

**立法會**  
**Legislative Council**

LC Paper No. CB(2)2033/16-17  
(These minutes have been seen  
by the Administration)

Ref : CB2/HS/1/16

**Subcommittee on Retirement Protection**

**Minutes of meeting**  
**held on Saturday, 24 June 2017, at 9:00 am**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon KWOK Wai-keung (Chairman)  
Hon Jimmy NG Wing-ka, JP (Deputy Chairman)  
Hon LEUNG Yiu-chung  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon YIU Si-wing, BBS  
Hon CHAN Chi-chuen  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Dr Hon Junius HO Kwan-yiu, JP  
Hon HO Kai-ming  
Hon SHIU Ka-fai  
Hon HUI Chi-fung  
Hon LUK Chung-hung  
Hon KWONG Chun-yu  
Hon Nathan LAW Kwun-chung  
Dr Hon LAU Siu-lai

**Members absent** : Hon Jeffrey LAM Kin-fung, GBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHU Hoi-dick  
Hon SHIU Ka-chun

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

**Public Officers attending** : Item I

Mr Stephen SUI, JP  
Secretary for Labour and Welfare

Ms Doris HO, JP  
Head  
Policy & Project Co-ordination Unit of Chief Secretary  
for Administration's Private Office

Mr Andrew AU, JP  
Deputy Government Economist  
Economic Analysis and Business Facilitation Unit of  
the Financial Secretary's Office

Ms Melody LUK  
Assistant Commissioner for Labour  
(Labour Relations)

**Attendance by invitation** : Item I

Session One

The Civic Party

Miss CHAU Yuen-man  
District Developer of Kowloon West

Hong Kong Catholic Commission For Labour Affairs

Miss Dorothy LEE  
Secretary General

Hong Kong Baptist University Social Work Society

Mr CHEUNG Kar-yiu

Hong Kong Confederation of Trade Union

Ms CHEUNG Lai-ha  
Vice Chairperson

Retail, Commerce and Clothing Industries General Union

Ms CHAN Im-mui  
President

Individual

Mr YUEN Wai-tak

Individual

Ms YIP Mee-yung

August Moon Tour and Travel Co. Ltd

Ms Irene TAM Oi-lin  
Managing Director

Alliance for Universal Pension

Ms Florence CHEUNG Man-wai  
Member

青年唔要被對沖小組

Mr Paul LAM Sze-yuen  
Organizer

Chinese Grey Power

Mr CHEUNG Kai-bing  
Chairman

The Hong Kong Federation of the Blind

Mr CHEUNG Kai-fu  
Member

Caretaker Concern Group

Ms CHU Moon-chun  
Member

全民退保關注組

Mr CHIU See-poon  
Member

The Grassrooter

Ms LEE Choi-kwan  
Chairlady

IRI Women's Coop

Ms LAU Yee-wan

Industrial Relations Institute

Ms LAU Yau-chun  
Organizer

Kwai Fong Estate Elderly Rights Concern Group

Mr CHUNG Hau-ping  
Member

North District Employment Concern Group

Mr Simon TAM  
Member

Academics for Universal Pension

Mr Nicholas CHAN Hok-fung  
Member

Grassroots Development Centre

Mr NG Kin-wing  
Committee Member

The 37th Hong Kong Federation of Social Work Students

Miss CHOW Ka-hei  
President

Individual

Mr LEUNG Chun-ho

Government Mod 1 Staff General Union

Mr TSUI Yat-keung  
Executive Committee Member

Institution of Dining Art

Mr Kelvin YAU  
Chairman

Lok Ma Chau China-Hong Kong Freight Association

Mr Stanley CHAING  
Chairman

Hong Kong Taxi Owners' Association Ltd.

Mr WONG Po-keung  
Chairman

Cleaning Service Industry Workers Union

Ms CHUNG Bik-mui  
Committee Member

Individual

Dr Samuel CHEN Chapman

Sham Shui Po Community Association

Mr LAU Cheuk-kei  
Director

Hong Kong Catering Industry Association

Mr Tony TAM  
Vice President

The Lion Rock Institute

Mr Laurence PAK  
Director of Operations

Hong Kong Inbound Travel Association

Mr LAM Woo-chung  
President

Session Two

Individual

Mr CHAN Tze-fung

天主教勞工中心 一九龍 勞工關注組

Miss LI Chi-yan  
Member

Individual

Miss WONG Po-hei

天主教勞工中心 一九龍 保安護衛關注組

Ms CHOI Wai-fon  
Member

Individual

Mr HO Wang-tat

全民退休保障免審查關注組

Mr HO Kam-chung  
Representative

Individual

Miss FONG Hiu-tung

Individual

Ms WAN Mei-ha

Individual

Mr KWOK Wai-shing

天主教勞工中心 一 九龍 單幢大廈保安護衛關注退休  
生活小組

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Mr CHAN Chao-saing  
Member

Hong Kong Association of China Travel Organisers Ltd.

