

立法會
Legislative Council

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Subcommittee on Retirement Protection

Minutes of meeting
held on Saturday, 9 June 2018, at 9:00 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon KWOK Wai-keung, JP (Chairman)
Hon LEUNG Yiu-chung
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon Andrew WAN Siu-kin
Hon HO Kai-ming
Hon LUK Chung-hung
Hon KWONG Chun-yu

Members absent : Hon Jimmy NG Wing-ka, JP (Deputy Chairman)
Hon Tommy CHEUNG Yu-yan, GBS, JP
Dr Hon KWOK Ka-ki
Hon Alvin YEUNG
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon HUI Chi-fung

**Public Officers
attending** : Item I

Mr Caspar TSUI, JP
Under Secretary for Labour and Welfare

Ms Reddy NG, JP
Principal Economist (5)
Office of the Government Economist of the Financial
Secretary's Office

Ms Vivian HAU
Chief Social Security Officer (Social Security) 2
Social Welfare Department

**Attendance
by invitation** : Item I

Individual

Mr LEUNG Kwok-hung

Individual

Mr WONG Ho-ming

Individual

Mr LAI Wai-tong

Individual

Mr LAM Siu-pan

DAB

Mr Riben LI Kai-lap
Community Officer

Alliance for Universal Pension

Mr LAU Cheuk-kei
Secretariat Member

土瓜灣退保關注組

Mr LI Chi-pang
Member

青年革新

Mr FUNG Ka-tak
Member

Individual

Miss Carman NG Ka-yan

青年退保關注組

Miss TAI Yuet-ching
Member

Chinese Grey Power

Mr CHEUNG Kai-bing
Chairman

Hong Kong Federation of The Blind

Mr CHEUNG Kai-fu
Member

全民退保關注組

Mr CHIU See-poon

Kwai Fong Estate Elderly Rights Concern Group

Mr CHUNG Hau-ping

安老服務使用者權益關注組

Ms LO Siu-lan
Member

Labour Right Commune

Ms Florence CHEUNG Man-wai
Member

The Grassrooter

Ms LEE Choi-kwan
Chairperson

天主教香港教區 教區勞工牧民中心(九龍)

Mr HO Tin-lok
Programme Officer

North District Employment Concern Group

Mr TAM Nai-chung

爭取全民養老金暴兵團

Mr TSUI Yat-keung

Women Workers' Cooperative

Ms LEE Sau-kwan
Member

Industrial Relations Institute

Miss Ruffi HO Yee-yan
Organizer

Cleaning Service Industry Workers Union

Ms CHUNG Bik-mui
Committee Member

Individual

Mr WONG Chi-kwan

Liberal Party

Ms Pearl TSANG
Member

The Civic Party

Mr Franco WONG Chak-hang
District Developer of New Territories West

Individual

Mr LUI Man-kwong
Member of Sai Kung District Council

中西區護老關注組

Mr Karl FUNG
Convenor

天主教勞工牧民中心一九龍 保安護衛關注組

Ms LI Chi-yan
Member

Individual

Mr FUNG Kwan-tong

Individual

Mr MOK Ka-ho

Society for Community Organization

Mr Jacky CHAN Kwok-kwong
Community Organizer

Elderly Rights League (Hong Kong)

Mr LAU On
Member

Individual

Mr LEE Kim-ming

Individual

Mr WONG Cho-ki

Individual

Dr WONG Hung

Government Frontline Staff General Union

Ms CHAU Ling-wah
Vice Chairperson

Community March

Mr CHU Kong-wai
Community Organizer

Grassroots Development Centre

Mr NG Kin-wing
Committee Member

Individual

Dr LEUNG Hon-chu

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

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

Ms Kiwi NG
Legislative Assistant (2) 1

I. Relationship between retirement protection system lacking the first pillar and elderly in poverty

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

2. The Subcommittee received oral representations from 39 deputations/individuals attending the meeting. The major views and concerns expressed by the deputations/individuals are summarized as follows:

