Kwai Chung Elderly People Rights Concern Group
205. Kwai Chung Estate Residents' Rights Concern Group
206. 葵涌邨長者權益關注組
207. Kwai Chung Estate Labour Right Concern Group
208. Kwai Chung Elderly Rights Concern Group
209. Kwai Chung Old People Rights Concern Group
210. Retail, Commerce and Clothing Industries General Union
211. Act Voice
212. Christians To The World

213. 廢青維穩大聯盟
214. Institution of Dining Art
215. Mr CHENG Ka-wing
216. Mr LAI Ming-lai
217. Academic for Universal Pension
218. Dr CHAN Chi-shing, Part-time Lecturer, Department of Economics,
University of Macau
219. Mr Colin LO
220. Professor HO Lok-sang, Head of Department of Economics, Lingnan
University
221. Miss TAI Yuet-ching
222. United Friendship Taxi Owners & Drivers Assn Ltd.
223. Mr Julian KAN Chi-chung
224. Mr LAW Yat-kwong
225. North District Low-Income Concern Group
226. Concern North District Workers Alliance
227. Concern for Elderly Right Group
228. Elderly Social Concern Alliance
229. Concerning Home Care Service Alliance
230. Women Concern Group for Rights
231. 關注婦女權益聯盟
232. Concerning CSSA & Low Income Alliance

List of organisations/individual which/who have provided written views to the
Subcommittee

1. Ingrid CHEUNG
2. LEE Kam-ha
3. 一群在社會背後工作的人
4. Tuen Mun District Council Secretariat
5. Mr YEUNG Wai-sing, Member of Eastern District Council
6. Mr 林兆彬
7. LAM Sau-king
8. Dr C K LAW, Associate Professor, Department of Social Work and
Social Administration, University of Hong Kong
9. Federation of Hong Kong Industries
10. The Hong Kong General Chamber of Small and Medium Business
11. The Chinese General Chamber of Commerce
12. Hong Kong Civic Association
13. Centre for Youth Research and Practice, Hong Kong Baptist
University
14. Centre for Social Policy Studies the Hong Kong Polytechnic
University
15. Centre for Social Policy Studies, Department of Applied Social
Sciences, The Hong Kong Polytechnic University

16. Business and Professionals Alliance for Hong Kong
17. Actuarial Society of Hong Kong
18. 基層長者退休保障關注組
19. New Immigrants' Mutual Aid Association
20. Virgin Atlantic Hong Kong Cabin Crew Union
21. 錢伊華

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

Key features of proposed retirement protection models considered by the Subcommittee

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
Scheme	Universal Old Age Pension Scheme	Universal Old Age Pension Scheme under the Universal Retirement Protection Scheme	Universal Old Age Pension Scheme (first tier of the model)	Comprehensive Retirement Protection Scheme	Universal Old Age Pension Scheme
Fund management	Government (or an authority designated by the Government)	Government or private sector	Government	Government (to be managed by Hong Kong Monetary Authority)	Government
Coverage	Hong Kong permanent residents aged 65 or above	Hong Kong residents aged 65 or above	Hong Kong permanent residents aged 65 or above	Hong Kong permanent residents aged 65 or above	Hong Kong permanent residents aged 65 or above
Eligibility requirements	Non-means-tested	Non-means-tested	Non-means-tested	Non-means-tested	Non-means-tested
Payment amount/rate (per month)	\$3,500 - \$4,000	\$3,000 (at 2010 price level) (to be adjusted annually according to the changes in inflation for the preceding year as reflected in the Consumer Price Index ("CPI"))	\$4,000 (at 2014 price level), i.e. a wage replacement ratio of 20% against the average monthly wage of Hong Kong for the preceding year [¶]	monthly social insurance of \$3,250 starting from 2016 (at 2013 price level) (i.e. 25% of the median monthly wage of employees in Hong Kong (excluding employees in the	\$4,000 (at 2017 price level) (to be adjusted annually according to the changes in inflation in the preceding year as reflected in CPI)