Mr Tommy TAM  
Vice-President

Hong Kong Federation of Women's Centres

Miss TSOI Sin-man  
Advocacy Officer

Association of Restaurant Managers Ltd.

Mr LEUNG Chi-wai  
Chairman

工黨新東支部

Mr KWOK Wing-kin

工黨新西支部

Ms NG Wai-ling

葵芳工友組

Mr NG Ling-fung  
Member

The Hong Kong General Union of Security & Property  
Management Industry Employees

Mr CHUNG Man-bun  
Chairman

The Hong Kong Federation of Trade Unions Rights &  
Benefits Committee

Mr PANG Kong-cheung

Individual

Miss June WU

汽車交通運輸業總工會

Mr CHAN Sui-wah  
Chairman

Hong Kong Import & Export Trade Employees Association

Mr YAU Yiu-shing  
President

Individual

Mr NGAN Lit-fung

香港航空貨運及速遞業工會

Mr 陳國師  
秘書



Cleaning Workers Union

Ms CHEUNG Po-lai  
Board Officer

Promoters and Casual Workers Union

Miss LEUNG Tsz-yan  
Organizer

香港製造業總工會

Mr LEUNG Chun-sing  
Chairman

The Federation of Hong Kong & Kowloon Labour Unions

Mr CHU Hon-chung

Session Three

Hong Kong Ample Love Society Ltd.

Ms TSANG Cheuk-yi  
Chairlady

中華電力公司華員職工會

Mr 施生弟  
Chairman

Liberal Party

Mr LAM Wai-man  
Member

Kwai Chung Worker Right Concern Group

Miss CHEUNG Sau-kwan

Institute of Hong Kong Property Managers

Mr WU Kin-wa  
Secretary

Hong Kong Chef Union

Mr NG Chi-fai  
Chairman

Society for Community Organization

Mr NG Wai-tung  
Community Organizer

Individual

Ms FOK Mei-sung

Grassroot Labor Concern Group

Mr LAM Chiu  
Representative

Travel Industry Council Of Hong Kong

Mr Jason WONG Chun-tat  
Chairman

Government Frontline Employees Union

Ms LI Man-sau  
Treasurer

The Hong Kong Council of Social Service

Mr 黃和平

街工勞工組

Mr 譚亮英  
Representative

Individual

Mr Rayman CHOW Wai-hung

Neighbourhood and Worker's Service Centre

Mr WONG Yun-tat  
Representative

Individual

Mr Why

The Federation of Hong Kong Property Management  
Industry Limited

Mr 賴志文

North District Low Income Families Concern Group

Mr LAM Yui-kan  
Member

North District Retirement Protection Concern Group

Mr YUEN De-ming  
Member

**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

Miss Lulu YEUNG  
Clerical Assistant (2) 1

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**I. Implementing the abolition of the Mandatory Provident Fund "offsetting" arrangement**

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

2. The Subcommittee received oral representations from 78 deputations/individuals attending the meeting. Members also noted that 17 deputations/individuals not attending the meeting had provided the Subcommittee with written submissions. Most attending deputations/individuals expressed the following dissenting views on the Administration's proposal to progressively abolish the "offsetting" of severance payment ("SP")/long service payment ("LSP") with employers' mandatory contributions under the Mandatory Provident Fund ("MPF") System ("the Administration's proposal"):

- (a) the labour sector expressed grave dissatisfaction that over \$32 billion of the employers' contribution to MPF had been withdrawn for offsetting SP/LSP since the inception of the MPF System in 2000. The offsetting arrangement should be totally scrapped in the light of its detrimental effect to the retirement protection function of the MPF pillar under the retirement protection system in Hong Kong, which was premised on the multi-pillar model advocated by the World Bank. It was noteworthy that the nature of SP/LSP and the MPF accrued benefits were different. While the former enshrined the labour rights and benefits of employees on account of their service with the same employer after a certain period time and aimed to alleviate employees' short-term financial hardship caused by loss of employment, the latter was meant to provide retirement protection;
- (b) the labour sector did not support the Administration's proposal. It was considered unacceptable that the amount of SP/LSP payable for the employment period from a prospective date ("the Effective Date") would be adjusted downwards from the existing entitlement of two-thirds of the last month's wages to half of the last month's wages as compensation for each year of service (i.e. 75% of existing entitlement);
- (c) there was also concern about the "grandfathering" arrangement, i.e. accrued benefits from employers' mandatory MPF contributions before the Effective Date and the returns derived therefrom would be "grandfathered". Since the "grandfathered" amount could be used to offset SP/LSP payable for the employment period before the Effective Date, it was considered unfair to employees with