- (a) strong dissatisfaction was expressed at the fact that under the existing retirement protection system, Hong Kong did not have any publicly-managed mandatory contributory plans i.e. the first pillar based on the multi-pillar model advocated by the World Bank. Notwithstanding the Administration's recurrent cash intervention in the form of various social security measures, the poverty rate of the elderly persons aged 65 or above remained on the high side. It stood at 31.6% according to the poverty line analysis in the Hong Kong Poverty Situation Report 2016 ("the Report"). Disagreement was also expressed with the Administration's analysis that the actual poverty situation was overestimated as some "asset-rich, income-poor" persons were classified as poor statistically;
- (b) there were deficiencies of the social security system (i.e. the zero pillar), including the following:
 - (i) the stringent eligibility criteria and complicated application procedures had deterred some needy elderly persons from making applications for means-tested social security payments;
 - (ii) the adjustment mechanism for various social security payments should be reviewed as the annual adjustment was barely minimal and lagged behind inflation;
 - (iii) the labelling effect of the Comprehensive Social Security Assistance ("CSSA") Scheme had deterred many vulnerable elderly from seeking appropriate financial assistance; and

- (iv) transfer of assets by some elderly applicants to their family members so as to meet the asset limits for the Higher Old Age Living Allowance ("OALA") had given rise to ethical risk and associated problems;
- (c) the Reverse Mortgage Programme ("RMP") and the Hong Kong Mortgage Corporation ("HKMC") Annuity Plan would only benefit the middle-class elderly but not the majority of grassroots elderly who did not own residential properties or have much savings. Moreover, these programmes had the following drawbacks of performing retirement protection function:
- (i) RMP was considered not a feasible option for elderly owners who lived with their younger family members in the residential property as the latter had to repay the loans upon the death of the elderly owners in order to repossess the property concerned;
 - (ii) the purchasing power of the monthly fixed payout annuity under the HKMC Annuity Plan which was soon to be launched could not catch up with inflation and would be diminishing over the years. There was also concern that elderly persons needed to maintain sufficient monies to meet the considerable expenses on medical and elderly care as well as property maintenance and therefore could not exhaust most of their savings to join the HKMC Annuity Plan; and
 - (iii) concern was also raised about the provision of double benefit for those elderly persons who would participate in the HKMC Annuity Plan given that premium payments under the HKMC Annuity Plan would be excluded from the calculation of assets possession for the means test for OALA. Query was also raised as to the policy objective of the HKMC Annuity Plan. There was a view that its participants should be categorized as investors rather than elderly with financial needs;
- (d) in the light of the challenges of an ageing population, the Administration would need to address the great ensuing

pressure of social security expenditure on public finance. According to Professor Nelson CHOW's latest estimation, around 70% of the elderly might apply for Higher OALA which was recently implemented. Coupled with the high administration cost for the means-tested cash assistance, query was raised as to the financial sustainability of the enhancement measures for social security assistance for the elderly; and

- (e) strong dissatisfaction was expressed at the Administration's refusal to implement a non-means-tested universal retirement protection scheme, regardless of the strong community call and the fact that a considerable number of grassroots elderly persons still needed to take up low skilled jobs to support their basic livelihood. Retirement protection was considered as a civil right and should be enjoyed by all senior citizens in recognition of their past contribution to the community. To address the risk of increasing long life expectancy and to enable the elderly to lead a dignified and financially secured life in their twilight years as well as having regard to the considerable fiscal reserve, the Administration should, without further delay, implement the financially sustainable non-means-tested universal retirement protection scheme under "the 2064 Option" with tripartite contribution from employers, employees and the Government, under which an old age monthly pension of about \$3,500 (at the 2016 price level) would be payable to all Hong Kong permanent residents aged 65 or above. As for the Government, it should inject a one-off capital of \$50 billion, together with the \$50 billion earmarked by the previous-term Government for future needs of retirement protection, as a start-up fund for the scheme.

