

立法會

Legislative Council

LC Paper No. CB(2)440/18-19

(These minutes have been seen
by the Administration)

Ref : CB2/PL/MP

Panel on Manpower

Minutes of meeting

**held on Tuesday, 20 November 2018, at 2:00 pm
in Conference Room 2 of the Legislative Council Complex**

- Members present** : Dr Hon Fernando CHEUNG Chiu-hung (Chairman)
Hon HO Kai-ming (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Starry LEE Wai-king, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon SHIU Ka-fai
Dr Hon Pierre CHAN
Hon LUK Chung-hung, JP
Hon Jeremy TAM Man-ho
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
- Member attending** : Hon Tommy CHEUNG Yu-yan, GBS, JP
- Members absent** : Hon Andrew WAN Siu-kin
Hon SHIU Ka-chun
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public Officers
attending** : Item IV

Dr LAW Chi-kwong, GBS, JP
Secretary for Labour and Welfare

Mr Caspar TSUI Ying-wai, JP
Under Secretary for Labour and Welfare

Mr Carlson CHAN Ka-shun, JP
Commissioner for Labour

Ms Melody LUK Wai-ling, JP
Assistant Commissioner for Labour (Labour Relations)

Ms Joan HUNG Sze-man
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services) Mandatory
Provident Fund Reform

Mr Desmond HOU Ka-chun
Principal Economist, Office of the Government
Economist of the Financial Secretary's Office

**Attendance
by invitation** : Item IV

Session One

The Federation of Hong Kong & Kowloon Labour Unions

Mr CHU Hon-chung

Civic Passion

Mr CHENG Kam-mun
Vice Chairman

The Staffs & Workers Union of Hong Kong Civil Airlines

Mr LI Wing-foo
Vice Chairman

Chamber of Security Industry

Mr HO Kai-man

The Chamber of Hong Kong Logistics Industry

Mr 陳富泉
Vice Chairman

The Civic Party

Mr Chandler CHAN Nok-hang
Representative

Environmental Services Contractors Alliance (Hong Kong)

Miss YAN Sui-han
Convener

Individual

Mr 劉達邦

Hong Kong Pest Management Association

Mr CHOI Ping-yin
President

Hong Kong Container Tractor Owner Association Ltd.

Mr LAM Hoi-tat
Chairman

Eating Establishment Employees General Union

Mr 招冠聰

Coral Sea Ferry Service Co. Ltd.

Ms Mandy YU

Hong Kong Business Community Joint Conference

Dr SHUM Wan-lung
Secretary-General

Liberal Party Youth Committee

Mr Gilbert TSE

關注中小微企大聯盟

Mr Karl FUNG

天主教勞工中心一九龍(保安護衛關注組)

Ms LI Chi-yan

天主教勞工中心一九龍

Mr HO Tin-lok

Institution of Dining Art

Mr Henry MA
First Vice-Chairman

Service Industry General Union

Mr CHAN Ting-fung
Committee Member of Rights

Sai Kung F&B Association

Mr HIEW Shek-kei
Director

潮僑食品業商會

Mr 陳志業

Hong Kong Catering Industry Association

Mr LEUNG Chun
Spokesman

Hong Kong & Kowloon Vermicelli and Noodle
Manufacturing Workers Union

Mr 馮秉孝
Honourary President

Association of Restaurant Managers

Mr 梁驅騰
Vice President

The Association for Hong Kong Catering Services
Management Ltd.