long years' of service as their employers' contribution might still be significantly reduced by "offsetting", leaving little for retirement. Moreover, it would give rise to dismissal of employees and re-employment on short-term basis, in particular upon expiry of the 10-year government subsidy period;

- (d) there was a view that it would be unreasonable for the Government to make use of the public resources to subsidize SP/LSP payment of large enterprises. Concern was raised that the provision of subsidy would encourage irresponsible dismissal behavior of employers. It was stressed that employers should be held responsible for their own dismissal costs; and
- (e) having regard to the fact that the current generation of elders and homemakers were not covered by the employment-based MPF System, the next-term Government should seriously consider implementing non-means-tested universal retirement protection in the long run so as to ensure the elderly could lead a dignified and financially-secured life in their twilight years.

3. Most members shared the above views of deputations/individuals. These members considered that the revision of the SP/LSP rate from two-thirds to one-half of the last month's wages before dismissal in the Administration's proposal would result in employees' receivable SP/LSP entitlements being less than their current entitlements. It was also pointed out that both the labour sector and the business sector were not in support of the Administration's proposal. The next-term Government should seriously consider implementing non-means-tested retirement protection to address the retirement needs of the elderly.

4. Some deputations, on the other hand, expressed grave reservations about the need for implementing the Administration's proposal because they considered that the long-established offsetting arrangement had been operating smoothly over the years. It was pointed out that if the offsetting arrangement was to be abolished, enterprises would have to set aside recurrent funding dedicated for SP/LSP. Concern was expressed about the operation difficulties of the small-, medium- and micro-enterprises ("SMMEs") under such circumstances. It would go beyond employers' affordability and undermine the business environment. There were also worries that it would give rise to immediate dismissal of

employees and re-employment on short-term basis. As such, it would adversely impact on the labour structure and employers might in the long run avoid employing staff with long years' of service so as to evade the responsibility of paying LSP. As regards providing retirement protection for the residents in Hong Kong, it was the Government's responsibility as enterprises had already paid the profit tax.

5. Some members shared the concerns and views expressed by these deputations and cautioned that if the Administration's proposal was to be implemented, it might give rise to dismissal of employees and re-employment on short-term basis. It would also increase the operation cost of SMMEs and result in business closure of SMMEs.

6. In response to the views and concerns of members and the deputations/individuals attending the meeting, the Secretary for Labour and Welfare ("SLW") said that the 2017 Policy Address outlined the Administration's concrete proposal of progressively abolishing the MPF "offsetting" arrangement. The Administration had since engaged employers and employees in active dialogue and listened to their views. However, despite the Administration's efforts and the goodwill generated in the past months, both employers and employees were not receptive to the Administration's proposal. Nor could they agree among themselves on any alternative that was acceptable to both sides. Notwithstanding the lack of consensus, the Administration considered it incumbent upon the current-term Government to make a decision in the overall interests of the community. The abolition of MPF "offsetting" was a matter of considerable public interest as the retirement protection of the over three million employees under MPF or other statutory retirement schemes, who might be subject to SP/LSP dismissals, would be at stake. Removing the "offsetting" arrangement would preserve the retirement protection functions of the MPF pillar to benefit particularly low-income workers.

7. SLW further said that having examined carefully views and alternative proposals received in the past few months, the Administration considered that its original proposal remained the most optimal amongst all options raised and should be adopted as the basis for taking the matter forward. He pointed out that the Administration's proposal was a finely balanced tripartite solution whereby employers, employees and the Government each had to pay extra costs or make some concession, with the consequential impact expected to be largely bearable for all three parties, while keeping Government's financial involvement one-off and time-limited. Moreover, the proposed revision of the SP/LSP rate to one-half of the last month's wages was justifiable in view of the partial

overlap between the functions of SP/LSP and the MPF System. This adjustment was not a retrograde step in employment benefits because SP/LSP receivable would be additional to employers' mandatory MPF contributions which would be fully preserved for retirement. The overall monetary amount most employees could obtain under the Administration's proposal would be notably higher than the existing arrangement.