3. Some deputations, on the other hand, opposed to the implementation of non-means-tested universal retirement protection scheme. Given that the poverty line only took into account household income but not assets and liabilities, some "asset-rich, income-poor" persons were classified as poor statistically in the Report. As such, the elderly poverty situation might be overestimated. In their view, public resources should be targeted at the needy elderly. These deputations highlighted the financial implication of implementing a universal non-means-tested retirement protection scheme with reference to those

implemented in other places, having regard to the ageing trend and the shrinking of labour force. It was considered unfair to the younger generation who would need to bear heavy financial burden. These deputations called on the Administration to examine and strengthen each pillar of the existing multi-pillar retirement protection regime in Hong Kong, with a view to providing more appropriate assistance for the needy elderly. Specifically, the "offsetting" arrangement under the Mandatory Provident Fund ("MPF") System (i.e. the second pillar) should be abolished and in the meantime the fund management fee should be further reduced. Consideration could also be given to further relaxing the asset limits of various social security payments to benefit more elderly persons with financial needs. In addition, the HKMC Annuity Plan should be launched as an additional financial planning option to the elderly as soon as practicable and the issue amount should be increased.

4. Most members expressed dissatisfaction that the Administration refused to implement a universal retirement protection scheme regardless of the huge fiscal reserve. These members raised query about the cost-effectiveness of the targeted approach in alleviating elderly poverty. Concern was also expressed about the aggravation of the risk of transfer of assets by elderly persons so as to meet the eligibility criteria for OALA after the launching of the HKMC Annuity Plan.

5. In response to the views and concerns of the deputations/individuals attending the meeting and members, the Administration made the following points:

- (a) according to the international studies and statistical data, the cost-effectiveness of poverty alleviation by allocating considerable resources to the less needy persons under a universal retirement protection scheme was lower than a targeted policy. Regarding the retirement protection system, based on the multi-pillar model advocated by the World Bank, Hong Kong was adopting four pillars, including the multi-tier social security system (the zero pillar), the MPF Scheme and other occupation-based retirement scheme (the second pillar), voluntary savings (the third pillar), as well as public services, family support and personal assets (the fourth pillar). It was worth noting that while the World Bank advocated the multi-pillar retirement protection model, it stressed that there was no single system suitable for all economies and it was not necessary to put in place all the five pillars. Each economy should develop its

retirement protection system in the light of its own historical background and situation;

- (b) according to statistics, some 68% of the countries/places worldwide had developed a publicly-managed mandatory contributory systems, including both voluntary and non-voluntary contribution, under the first pillar, which was financed mainly on a pay-as-you-go ("PAYG") basis i.e. the pension of the current cohorts of retirees was financed by the current working population. International literature and overseas experience showed that ageing population had a profound impact on the sustainability of universal pension funded on a PAYG basis and created great financial burden for the younger generation. In recent decades, many places including Iceland, the United Kingdom, Ireland and Japan had taken drastic measures to rescue their pension schemes by deferring the retirement age, increasing contribution rates, etc. To build a PAYG-type universal pension scheme at a time with shrinking working population in Hong Kong, coupled with low fertility rate, increasing average life expectancy and dependency ratio, would expose public finance to considerable financial risk. Notably, it was projected that the elderly dependency ratio would increase quickly. The number of elderly people to be supported per 1 000 people of working age (i.e. aged 15 to 64) would increase from 231 in 2016 to 674 in 2066 and the overall dependency ratio would be 844 in 2066;
- (c) instead of implementing a universal non-means-tested retirement protection system, the Government considered the existing multi-pillar retirement protection system targeting at those in need should continue to be adopted having regard to limited public resources. The Government would enhance the effectiveness of each pillar so that they could better complement one another in addressing the diverse retirement needs of the elderly persons through various channels. Notably, the Government provided a full range of support for elderly during their retirement life. Apart from cash assistance under the social security system, the Government had also strengthened elderly care services and public healthcare services for the elderly. In particular, the Government had proceeded to make arrangement for the implementation of the Elderly Services Programme Plan,

such as easing the problem of manpower shortage, shortening the waiting time of the care services and improving community care services;

