

**立法會**  
**Legislative Council**

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

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**Council meeting of 20 February 2019**

**Amendments to motion on  
“Revitalizing the Mandatory Provident Fund”**

Further to LC Paper No. CB(3) 376/18-19 issued on 4 February 2019, six Members (Hon CHAN Kin-por, Hon LUK Chung-hung, Hon WONG Ting-kwong, Dr Hon KWOK Ka-ki, Hon Paul TSE and Dr Hon Fernando CHEUNG) have respectively given notice of their intention to move separate amendments to Dr Hon Junius HO’s motion on “Revitalizing the Mandatory Provident Fund”. As directed by the President, the respective amendments will be printed in the terms in which they were handed in.

2. The President will order a joint debate on the above motion and the six amendments. To assist Members in debating the motion and the amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Dr Hon Junius HO to speak and move his motion;
- (b) the President proposes the question on Dr Hon Junius HO’s motion;
- (c) the President calls upon the six Members who wish to move amendments to speak in the following order, but no amendment is to be moved at this stage:
  - (i) Hon CHAN Kin-por;
  - (ii) Hon LUK Chung-hung;

- (iii) Hon WONG Ting-kwong;
  - (iv) Dr Hon KWOK Ka-ki;
  - (v) Dr Hon Fernando CHEUNG; and
  - (vi) Hon Paul TSE;
- (d) the President calls upon the public officer(s) to speak;
  - (e) the President invites other Members to speak;
  - (f) the President calls upon Dr Hon Junius HO to speak for the second time on the amendments;
  - (g) the President calls upon the public officer(s) to speak again;
  - (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the six Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon CHAN Kin-por to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon CHAN Kin-por's amendment;
  - (i) after Hon CHAN Kin-por's amendment has been voted upon, the Council deals with the other five amendments; and
  - (j) after all amendments have been dealt with, the President calls upon Dr Hon Junius HO to reply. Thereafter, the President puts to vote the question on Dr Hon Junius HO's motion, or his motion as amended, as the case may be.

3. For Members' reference, the terms of the original motion and the marked-up version of the amendments are set out in the **Appendix**.

(Dora WAI)  
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on  
“Revitalizing the Mandatory Provident Fund”**

**1. Dr Hon Junius HO’s original motion**

That the fundamental concept of the Mandatory Provident Fund (‘MPF’) schemes is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF’s overall performance, the average loss of each scheme member has exceeded \$8,000, rendering MPF’s real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to put the retirement savings of scheme members to more practical use, this Council urges the Government to revitalize MPF by allowing scheme members flexibility and autonomy in using MPF to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system.

**2. Motion as amended by Hon CHAN Kin-por**

That the fundamental concept of the Mandatory Provident Fund (‘MPF’) schemes, *implemented in 2000*, is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, ~~although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF’s overall performance, the average loss of each scheme member has exceeded \$8,000, rendering MPF’s real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to put the retirement savings of scheme members to more practical use~~

*after deducting the administration fees, the annualized rate of return for MPF was 4.8%, which had far outpaced inflation; but due to fluctuations in the investment market in recent years, MPF's overall rate of return has been highly volatile, even though a 22.3% rate of return was recorded in 2017, the rate dropped to -8.83% in 2018, some scheme members are thus worried that MPF is insufficient to cope with their retirement life; in this connection, this Council urges the Government to revitalize MPF by ~~allowing~~ **enhancing the existing MPF schemes, including streamlining the administrative processes, proactively promoting paperless employer contributions and expeditiously introducing an eMPF centralized electronic platform, so as to substantially reduce administration fees, thereby raising MPF's overall rate of return in the long run; increasing the amount of tax deduction for voluntary MPF contributions to encourage middle-class people to make more contributions; and promoting financial management education to teach people how to effectively manage MPF; and at the same time, the Government should allow** scheme members flexibility and autonomy in using MPF to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system.*

Note: Hon CHAN Kin-por's amendment is marked in *bold and italic type* or with deletion line.

### **3. Motion as amended by Hon LUK Chung-hung**

That, *although* ~~the fundamental concept of the Mandatory Provident Fund ('MPF') schemes~~ *have been implemented for years, their effectiveness have always been criticized by society; the fundamental concept of the MPF schemes* is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement, *but not all people can be benefited, coupled with the Government's delay in implementing the establishment of a universal retirement protection system, the retirement life of some members of the public therefore lacks protection;* from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, ~~the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF's overall performance, the average loss of each scheme~~

~~member has exceeded \$8,000, rendering MPF's real purchasing power being almost exhausted after several decades, which is a worrying situation *its average return rate has not only failed to deliver a good investment return for years, the performance of individual funds has also lagged behind the inflation rate, seriously affecting the retirement protection of wage earners*; in order to put the retirement savings of scheme members to more practical use *establish a better retirement system*, this Council urges the Government to, *through improving the current MPF system*, revitalize MPF by allowing scheme members flexibility and autonomy in using MPF to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system *to enhance retirement protection for the public; specific measures include:*~~

- ~~(1) *expeditiously implementing the abolition of MPF offsetting mechanism, and priority to abolish the offsetting arrangement should be accorded to non-civil service contract staff, and employees of outsourced companies and intermediaries;*~~
- ~~(2) *expeditiously implementing MPF full portability to allow scheme members freedom to choose MPF trustees;*~~
- ~~(3) *enhancing MPF's Default Investment Strategy ('DIS'), including lowering the total fee cap under DIS, reviewing annually DIS' effectiveness, and the Government or non-profit-making organizations taking the lead in establishing DIS, so as to promote market competition, lower the overall fee levels of funds and improve service quality;*~~
- ~~(4) *encouraging fund trustees to launch more low fee funds, including index funds and guaranteed funds, so as to provide scheme members with more investment choices; and*~~
- ~~(5) *paying employees' MPF contributions for low-income scheme members to enhance their retirement protection.*~~

Note: Hon LUK Chung-hung's amendment is marked in *bold and italic type* or with deletion line.