8. Acknowledging that abolishing "offsetting" would bring additional costs to employers, in particular the small- and medium-enterprises, SLW added that the Government had proposed in an unprecedented move to provide 10-year subsidy amounting to \$7.9 billion to assist employers to adapt to the change. The maximum tax forgone arising from LSP provisions which were tax deductible was about \$18 billion in the 10 years.

9. SLW stressed that the Government fully acknowledged efforts made by various parties, including both employers and employees. They had become more proactive in the past few months, from holding on to one's principles in the past to acceptance by major employers' groups that doing nothing was not an option, and had displayed goodwill by agreeing to pay more and had put forth specific proposals in order to create room for negotiation with trade unions. These hard-earned interim achievements could lay down a solid foundation for resolving this highly complex problem. It was hoped that the constructive and rational discussions as well as the huge volume of policy analyses done by the Government over the last few months could facilitate continued positive exchanges between employers and employees, eventually leading to consensus and concrete results.

## **II. Any other business**

10. The Chairman sought members' views on whether the Subcommittee should seek the approval of the House Committee to extend its 12-month work period. After taking a vote, the Chairman declared that five members supported and two members opposed the proposal and three members did not vote on it. The Chairman concluded that the Subcommittee would seek the approval of the House Committee to extend its period of work. The Clerk would prepare the relevant paper for members' consideration.