Mr LEUNG Chun-wah
Chairman

Individual

Mr 戴永成

Hong Kong Import & Export Trade Employees Association

Mr YAU Yiu-shing
Chairman

The Hong Kong Federation of Trade Unions

Mr TONG Kang-yiu
Director, Rights & Benefits Committee

Session Two

Democratic Alliance for the Betterment and Progress of
Hong Kong

Mr NGAN Man-yu
Deputy Spokesperson

Alliance for Universal Pensions

Ms Florence CHEUNG Man-wai

全民退保關注組

Mr CHIU See-poon
Member

The Grassrooteer

Ms LEE Choi-kwan
Chairperson

Cleaning Service Industry Workers Union

Ms CHUNG Bik-mui
Committee Member

North District Employment Concern Group

Mr TAM Nai-chung
Member

香港政策深度研究社

Mr TSUI Yat-keung
Member

Care Taker Concern Group

Ms CHU Moon-chun
Member

Chinese Grey Power

Mr CHEUNG Kai-bing
Chairman

Hong Kong Federation of The Blind

Mr CHEUNG Kai-fu
Member

Grassroots Development Centre

Mr NG Kin-wing
Member

Construction Site Workers General Union

Mr CHAN Pat-kan

Hong Kong Confederation of Trade Unions

Mr MUNG Siu-tat
Chief Executive

香港物業管理及保安職工總會

Ms 余美雲

Liberal Party

Mr Dan CHAN
Central Committee Member

Hong Kong Federation of Innovative Technologies and
Manufacturing Industries

Prof CHAN Kei-biu
Honorary Advisor and Committee Member

Environmental Contractors Management Association

Mr TAN Chong-wai
President

Catering and Hotels Industries Employees General Union

Mr 何鴻興

Hong Kong Clerical and Professional Employees General
Union

Mr LAM Yuet-ching
Senior Officer

Individual

Mr WHY

Hong Kong Women Workers' Association

Miss Claudia AU
Organizer

Cleaning Workers Union

Ms Rabina Limbu
Organizer

Union of Hong Kong Docker

Mr CHAN Yum-wo
Executive Committee Member

Union of Hong Kong Dockers Operator Rights focus group

Mr LAI Ma-kin
Member

Citybus Limited Employees Union

Mr LAW Chi-fai

Coach Drivers Union

Mr TSANG Chi-man

Women Workers Cooperative

Ms PONG Lai-hing
Member

Industrial Relations Institute

Ms LAU Yau-chun

The Federation of Bus Industry Trade Unions

Mr KWOK Wai-kwong

Hong Kong Construction Employees General Union

Mr FUNG Kin-chung
Union Affairs Officer, Rights and interests Officer

Hong Kong Federation of Restaurants & Related Trades

Mr Jimmy TSANG

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

Action

I. Confirmation of minutes of previous meeting
(LC Paper No. CB(2)252/18-19)

The minutes of the briefing-cum-meeting held on 16 October 2018 were confirmed.

II. Information paper issued since the last meeting

2. Members noted that no information paper had been issued since the last meeting.

III. Date of next meeting and items for discussion
(LC Paper Nos. CB(2)254/18-19(01) and (02))

3. Members agreed that the following items proposed by the Administration be discussed at the next regular meeting on 18 December 2018:

Action

- (a) Review of statutory maternity leave; and
- (b) Adjustment of the levels of compensation under the Employees' Compensation Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance, and expansion of the list of medical appliances under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance.

Members further agreed that deputations would be invited to give views on item (a).

(Post-meeting note: Members were informed vide LC Paper No. CB(2)442/18-19 that the meeting would be held from 2:30 pm to 5:30 pm on 18 December 2018.)

IV. Abolition of using employers' mandatory contributions under the Mandatory Provident Fund System to offset severance payment and long service payment
(LC Paper Nos. CB(2)254/18-19(03) and (04))

4. At the invitation of the Chairman, the Secretary for Labour and Welfare ("SLW") highlighted to members with the aid of powerpoint presentation the arrangements announced by the Chief Executive in the 2018 Policy Address for the abolition of using employers' mandatory contributions under the Mandatory Provident Fund ("MPF") System to offset severance payment ("SP")/long service payment ("LSP") ("the enhanced arrangements for abolishing the 'offsetting'"), and the preparatory work to be taken forward. Details of which were set out in the Administration's paper.

(Post-meeting note: The softcopy of the powerpoint presentation materials was issued to members vide LC Paper No. CB(2)300/18-19(01) on 21 November 2018.)

5. Members noted an updated background brief entitled "Offsetting arrangement under the Mandatory Provident Fund System" prepared by the Legislative Council ("LegCo") Secretariat.

Action

Presentation of views by deputations/individuals

6. At the invitation of the Chairman, a total of 59 deputations/individuals attending the meeting presented their views on the enhanced arrangements for abolishing the "offsetting". A summary of views of these deputations/individuals is in the **Appendix**.

Discussion

7. SLW made the following points to the major views of the attending deputations/individuals:

- (a) the Government was committed to abolishing the "offsetting" arrangement. Taking into account the complexities of the legislative amendments involved in abolishing the "offsetting" arrangement and the fact that the Labour and Welfare Bureau and the Labour Department ("LD") were currently heavily committed in various priority issues, including extension of the statutory maternity leave and review of the level of penalty for non-compliance with the occupational safety and health legislation, it was considered necessary to strengthen the higher-level manpower support in LD. Hence, he took the opportunity to appeal to members' support for the staffing proposal to create one permanent post of Chief Labour Officer ("CLO") (D1) in LD to take up the various preparatory and implementation work in relation to the abolition of the "offsetting" arrangement;
- (b) at present, there were provisions under relevant ordinances permitting employers to offset their SP/LSP payable against the accrued benefits attributable to their MPF contributions. The enactment of legislation for the abolition of the "offsetting" arrangement should have no retrospective effect, lest it would cause much complexities;
- (c) it was proposed under the current-term Government's preliminary idea put forth in March this year that employers be allowed to offset the pre-effective date SP/LSP with their MPF contributions made both before and after the effective date of abolition ("Effective Date"). This arrangement would be administratively less complicated and hence less

Action

costly as there was no need for MPF trustees to determine the value of the accrued benefits from employers' MPF contributions before the Effective Date, and to segregate an employee's MPF account into pre- and post-effective date. In the long run, it was expected that the accrued benefits derived from employers' MPF contributions before the Effective Date would grow due to investment returns and might outgrow the "offsettable" SP/LSP before the Effective Date. As such, the design had the effect of reducing the risks of massive dismissals upon the abolition and providing better employment protection for employees. However, if employers were not allowed to offset the pre-effective date SP/LSP with their MPF contributions made after the Effective Date, it would necessitate the setting up of some three million additional MPF accounts for the purpose of segregating an employee's MPF account into pre- and post-effective date ones, which would result in high operation cost as well as much technical difficulties and disputes in the calculation of the value of the accrued benefits from employers' MPF contributions before the Effective Date;