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
			<i>*Taking 2011 as the base year and assuming a 2% annual rate of increase in nominal wage, it is estimated that the payment should be \$4,000 in 2014 upon the implementation of the scheme</i>	Government as well as student interns, work experience students and live-in domestic workers as exempted by the Minimum Wage Ordinance) in the second quarter of 2013)	
Contribution	Tripartite contributions	Tripartite contributions	Tripartite contributions	Tripartite contributions starting from 2021	Tripartite contributions
Employer	5% of employee's monthly income (subject to the maximum income level of \$60,000 i.e. two times of the amount for the Mandatory Provident Fund ("MPF"))	No additional contribution Transfer of 50% of the existing mandatory MPF contributions from employers (i.e. 2.5% of employee's monthly income) (subject to the maximum income level of \$30,000) Tax revenue from the increase in the profits tax rates (<i>see the "Refinement to the existing tax regime" below</i>)	6% of employee's monthly income	1.5% of employee's monthly income from 2021 (subject to no maximum income level) (including the transfer of 1% of MPF contributions from employer)	2.5% of employee's monthly income (subject to the maximum income level of \$80,000)

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
Employee	<p>5% of employee's monthly income (subject to the maximum income level of \$60,000 and the minimum income level of \$7,100 i.e. same as that for MPF)</p> <p>Self-employed persons are required to contribute</p>	<p>No additional contribution</p> <p>Transfer of 50% of the existing mandatory MPF contributions from employees (i.e. 2.5% of employee's monthly income) (subject to the maximum income level of \$30,000 and the minimum income level of \$7,100)</p>	<p><u>Employees</u> 2% of monthly income (subject to the minimum income level of 50% of the average monthly wage)</p> <p><u>Self-employed persons</u> 4% of monthly income (subject to the minimum income level of earning two times or above of the average monthly wage)</p>	<p>1.5% of employee's monthly income from 2021 (subject to no maximum income level but the minimum income level as that for MPF)</p> <p>(including the transfer of 1% of MPF contributions from employee)</p>	<p>2.5% of monthly income (subject to the maximum income level of \$80,000 and the minimum income level of \$7,100)</p>
Government	<p>5% of employee's monthly income</p> <p>An injection of \$40 billion for five years consecutively, amounting to a total injection of \$200 billion (alternatively, an annual injection of \$50 billion for four years)</p>	<p>Transfer of recurrent funding for the Comprehensive Social Security Assistance ("CSSA") payments (standard rate) for the elderly recipients, Old Age Allowance ("OAA") and Old Age Living Allowance ("OALA") payments</p> <p>A one-off capital injection of \$50 billion as a start-up fund</p>	<p>4% of employee's income</p>	<p>A one-off capital injection of \$50 billion as a start-up fund and transfer of \$150 billion from the Land Fund in every 10 years for three times</p> <p>Transfer of 5% from annual fiscal surplus</p> <p>Transfer of recurrent funding for the CSSA payments (standard rate) for the elderly recipients, OAA and OALA payments into</p>	<p>Transfer of recurrent funding for the CSSA payments (standard rate) for the elderly recipients, OAA and OALA payments</p> <p>A one-off capital injection of \$50 billion for the first five years and an injection of \$25 billion in real terms every five years thereafter</p>

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
				the Comprehensive Retirement Protection Scheme	
Refinement to the existing tax regime	Nil	Increase the profits tax rates by 1-2% for enterprises with an annual profit exceeding \$10 million to derive tax revenue for injection into the Scheme	Nil	Increase the profits tax rates by 1% for enterprises with an annual profit exceeding \$10 million to derive tax revenue for injection into the Scheme	Nil
Refinement to the existing social security system	<p>CSSA payments (standard rate) for the elderly recipients, OAA, and OALA payments are replaced by the Universal Old Age Pension Scheme payments</p> <p>The Government would provide subsidised healthcare and housing to the needy elderly</p>	<p>CSSA payments (standard rate) for the elderly recipients, OAA and OALA payments are replaced by the Universal Old Age Pension Scheme</p> <p>The Government would provide subsidised healthcare and housing to the needy elderly</p>	CSSA payments for the elderly recipients, OAA and OALA payments are replaced by the Universal Old Age Pension Scheme payments	<p>Amount of CSSA payments would be deducted if the recipients also receive the social insurance under the Scheme</p> <p>Abolition of the requirement for social security applicants to make declaration of non-provision of financial support from their family members</p>	CSSA payments (standard rate) for the elderly recipients, OAA and OALA payments replaced by the Universal Old Age Pension Scheme, with the special grants under the CSSA Scheme remain unchanged