11. There being no other business, the meeting ended at 2:10 pm.

Council Business Division 2  
Legislative Council Secretariat  
22 August 2017



**Proceedings of meeting of the  
Subcommittee on Retirement Protection  
held on Saturday, 24 June 2017, at 9:00 am  
in Conference Room 3 of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
<i>Agenda item I - Implementing the abolition of the Mandatory Provident Fund "offsetting" arrangement</i>			
<i>Session One</i>			
000000 - 001618	Chairman Dr KWOK Ka-ki Mr Tommy CHEUNG Mr YIU Si-wing Mr LEUNG Yiu-chung	Opening remarks  Meeting arrangements for receiving views from deputations/individuals on implementing the abolition of the Mandatory Provident Fund ("MPF") "offsetting" arrangement.  Extension of the period of the Subcommittee's work.	
001619 - 002450	Chairman Admin	Briefing by the Administration [LC Paper No. CB(2)1671/16-17(01)]	
002451 - 002747	Chairman Miss CHAU Yuen-man, The Civic Party	Presentation of views [LC Paper No. CB(2)1757/16-17(01)]	
002748 - 003053	Chairman Miss Dorothy LEE, Hong Kong Catholic Commission For Labour Affairs	Presentation of views [LC Paper No. CB(2)1729/16-17(01)]	
003054 - 003359	Chairman Mr CHEUNG Kar-yiu, Hong Kong Baptist University Social Work Society	Presentation of views	
003400 - 003703	Chairman Ms CHEUNG Lai-ha, Hong Kong Confederation of Trade Union	Presentation of views [LC Paper No. CB(2)1729/16-17(02)]	
003704 - 004008	Chairman Ms CHAN Im-mui, Retail, Commerce and Clothing Industries General Union	Presentation of views [LC Paper No. CB(2)1671/16-17(02)]	
004009 - 004307	Chairman Mr YUEN Wai-tak	Presentation of views	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
004308 - 004615	Chairman Ms YIP Mee-yung	Presentation of views	
004616 - 004920	Chairman Ms Irene TAM Oi-lin, August Moon Tour and Travel Co. Ltd.	Presentation of views [LC Paper No. CB(2)1671/16-17(06)]	
004921 - 005247	Chairman Ms Florence CHEUNG Man-wai, Alliance for Universal Pension	Presentation of views [LC Paper No. CB(2)1671/16-17(03)]	
005248 - 005451	Chairman Mr Paul LAM Sze-yuen, 青年唔要被對沖小組	Presentation of views	
005452 - 005710	Chairman Mr CHEUNG Kai-bing, Chinese Grey Power	Presentation of views	
005711 - 010016	Chairman Mr CHEUNG Kai-fu, The Hong Kong Federation of the Blind	Presentation of views	
010017 - 010339	Chairman Ms CHU Moon-chun, Caretaker Concern Group	Presentation of views	
010340 - 010621	Chairman Mr CHIU See-poon, 全民 退保關注組	Presentation of views	
010622 - 010845	Chairman Ms LEE Choi-kwan, The Grassrooter	Presentation of views	
010846 - 011136	Chairman Ms LAU Yee-wan, IRI Women's Coop	Presentation of views	
011137 - 011447	Chairman Ms LAU Yau-chun, Industrial Relations Institute	Presentation of views	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
011448 - 011747	Chairman Mr CHUNG Hau-ping, Kwai Fong Estate Elderly Rights Concern Group	Presentation of views	
011748 - 012023	Chairman Mr Simon TAM, North District Employment Concern Group	Presentation of views	
012024 - 012326	Chairman Mr Nicholas CHAN Hok-fung, Academics for Universal Pension	Presentation of views	
012327 - 012619	Chairman Mr NG Kin-wing, Grassroots Development Centre	Presentation of views	
012620 - 012841	Chairman Miss CHOW Ka-hei, The 37th Hong Kong Federation of Social Work Students	Presentation of views	
012842 - 013142	Chairman Mr LEUNG Chun-ho	Presentation of views	
013143 - 013320	Chairman Mr TSUI Yat-keung, Government Mod 1 Staff General Union	Presentation of views [LC Paper No. CB(2)1720/16-17(01)]	
013321 - 013533	Chairman Mr Kelvin YAU, Institution of Dining Art	Presentation of views [LC Paper No. CB(2)1671/16-17(04)]	
013534 - 013842	Chairman Mr Stanley CHAING, Lok Ma Chau China-Hong Kong Freight Association	Presentation of views	
013843 - 014151	Chairman Mr WONG Po-keung, Hong Kong Taxi Owners' Association Ltd.	Presentation of views [LC Paper No. CB(2)1720/16-17(02)]	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
014152 - 014501	Chairman Ms CHUNG Bik-mui, Cleaning Service Industry Workers Union	Presentation of views	
014502 - 014744	Chairman Dr Samuel CHEN Chapman	Presentation of views [LC Paper Nos. CB(2)1671/16-17(05) and CB(2)1757/16-17(02)]	
014745 - 015055	Chairman Mr LAU Cheuk-kei, Sham Shui Po Community Association	Presentation of views	
015056 - 015234	Chairman Mr Tony TAM, Hong Kong Catering Industry Association	Presentation of views [LC Paper No. CB(2)1720/16-17(03)]	
015235 - 015544	Chairman Mr Laurence PAK, The Lion Rock Institute	Presentation of views	
015545 - 020329	Chairman Mr LAM Woo-chung, Hong Kong Inbound Travel Association	Presentation of views	
<i>Session Two</i>			
020330 - 020429	Chairman	Opening remarks for Session Two	
020430 - 020739	Chairman Mr CHAN Tze-fung	Presentation of views	
020740 - 021003	Chairman Miss LI Chi-yan, 天主教勞 工中心 一九龍 勞工關 注組	Presentation of views	
021004 - 021309	Chairman Miss WONG Po-hei	Presentation of views	
021310 - 021540	Chairman Ms CHOI Wai-fon, 天主教 勞工中心 一九龍 保安 護衛關注組	Presentation of views	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
021541 - 021838	Chairman M HO Wang-tat	Presentation of views	
021839 - 022146	Chairman Mr HO Kam-chung, 全民退休保障免審查關注組	Presentation of views	
022147 - 022442	Chairman Miss FONG Hiu-tung	Presentation of views	
022443 - 022627	Chairman Ms WAN Mei-ha	Presentation of views	
022628 - 022933	Chairman Mr KWOK Wai-shing	Presentation of views	
022934 - 023232	Chairman Mr CHAN Chao-saing, 天主教勞工中心 一九龍單幢大廈保安護衛關注退休生活小組	Presentation of views	
023233 - 023540	Chairman Mr Tommy TAM, Hong Kong Association of China Travel Organisers Ltd.	Presentation of views	
023541 - 023814	Chairman Miss TSOI Sin-man, Hong Kong Federation of Women's Centres	Presentation of views	
023815 - 024002	Chairman Mr LEUNG Chi-wai, Association of Restaurant Managers Ltd.	Presentation of views [LC Paper No. CB(2)1720/16-17(04)]	
024003 - 024312	Chairman Mr KWOK Wing-kin, 工黨新東支部	Presentation of views	
024313 - 024629	Chairman Ms NG Wai-ling, 工黨新西支部	Presentation of views	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
024630 - 024919	Chairman Mr NG Ling-fung, 葵芳工 友組	Presentation of views	
024920 - 025226	Chairman Mr CHUNG Man-bun, The Hong Kong General Union of Security & Property Management Industry Employees	Presentation of views [LC Paper No. CB(2)1729/16-17(03)]	
025227 - 025529	Chairman Mr PANG Kong-cheung, The Hong Kong Federation of Trade Unions Rights & Benefits Committee	Presentation of views [LC Paper No. CB(2)1757/16-17(03)]	
025530 - 025758	Chairman Miss June WU	Presentation of views	
025759 - 030011	Chairman Mr CHAN Sui-wah, 汽車交 通運輸業總工會	Presentation of views	
030012 - 030202	Chairman Mr YAU Yiu-shing, Hong Kong Import & Export Trade Employees Association	Presentation of views	
030203 - 030511	Chairman Mr NGAN Lit-fung	Presentation of views [LC Paper No. CB(2)1671/16-17(07)]	
030512 - 030656	Chairman Mr 陳國師, 香港航空貨運及 速遞業工會	Presentation of views	
030657 - 031000	Chairman Ms CHEUNG Po-lai, Cleaning Workers Union	Presentation of views [LC Paper No. CB(2)1757/16-17(04)]	
031001 - 031224	Chairman Miss LEUNG Tsz-yan, Promoters and Casual Workers Union	Presentation of views	