- (d) in addition, the Government would endeavour to better utilize the housing resources so as to address the housing needs of the elderly;
- (e) the Government announced in early 2017 a series of initiatives to strengthen the various pillars. On the social welfare front, the CSSA Scheme provided a safety net for those who were unable to support themselves financially. The average CSSA monthly assistance for an elderly singleton was more than \$6,000 and the monthly assistance for individual more needy elderly could be more than \$10,000. Compared with able-bodied adults, the asset limit for singleton elderly was more relaxed and the owner-occupied property of the elderly was excluded in the calculation of asset value under CSSA. In effect, enhancement measures had been introduced to OALA in terms of more relaxed asset requirements. It was also noteworthy that owner-occupied properties of the applicants and financial support provided by the applicants' family members would not be counted as asset and income respectively under OALA. The Higher OALA was implemented since June 2018 to provide additional assistance for elderly with more financial needs. Eligible applicants had received lump-sum retrospective payments counted from the effective date (i.e. 1 May 2017) or the date of eligibility, whichever was later. All the aforementioned cash assistance programmes were non-contributory and entirely funded by the Government's general revenue, which should be used in a prudent manner. As at end-December 2017, the social security system covered around 72% of the elderly population in Hong Kong. The take-up rate of those aged 70 or above was even higher at 87%. In 2018-2019, the estimated recurrent expenditure under the social security system was \$52.2 billion (including \$39.2 billion for elderly persons aged 65 or above). As a matter of fact, resources committed by the Government to elderly services, including improving various measures under the multi-pillar retirement protection system, had continued to increase over the years;

- (f) under the framework endorsed by the Commission on Poverty which adopted the concept of "relative poverty" in setting the official poverty line, there would always be people in poverty statistically before policy intervention under normal circumstances. The poverty line only took into account household income but not assets and liabilities. Therefore, according to the poverty line analysis in the Report, some "asset-rich, income-poor" persons would be classified as poor statistically, leading to possible over-estimation of the actual poverty situation. As most elderly persons were retirees with no employment earnings, they might be classified as poor statistically. It was expected that the growing proportion of the elderly population would have a push-up impact on the poverty rate. The Report revealed that about 300 000 out of the 337 000 poor elderly persons resided in non-CSSA households. Among them, about 210 000 (over 70%) persons were estimated to have no financial needs, in which about 130 000 (over 60%) of them resided in owner-occupied housing without mortgages. This reflected that some of these elderly persons who were defined as poor might have considerable assets. On the other hand, about 42 000 (14.3%) poor elderly persons who resided in non-CSSA households were estimated to have financial needs, among which about 24 000 (57%) persons received OALA and about 9 600 (23%) persons received Old Age Allowance ("OAA") or Disability Allowance. Around 80% of the 337 000 poor elderly persons were recipients of various forms of social security. This reflected that the social security policy covered the majority of elderly persons who were defined as poor and was providing a certain level of financial assistance to them. The Administration's strategy was to further assist needy elderly persons in a targeted manner. Indeed, targeted recurrent cash allowance policies were more cost-effective than "universal" measures in terms of tackling the problem of elderly poverty. If a universal retirement protection scheme was adopted, more than 80% of the additional resources would be spent on relatively less needy elderly persons, including elderly persons who were not receiving any cash allowance or receiving the non-means-tested OAA. It should also be noted that the effect of various enhancements to the social security system,

including the enhanced measures of OALA, had not yet been reflected in the 2016 poverty statistics;