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
Refinement to the existing MPF system	Mandatory contributions to the MPF system would be abolished five years after the implementation of the Universal Old Age Pension Scheme. Employees may choose to make voluntary contributions to the funds or withdraw their accrued benefits and abolish their accounts according to their own needs	Mandatory contributions from employers and employees under the MPF system be refined as 2.5% of the employees' relevant monthly income (subject to the maximum income level of \$30,000 and the minimum income level of \$7,100)	MPF be refined as a Central Provident Fund administered by the Government (second tier of the model) under which all Hong Kong permanent residents are eligible to join on a voluntary basis - <ul style="list-style-type: none"> - Minimum guaranteed real rate of return of 2% - Allow early withdrawal of the accrued benefits for payment of medical treatment if the annual personal/household medical expenditure reached the level of \$20,000 or above - Employers will not be allowed to use the accrued benefits to offset the severance payments or long service payments 	Transfer of 1% MPF contributions from both employers and employees to the Scheme from 2021 Employers will not be allowed to use the accrued benefits to offset the severance payments or long service payments Reduction of the administration fee and subject to a cap Public fund to be set up to offset inflation	Mandatory contributions from employers and employees to the MPF system remain unchanged

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
			<ul style="list-style-type: none"> - Matching contribution from employer (subject to a maximum rate of 5% of employee's income) - Contributions subject to a cap of eight times of the average wage - Employees are free to choose between the Government and insurance companies for fund management 		
Sustainability of the Scheme	Still sustains when the population aged 65 or above reaches a peak level	A predicted reserve of \$120 billion can be attained for 2041	Still sustains in 2041 when the population aged 65 or above will increase to some 2.54 million	Still sustains in 2041 when the population aged 65 or above will increase to 2.54 million	A respective predicted surplus of \$619.8 billion and \$591.8 billion can be attained for 2047 and 2060 if the Scheme is implemented in 2017

	Neighbourhood and Worker's Service Centre¹	Alliance for Universal Pension²	Hong Kong Social Security Society³	The Hong Kong Federation of Trade Unions⁴	Professional Commons⁵
Assumptions		<ul style="list-style-type: none"> - Population projection based on the "Hong Kong Population Projection 2010-2039" by the Census and Statistics Department ("C&SD") 	<ul style="list-style-type: none"> - Population projection based on the "Hong Kong Population Projection 2012-2041" by C&SD - A labour force participation rate of 65% - An unemployment rate of 4% - Rate of wage increase equals to the inflation rate - 5% of the eligible elderly will not receive the monthly old age pension 	<ul style="list-style-type: none"> - Population projection based on the "Hong Kong Population Projection 2012-2041" by C&SD - Elderly CSSA recipients will not opt for the Old Age Pension Scheme 	<ul style="list-style-type: none"> - Population projection based on the "Hong Kong Population Projection 2012-2041" by C&SD - Population projection for 2042-2060 based on The University of Hong Kong's population database - Unemployment rate of 4.5% for 2017-2060 - An annual rate of wage increase of 1% in real terms - An annual return rate of 4.9% (based on the average investment return rate of the Exchange Fund from 2004 to June 2010) - Proportion of elders applying for CSSA and OALA remains at the existing level

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- ¹ Please refer to LC Paper Nos. CB(2)1603/13-14(01) and CB(2)1638/13-14(01) for details of the Neighbourhood and Worker's Service Centre's proposal
 - ² Please refer to LC Paper No. CB(2)1638/13-14(02) for details of the Alliance for Universal Pension's proposal and the assumptions
 - ³ Please refer to LC Paper No. CB(2)1638/13-14(03) for details of the Hong Kong Social Security Society's proposal and the assumptions
 - ⁴ Please refer to LC Paper No. CB(2)1638/13-14(04) for details of the Hong Kong Federation of Trade Unions' proposal and the assumptions
 - ⁵ Please refer to LC Paper No. CB(2)1582/13-14(01) for details of the Professional Commons' proposal and the assumptions