Time marker	Speaker	Subject(s) / Discussion	Action Required
031225 - 031459	Chairman Mr LEUNG Chun-sing, 香港製造業總工會	Presentation of views	
031500 - 031730	Chairman Mr LEUNG Yiu-chung Mr CHU Hon-chung, The Federation of Hong Kong & Kowloon Labour Unions	Presentation of views [LC Paper No. CB(2)1830/16-17(01)]  <i>[Mr LEUNG Yiu-chung was elected among members to chair the meeting during the temporary absence of the Chairman and the Deputy Chairman.]</i>	
031731 - 032223	Chairman Mr POON Siu-ping Admin	<p>Mr POON Siu-ping's remarks that the labour sector had made it clear that it would not accept the Administration's proposal for progressively abolishing the "offsetting" of severance payment ("SP")/long service payment ("LSP") with employers' mandatory contributions under the MPF System ("the Administration's proposal") as detailed in its paper. The labour sector was particularly concerned about the proposal to reduce the amount of SP/LSP payable for the employment period from the Effective Date, i.e. adjusting downwards the existing entitlement from two-thirds of the last month's wages to half of the last month's wages as compensation for each year of service (i.e. 75% of existing entitlement).</p> <p><i>[At this juncture, the Chairman resumed the chairmanship.]</i></p> <p>Mr POON's concern about how the Administration could take forward the matter given that its proposal was neither supported by the labour sector nor the business sector.</p> <p>The Administration's advice that following the six-month public engagement exercise on retirement protection by the Commission on Poverty, the Administration had thoroughly considered how to tackle the MPF offsetting arrangement, and announced a concrete proposal in the 2017 Policy Address. The Administration had since then engaged major employers' groups and trade unions in active dialogue. However, despite the Administration's efforts, both employers and employees were not receptive to the Administration's proposal. Nor could they agree among themselves on any alternative that</p>	

Time marker	Speaker	Subject(s) / Discussion	Action Required
		<p>was acceptable to both sides. Notwithstanding the lack of consensus, the Administration considered it incumbent upon the current-term Government to make a decision. The Administration considered that its proposal remained the most optimal option to date to progressively abolish the "offsetting" arrangement under MPF, after considering in details the views and alternative proposals from employers' and employees' groups in the past few months, and recommended its original proposal be adopted as the basis for taking the matter forward.</p>	
032224 - 032622	<p>Chairman Mr LEUNG Yiu-chung Admin</p>	<p><i>[Mr POON Siu-ping was elected among members to chair the meeting during the temporary absence of the Chairman and the Deputy Chairman.]</i></p> <p>Mr LEUNG Yiu-chung's remarks that the labour sector expressed grave dissatisfaction that the labour rights and benefits were compromised under the Administration's proposal to adjust downward the entitlement of SP/LSP.</p> <p>The Administration's advice that the proposed revision of the SP/LSP rate to one-half was justifiable in view of the partial overlap between the functions of SP/LSP and the MPF System. It was not correct to see this adjustment as a retrograde step in employment benefits because SP/LSP receivable would be additional to employers' mandatory MPF contributions which would be fully preserved for retirement. The overall monetary amount most employees could obtain under the Administration's proposal would be notably higher than the existing arrangement.</p>	
032623 - 032931	<p>Chairman Mr SHIU Ka-fai</p>	<p>Mr SHIU Ka-fai's remarks that responsibility of providing retirement protection for Hong Kong people should be shared by the community as a whole.</p> <p>Mr SHIU highlighted the legislative intent of the MPF Schemes Ordinance (Cap. 485) ("MPFSO") and considered that the long-established offsetting arrangement was early withdrawal of employers' contribution for the purpose of alleviating an employee's short-term financial hardship caused by loss of employment.</p>	