- (g) on enhancing the MPF System, the Government was committed to abolishing the "offsetting" arrangement. The Government was engaging the stakeholders and striving to draw up a finalized proposal to abolish the "offsetting" arrangement that would take account of the interests of both the business and labour sectors. In addition, there were other improvement measures, such as introducing default pension products, to lower fees and better manage investment risks;
- (h) based on the Hong Kong Population Projections 2017-2066 released by the Census and Statistics Department ("C&SD") and the 2018 price levels, it was crudely estimated that after taking into account the two enhancements to OALA (including relaxing the asset limits of Normal OALA and implementing Higher OALA), the average recurrent expenditure on social security for elderly persons during the 49-year period between 2018 and 2066 would increase to around \$60.9 billion per annum; and
- (i) on voluntary saving, HKMC was planning to launch the HKMC Annuity Plan in July 2018 to strengthen the voluntary savings pillar. It was noteworthy that the premium payments of the Plan remained under the name of elderly participants so it would not involve transfer of assets.

6. The Administration was requested to provide the following information:

- (a) breakdowns of the crudely estimated expenditure on social security programmes for the elderly during the 49-year period between 2018 and 2066, if available;
- (b) based on the Hong Kong Population Projections 2017-2066 released by C&SD and the fact that annuitants of the HKMC Annuity Plan would be eligible for Higher OALA, the projected additional public expenditure for implementing Higher OALA during the 49-year period between 2018 and 2066, if available;

- (c) utilization of the \$50 billion earmarked by the previous-term Government for the provision of future needs of retirement protection; and
- (d) the financial risks of the HKMC Annuity Plan to be launched by HKMC Annuity Limited.

II. Any other business

7. Members agreed that the Subcommittee should wrap up its work to vacate a slot for the activation of policy subcommittees on the waiting list. The Chairman said that the Subcommittee's report would be circulated for members' consideration before submission to the House Committee.

8. There being no other business, the meeting ended at 12:09 pm.

Council Business Division 2
Legislative Council Secretariat
15 August 2018

**Proceedings of meeting of the
Subcommittee on Retirement Protection
held on Saturday, 9 June 2018, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Time marker	Speaker	Subject(s) / Discussion	Action Required
<i>Agenda item I - Relationship between retirement protection system lacking the first pillar and elderly in poverty</i>			
000000 - 001356	Chairman	Opening remarks Completion of Subcommittee work The Subcommittee exchanged views with academics in January 2018 under the same agenda.	
001357 - 001723	Chairman Mr LEUNG Kwok-hung	Presentation of views	
001724 - 002034	Chairman Mr LAM Siu-pan	Presentation of views	
002035 - 002351	Chairman Mr Riben LI Kai-lap, Democratic Alliance for the Betterment and Progress of Hong Kong	Presentation of views	
002352 - 002657	Chairman Mr LAU Cheuk-kei, Alliance for Universal Pensions	Presentation of views [LC Paper Nos. CB(2)1562/17-18(01) and CB(2)1766/17-18(01)]	
002658 - 003035	Chairman Mr LI Chi-pang, 土瓜灣退保 關注組	Presentation of views [LC Paper No. CB(2)1562/17-18(02)]	
003036 - 003251	Chairman Mr FUNG Ka-tak, 青年革新	Presentation of views	
003252 - 003607	Chairman Miss Carman NG Ka-yan	Presentation of views	
003608 - 003922	Chairman Mr LAI Wai-tong	Presentation of views	
003923 - 004312	Chairman Miss TAI Yuet-ching, 青年 退保關注組	Presentation of views	