#### 4. Motion as amended by Hon WONG Ting-kwong

That *after the Government implemented the Mandatory Provident Fund ('MPF') schemes in 2000, the community has continuously put forward different proposals relating to the choice of investment products, trustee fees and usage of MPF*; the fundamental concept of the ~~Mandatory Provident Fund~~ ('MPF') schemes is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by *trustee fees and* inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF's overall performance, the average loss of each scheme member has exceeded \$8,000, rendering MPF's real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to put the retirement savings of scheme members to more practical use, this Council urges the Government to revitalize MPF *schemes to minimize the erosion of MPF, and* ~~by allowing~~ *allow* scheme members flexibility and autonomy in *investing and* using MPF; *specific measures include:*

- (1) *further lowering MPF trustee fees and conducting a study on requiring trustees to collect fixed administration fees;*
- (2) *encouraging the market to introduce additional MPF investment products, such as products resembling bank deposits that charge no management fees and fund products linked to inflation rates, and examining the introduction of investment products that linked to Exchange Fund returns, etc, with a view to increasing the choice of scheme members;*
- (3) *allowing scheme members to partially withdraw their MPF accrued benefits for first-time home purchase; and*
- (4) *allowing scheme members to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system.*

Note: Hon WONG Ting-kwong's amendment is marked in *bold and italic type* or with deletion line.

## 5. Motion as amended by Dr Hon KWOK Ka-ki

That *the problem of ageing population in Hong Kong has become increasingly serious, but Hong Kong's retirement protection system has all along been deficient and incomprehensive, and while a universal retirement protection scheme has obtained the consensus of the majority of members of the public, the Government has refused to implement it*; the fundamental concept of the Mandatory Provident Fund ('MPF') schemes is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF's overall performance, the average loss of each scheme member has exceeded \$8,000, *coupled with the fact that the excessively high MPF administration fees have all along been a subject of criticism*, rendering MPF's real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to ~~put the retirement savings of scheme members to more practical use~~ *enable members of the public to obtain appropriate retirement protection*, this Council urges the Government to revitalize MPF *before the implementation of a genuine universal retirement protection scheme with tripartite contributions from employees, employers and the Government within the current term of this Government* by ~~allowing scheme members flexibility and autonomy in using MPF to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system,~~ *including lowering the ratios of administration fees and management fees to prevent fund investment companies from gnawing the contributions of scheme members, and introducing a provision to allow early withdrawal of MPF by scheme members suffering from critical illnesses or in urgent and special circumstances for emergency purposes.*

Note: Dr Hon KWOK Ka-ki's amendment is marked in *bold and italic type* or with deletion line.

## 6. Motion as amended by Dr Hon Fernando CHEUNG

That the fundamental concept of the Mandatory Provident Fund ('MPF') schemes is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over the years; according to a market report in mid-2018, calculated on the basis of MPF's overall performance, the average loss of each scheme member has exceeded \$8,000, rendering MPF's real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to ~~put~~ ***offer better protection to*** the retirement savings of scheme members ~~to more practical use~~, this Council urges the Government to revitalize MPF by ~~allowing scheme members flexibility and autonomy in using MPF to take out medical insurance, so that when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system,~~ ***enacting legislation to regulate the fee cap of MPF administration and management fees charged by MPF trustees, lowering the management fee cap of the Default Investment Strategy to 0.5% or below, allowing employees to choose to deposit part of their contributions into the Exchange Fund, and considering centrally collecting the contributions and managing the records of retirement or pension accounts, so as to further reduce the fees.***

Note: Dr Hon Fernando CHEUNG's amendment is marked in ***bold and italic type*** or with deletion line.

## 7. Motion as amended by Hon Paul TSE

That the fundamental concept of the Mandatory Provident Fund ('MPF') schemes is to enable working persons to make personal savings through contributions from both employees and employers and receive returns derived from investment of the funds, so as to assist members of the public in coping with life after retirement; from December 2000 to the end of 2017, although the total MPF assets have exceeded \$844 billion, the assets have in fact been eroded by inflation, and the return rates have invariably been far from satisfactory over



the years; according to a market report in mid-2018, calculated on the basis of MPF's overall performance, the average loss of each scheme member has exceeded \$8,000, rendering MPF's real purchasing power being almost exhausted after several decades, which is a worrying situation; in order to put the retirement savings of scheme members to more practical use, this Council urges the Government to revitalize MPF by allowing scheme members flexibility and autonomy in using MPF to *pay the down payment of first home purchase*, take out medical insurance *and subscribe to passive index funds (e.g. the Tracker Fund of Hong Kong) with lower management fees on their own without involving any fund trustees*, so that *they can acquire their own properties, make good use of their self-occupied properties as reverse mortgage after retirement, minimize the erosion of their contributions by trustees*, *and* when they fall ill, besides seeking medical treatment under the public healthcare system, they may also choose to go to private healthcare institutions, so as to receive appropriate treatment expeditiously; this proposal not only can protect the personal health of members of the public, but also relieve the pressure on the public healthcare system.

Note: Hon Paul TSE's amendment is marked in *bold and italic type*.