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		<p>Referring to some deputations' concern that the MPF accrued benefits of a considerable number of workers engaged by government service contractors ("outsourced workers") were repeatedly used for offsetting SP/LSP upon expiry of their time-limit employment contracts, Mr SHIU's view that the Administration should address the problem by reviewing its policy on outsourcing government services.</p> <p>Mr SHIU echoed that both employers and employees were not in support of the Administration's proposal.</p>	
032932 - 033243	Chairman Mr YIU Si-wing	Mr YIU Si-wing highlighted the difficult business environment for the small-, medium- and micro-enterprises ("SMMEs"). If the Administration's proposal was to be implemented, it would increase the operation cost as these enterprises would need to set aside recurrent funding dedicated for SP/LSP. It might also give rise to immediate dismissal of employees and re-employment on short-term basis. Mr YIU's anticipation that it would go beyond the affordability of SMMEs. Eventually, it would result in business closure of SMMEs and monopolization of the industries by a few large enterprises.	
033244 - 035709	Chairman	Break	
<i>Session Three</i>			
035710 - 035833	Chairman	<p><i>[At this juncture, the Chairman resumed the chairmanship.]</i></p> <p>Opening remarks for Session Three</p>	
035834 - 040149	Chairman Ms TSANG Cheuk-yi, Hong Kong Ample Love Society Ltd.	Presentation of views	
040150 - 040408	Chairman Mr 施生弟, 中華電力公司 華員職工會	Presentation of views [LC Paper No. CB(2)1671/16-17(08)]	

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040409 - 040633	Chairman Mr LAM Wai-man, Liberal Party	Presentation of views	
040634 - 040959	Chairman Miss CHEUNG Sau-kwan, Kwai Chung Worker Right Concern Group	Presentation of views	
041000 - 041316	Chairman Mr WU Kin-wa, Institute of Hong Kong Property Managers	Presentation of views [LC Paper No. CB(2)1757/16-17(05)]	
041317 - 041821	Chairman Mr NG Chi-fai, Hong Kong Chef Union	Presentation of views  After Mr NG Chi-fai's presentation of views, he and Mr 譚亮英 of 街工勞工組 repeatedly shouted loudly and displayed signs in spite of warnings given by the Chairman. The Chairman ordered these two persons concerned be removed from the conference room.	
041822 - 042149	Chairman Mr NG Wai-tung, Society for Community Organization	Presentation of views	
042150 - 042256	Chairman Ms FOK Mei-sung	Presentation of views	
042257 - 042523	Chairman Mr LAM Chiu, Grassroot Labor Concern Group	Presentation of views	
042524 - 042725	Chairman Mr Jason WONG Chun-tat, Travel Industry Council Of Hong Kong	Presentation of views	
042726 - 042954	Chairman Ms LI Man-sau, Government Frontline Employees Union	Presentation of views	
042955 - 043227	Chairman Mr 黃和平, The Hong Kong Council of Social Service	Presentation of views [LC Paper No. CB(2)1757/16-17(06)]	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s) / Discussion</b>	<b>Action Required</b>
043228 - 043533	Chairman Mr Rayman CHOW Wai-hung	Presentation of views	
043534 - 043810	Chairman Mr WONG Yun-tat, Neighbourhood and Worker's Service Centre	Presentation of views	
043811 - 044119	Chairman Mr Why	Presentation of views	
044120 - 044443	Chairman Mr 賴志文, The Federation of Hong Kong Property Management Industry Limited	Presentation of views	
044444 - 044718	Chairman Mr LAM Yui-kan, North District Low Income Families Concern Group	Presentation of views	
044719 - 044951	Chairman Mr YUEN De-ming, North District Retirement Protection Concern Group	Presentation of views	
044952 - 045326	Chairman Mr LUK Chung-hung	<p>Mr LUK Chung-hung's criticism of the deficiency of the MPF offsetting arrangement. His remarks that the labour sector was furious about over \$30 billion of the employers' contribution to MPF had been withdrawn for offsetting SP/LSP since the inception of the MPF System in 2000 and that the labour sector would not accept the reduction of labour rights and benefits under the Administration's proposal.</p> <p>Mr LUK's view that the business sector should be blamed for threatening the community with adverse economic impact of any proposals to improve the labour rights and benefits. His further view that the business sector should be criticized for bargaining for preservation of the MPF offsetting arrangement with additional 1% MPF contribution from employers.</p>	