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004313 - 004554	Chairman Mr CHEUNG Kai-bing, Chinese Grey Power	Presentation of views	
004555 - 004806	Chairman Mr CHEUNG Kai-fu, Hong Kong Federation of The Blind	Presentation of views	
004807 - 005152	Chairman Mr CHIU See-poon, 全民退 保關注組	Presentation of views	
005153 - 005500	Chairman Mr CHUNG Hau-ping, Kwai Fong Estate Elderly Rights Concern Group	Presentation of views	
005501 - 005730	Chairman Ms LO Siu-lan, 安老服務使 用者權益關注組	Presentation of views	
005731 - 010044	Chairman Ms Florence CHEUNG Man-wai, Labour Right Commune	Presentation of views	
010045 - 010313	Chairman Ms LEE Choi-kwan, The Grassrooter	Presentation of views	
010314 - 010639	Chairman Mr HO Tin-lok, 天主教香港 教區 教區勞工牧民中心 (九龍)	Presentation of views	
010640 - 010930	Chairman Mr TAM Nai-chung, North District Employment Concern Group	Presentation of views	
010931 - 011129	Chairman Mr TSUI Yat-keung, 爭取全 民養老金暴兵團	Presentation of views	
011130 - 011351	Chairman Ms LEE Sau-kwan, Women Workers' Cooperative	Presentation of views	

Time marker	Speaker	Subject(s) / Discussion	Action Required
011352 - 011706	Chairman Miss Ruffi HO Yee-yan, Industrial Relations Institute	Presentation of views	
011707 - 012040	Chairman Ms CHUNG Bik-mui, Cleaning Service Industry Workers Union	Presentation of views	
012041 - 012324	Chairman Mr WONG Chi-kwan	Presentation of views	
012325 - 012614	Chairman Ms Pearl TSANG, Liberal Party	Presentation of views	
012615 - 012904	Chairman Mr Franco WONG Chak-hang, The Civic Party	Presentation of views	
012905 - 013222	Chairman Mr WONG Ho-ming	Presentation of views	
013223 - 013544	Chairman Mr LUI Man-kwong, Member of Sai Kung District Council	Presentation of views	
013545 - 013852	Chairman Mr Karl FUNG, 中西區護老 關注組	Presentation of views	
013853 - 014155	Chairman Ms LI Chi-yan, 天主教勞工 牧民中心一九龍 保安護 衛關注組	Presentation of views	
014156 - 014451	Chairman Mr FUNG Kwan-tong	Presentation of views	
014452 - 014808	Chairman Mr MOK Ka-ho	Presentation of views	
014809 - 015056	Chairman Mr Jacky CHAN Kwok-kwong, Society for Community Organization	Presentation of views	

Time marker	Speaker	Subject(s) / Discussion	Action Required
015057 - 015159	Chairman Mr LAU On, Elderly Rights League (Hong Kong)	Presentation of views	
015200 - 015603	Chairman Mr LEE Kim-ming	Presentation of views [LC Paper No. CB(2)1903/17-18(01)]	
015604 - 015910	Chairman Mr WONG Cho-ki	Presentation of views	
015911 - 020308	Chairman Ms CHAU Ling-wah, Government Frontline Staff General Union	Presentation of views	
020309 - 020631	Chairman Mr CHU Kong-wai, Community March	Presentation of views	
020632 - 020931	Chairman Mr NG Kin-wing, Grassroots Development Centre	Presentation of views	
020932 - 021305	Chairman Dr LEUNG Hon-chu	Presentation of views [LC Paper No. CB(2)1661/17-18(01)]	
021306 - 023620	Chairman Admin	The Administration's consolidated response to the views and concerns made by attending deputations/individuals.	
023621 - 024422	Chairman Admin	<p>The Chairman's recapitulation of major concerns/enquiries raised by deputations/individuals and the Administration's response that:</p> <p>(a) the Administration would continue to exchange views with deputations and organizations from various sectors on issues relating to enhancement of retirement protection for the elderly;</p> <p>(b) a public annuity scheme, namely the HKMC Annuity Plan to be launched by the HKMC Annuity Limited ("HKMCA") in July 2018, was an insurance product. The scheme, which was designed to provide elderly persons with a lifelong stable stream of income for retirement, would serve as an additional financial planning option for elderly persons.</p>	

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		<p>It would be inappropriate to regard it as a kind of welfare benefits as annuitants aged 65 or above were required to make a lump-sum premium payment so as to receive a fixed payout for the lifetime. The pre-surrender value under the HKMC Annuity Plan would not be taken into account in the calculation of asset under Old Age Living Allowance ("OALA") ;</p> <p>(c) the government policy for the social security payments for the elderly had taken into account the risk of wealth transfer. For instance, owner-occupied residential property of the elderly applicant would not be counted as asset in the applications for the Comprehensive Social Security Assistance and OALA ; and</p> <p>(d) the Government had set up a working group to explore ways to strengthen workers' rights and benefits as well as to protect non-skilled employees, including grassroots and low-income elderly employees, under the Government's outsourcing system. In addition, the Minimum Wage Commission would submit to the Chief Executive in Council its recommendation report on the revised Statutory Minimum Wage rate by the end of October 2018.</p>	
024423 - 024819	Chairman Mr POON Siu-ping Admin	<p>Mr POON Siu-ping's regret at the Administration's refusal to implement a non-means-tested universal retirement protection scheme, which was projected to be financially sustainable, as recommended in the research report on the future development of retirement protection in Hong Kong released by the consultancy team led by Prof Nelson CHOW, as well as that put forth in the Option of Academics by more than 180 local academics.</p> <p>Mr POON's concerns/enquiries and the Administration's response that:</p> <p>(a) the Administration had not conducted any study on whether it would be feasible to make contribution on behalf of female homemakers to the employment-based Mandatory Provident Fund System as they were currently</p>	

Time marker	Speaker	Subject(s) / Discussion	Action Required
		<p>not covered by the System. Currently, needy elderly were supported under the zero pillar and the fourth pillar of the existing multi-pillar retirement protection system i.e. the multi-tier social security system and family support; and</p> <p>(b) in terms of the cost-effectiveness of poverty alleviation measures, comparing a universal retirement protection scheme with a targeted policy, the former would mean that more than 80% of the additional resources would be spent on relatively less needy elderly persons (who were not receiving any cash allowance or just receiving the non-means tested Old Age Allowance ("OAA")). For a crude estimation based on the Hong Kong Population Projections 2017-2066 released by the Census and Statistics Department ("C&SD") and the 2018 price levels, after taking into account the two enhancements to OALA (including relaxing the asset limits of Normal OALA and implementing Higher OALA), the average recurrent expenditure on social security for elderly persons during the 49-year period between 2018 and 2066 would increase to around \$60.9 billion per annum (not taking into account any potential impact of the HKMC Annuity Plan on the number of OALA recipients). The Administration would provide breakdowns of the crudely estimated expenditure on social security programmes for the elderly, if available.</p>	<p>Admin</p>
<p>024820 - 025418</p>	<p>Chairman Dr Fernando CHEUNG Admin</p>	<p>Dr Fernando CHEUNG asked how to assess the financial needs of elderly persons under different scenarios and sought clarification about definition of needy elderly.</p> <p>The Administration's response that it would be difficult to compare cases of needy elderly having regard to varying individual needs. While the government policy on social security payments had been devised with reference to the income levels of the applicants, it was noteworthy that enhancement measures, such as relaxing the asset limits and providing a higher level of allowance, had been introduced to OALA so as to benefit more needy elderly.</p>	