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045327 - 045643	Chairman Mr LEUNG Kwok-hung	<p>Mr LEUNG Kwok-hung's grave dissatisfaction that the Administration refused to implement universal retirement protection, having regard to the relatively high Gini coefficient of Hong Kong.</p> <p>Mr LEUNG pointed out that the Administration's proposal was not supported by both employees and SMMEs. His grave concern that employees' entitlement to SP/LSP would be reduced under the Administration's proposal and that employees engaged for cleaning services, security and property management would mostly be affected.</p>	
045644 - 045949	Chairman Dr LAU Siu-lai Admin	<p>Dr LAU Siu-lai shared the concern about the great disparity between the rich and poor in Hong Kong and that the Gini coefficient of Hong Kong had reached 0.539.</p> <p>Dr LAU's strong criticism of the MPF System, in particular its high administration fee, which could not perform effectively its retirement protection function. Her view that the Administration should implement universal retirement protection in the long run, having regard to the fact that the current generation of elders and homemakers were not covered by the employment-based MPF System.</p> <p>Dr LAU's further criticism of the Administration's proposal which would use public money to subsidize employers and reduce employees' entitlement of SP/LSP. In addition, it would put in place "grandfathering" arrangement whereby accrued benefits from employers' mandatory contributions before the Effective Date could continue to be used for "offsetting". Her concern that implementation of the Administration's proposal would lead to dismissal of employees.</p> <p>The Administration's response that elderly persons had diverse retirement needs. To strengthen the social security pillar, the 2017 Policy Address had announced measures to enhance the Old Age Living Allowance to provide more assistance to the elderly persons with financial needs.</p>	

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045950 - 050441	Chairman Admin	<p>The Chairman's questions regarding:</p> <ul style="list-style-type: none"> <li>(a) whether the Administration would consider bearing the SP/LSP expenditure before the Effective Date and whether it had conducted relevant financial assessment;</li> <li>(b) whether the Administration had conducted impact assessment on self-employed persons and outsourced workers should its proposal be implemented; and</li> <li>(c) whether the Administration would consider retaining the SP/LSP formula at two-thirds such that its proposal would be able to gain support from the labour sector.</li> </ul> <p>The Administration's advice that its proposal was the most optimal amongst all options put forward. Notably, it was a finely balanced tripartite solution whereby employers, employees and the Government each had to pay extra costs or make some concession, with the consequential impact expected to be largely bearable for all three parties, while keeping Government's financial involvement one-off and time-limited.</p>	
050442 - 050754	Chairman Mr LEUNG Yiu-chung Admin	<p>Mr LEUNG Yiu-chung cast doubt about the justification for putting forward the Administration's proposal given that it was not supported by both employers' groups and trade unions.</p> <p>The Administration's emphasis on the importance of balancing employers' affordability and employees' benefits in its proposal, and that the overall monetary amount most employees could obtain under the Administration's proposal would be notably higher than that under the existing arrangement. In addition, employees currently not covered by MPFSO or other statutory retirement schemes and hence not affected by the abolition of the "offsetting" arrangement would continue to have their SP/LSP entitlements dealt with and calculated in accordance with the existing provisions of the law.</p>	

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050755 - 051140	Chairman Mr SHIU Ka-fai	Mr SHIU Ka-fai's reiteration of the following:  (a) the legislative intent of MPFSO. Employers should not be labelled as unscrupulous because of the offsetting arrangement, given that it was legitimate under MPFSO; and  (b) the Administration's proposal could not gain support from both the labour sector and the business sector.	
051141 - 051350	Chairman Dr LAU Siu-lai Admin	Dr LAU Siu-lai's grave concern that around 1 million people were living below the poverty line in Hong Kong. Consideration should be given to providing retirement protection to these grassroots people.  Dr LAU's emphasis on the different nature of SP/LSP and the MPF accrued benefits. While the former were labour rights, the latter was for the purpose of retirement protection.  The Administration's advice that there was partial overlap in the retirement protection function between SP/LSP and the MPF system.	
051351 - 051459	Chairman	Closing remarks	