Time marker	Speaker	Subject(s) / Discussion	Action Required
		<p>Dr CHEUNG requested the Administration to, based on the Hong Kong Population Projections 2017-2066 released by C&SD and the fact that annuitants might be eligible for Higher OALA, provide information on the projected additional public expenditure for implementing Higher OALA during the 49-year period between 2018 and 2066.</p> <p>The Administration's reiteration that the crudely estimated average recurrent expenditure on social security for elderly persons during the 49-year period between 2018 and 2066 would increase to around \$60.9 billion per annum as mentioned earlier. As regards the HKMC Annuity Plan which was yet to be launched by HKMCA, its issue amount would be subject to a specified quota and the market response was still unknown. The Administration would provide the requested information at a later stage, if available.</p>	<p>Admin</p>
025419 - 030051	<p>Chairman Mr CHAN Chi-chuen Admin</p>	<p>Mr CHAN Chi-chuen expressed dissatisfaction that the Secretary for Labour and Welfare did not attend the meeting.</p> <p>Mr CHAN's view that not taking into account the pre-surrender value in the calculation of asset under OALA was legalizing the practice of wealth transfer. As such, it would defeat the Government's social security objective, which was to direct public resources to the needy elderly. In addition, the means-tested OALA incurred high administration cost. In the light of huge fiscal reserve, Mr CHAN enquired whether consideration would be given to exclude the monthly earnings of the elderly applicants in the financial test for OALA.</p> <p>The Administration's response that currently, the income limit was included in the financial test for OALA. The Administration had no plan to change the existing arrangement. In the light that the pre-surrender value of the HKMC Annuity Plan would still be under the name of the elderly annuitants, it would not involve material transfer of assets owned by the elderly persons concerned.</p>	

Time marker	Speaker	Subject(s) / Discussion	Action Required
030052 - 030607	Chairman Admin	<p><i>(Extension of meeting by 10 minutes)</i></p> <p>The Chairman's concerns/enquiries and the Administration's response that:</p> <p>(a) in view of the ageing population and the increasing average life expectancy, the Administration had no plan to lower the age limit for application of OAA; and</p> <p>(b) the Administration was committed to strengthening the various pillars under the retirement protection system, including improving the public services pillar. Having regard to the poverty figures and acknowledging the concerns over housing and healthcare in old age, the Administration would continue to monitor the housing situation of elderly persons and increase manpower supply for long-term care services for the elderly. The Government would continue to adopt a multi-pronged approach to increase the provision of elderly service facilities, including the construction of residential care homes for the elderly and identifying suitable sites and locations for the provision of subsidized elderly services. Notably, enhancement had been made to the subsidies provided to elderly persons living in sub-divided units under the Community Care Fund.</p> <p>The Chairman called on the Administration to consider introducing two-tier income limits in the financial tests for various social security payments so as to benefit more needy elderly, having regard to the different financial needs of elderly persons residing in their self-owned properties and those living in rented flats.</p>	
030608 - 031205	Chairman Mr KWONG Chun-yu Admin Mr WONG Cho-ki	<p>Mr KWONG Chun-yu's view that retirement protection was a basic right of senior citizens. His dissatisfaction that the Administration was unwilling to implement a non-means-tested universal retirement protection scheme, regardless of huge fiscal reserve.</p> <p>The Administration's reiteration that the Government had taken various measures to enhance the effectiveness of the each pillar of the</p>	

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		<p>existing retirement protection system and the resources committed by the Government to elderly services had continued to increase over the years. Pending the launch of the HKMC Annuity Plan, it was difficult for the Government to take into account its impact and make projections on the relevant Government expenditure on social security for elderly persons during the 49-year period between 2018 and 2066. That said, the estimated recurrent expenditure for the implementation of a universal non-means-tested retirement protection scheme would be much higher than \$60.9 billion per annum. As mentioned earlier, a pay-as-you-go universal pension scheme would expose public finance to considerable financial risk, particularly at a time when the working population was shrinking, coupled with low fertility rate, higher average life expectancy and dependency ratio.</p> <p>The Administration was requested to provide the following information after the meeting:</p> <p>(a) the utilization of the \$50 billion earmarked by the previous-term Government for the provision of future needs of retirement protection; and</p> <p>(b) the financial risks of the HKMC Annuity Plan to be launched by HKMCA.</p>	Admin
031206 - 031315	Chairman	<p>Conclusion of work by the Subcommittee.</p> <p>Closing remarks.</p>	