- (d) the Government's financial commitment of \$29.3 billion to help share employers' expenses on SP/LSP under the abolition of the "offsetting" arrangement ("the Government's financial commitment") was reckoned based on an estimated number of SP/LSP cases over the 25-year subsidy period simulated from the "offsetting" claim data in the past few years kept by the Mandatory Provident Fund Schemes Authority ("MPFA") and the subsidy to be provided for these cases according to the schedule at Annex B to the Administration's paper. It was a crude estimate made in the 2016 price level. Given that inflation in the 25-year period had not yet been taken into account, it was expected that the actual Government's financial commitment would be far more than \$29.3 billion;
- (e) the first-tier subsidy would be available for all incident employers (i.e. those who needed to pay SP/LSP to their employees) while the second-tier subsidy would kick in when the accrued balance in the designated saving account ("DSA") of the incident employers was not sufficient to

Action

cover the outstanding amount of the SP/LSP payable after netting the first-tier subsidy;

- (f) gratuity granted based on length of service could continue to be used to offset SP/LSP;
- (g) each employer would be required to set up a DSA under his/her own name and contribute an amount equivalent to 1% of his/her employees' monthly income to the DSA until the accrued balance of the DSA reached 15% of the employees' annual income for payment of SP/LSP in future. The 15% saving level was envisaged to be sufficient to cover the SP/LSP expenses for most enterprises, especially during the first-tier subsidy period. The 15% saving cap was meant to strike an appropriate balance between not to lock up too much operating capital and the need to save up a sufficient amount to meet the future SP/LSP liabilities of an enterprise. That said, employers might save up over the saving cap in accordance with their individual needs;
- (h) the Government would make up for the shortfall in case an employee received a smaller amount of aggregate benefits (i.e. SP/LSP entitlement together with the accrued benefits attributable to the employer's mandatory contributions to his/her MPF account) than what he/she would otherwise receive under the current "offsetting" regime;
- (i) MPFA and the Government had been pursuing various measures to lower MPF fees, including the introduction of the fee-controlled Default Investment Strategy, which commenced operation since April 2017. Overall speaking, the management and administration fees of the MPF System had been progressively reduced in recent years;
- (j) there was a need for the collection of funds from employers and the disbursement of the fund from DSAs. The Government would make use of the future e-MPF platform for the collection of employers' contributions to their respective DSAs and for subsequent payment of SP/LSP for more cost-effective administration;

Action

- (k) as for employers' savings in DSAs, the Government would explore the feasibility of having them, together with the Government's financial commitment to the two-tier subsidy scheme, placed with HKMA. This would enable the funds to be managed in the same manner as other government or public placements, which shared the return of the Exchange Fund without any charge or management fees;
- (l) the suggestion of setting up a central fund pool to meet employers' SP/LSP liabilities was not the best solution to address the concerns of the business sector over the abolition of the "offsetting" arrangement, since it would be most costly to the employers amongst various options due to the high moral hazards. To substantially reduce moral hazards, incident employers would need to share the SP/LSP payable with the central fund pool on a higher ratio, say, 50:50, in each dismissal incident. This might not be in the interests of employers as a whole as employers would still need to make provision to meet their substantial share of SP/LSP payment on top of the regular contributions to the central fund pool. The attention of members was also drawn to the unfairness of cross-subsidization from employers/sectors with fewer incidents of dismissals/retranchments necessitating payment of SP/LSP to employers/sectors with more frequent incidents;
- (m) regarding support for the small- and medium-sized enterprises ("SMEs"), the Government would implement the two-tier profits tax rates regime with effect from the year of assessment 2018-2019, lowering the rate by half to 8.25 per cent for the first \$2 million of assessable profits for qualifying enterprises. In addition, the Government was committed to providing funding support for the SME Loan Guarantee Scheme as well as stepping up its promotional work among SMEs;
- (n) the implementation of the abolition proposal would necessitate highly complicated and controversial amendments of various pieces of legislation, as well as formulation of meticulous implementation arrangements for taking forward the proposal. Taking into account the complexities of the legislative amendments involved, the Government would strive to introduce the enabling bill into

Action

LegCo in 2020 with a view to securing its passage by 2022. The target was to implement the abolition two years after passage of the enabling legislation; and

- (o) it was envisaged that the abolition of the "offsetting" arrangement would be conducive to the implementation of full portability of MPF benefits. The increase in scheme members' autonomy in choosing MPF funds would promote market competition, facilitate consolidation of MPF personal accounts and bring about further fee reduction. In the long run, it would be of paramount importance to strengthen the retirement protection function of the MPF System.

(After SLW had made response at the first session of the meeting, the Deputy Chairman took the chair during the absence of the Chairman.)

The enhanced arrangements for abolishing the "offsetting"

8. Mr Vincent CHENG said that the Democratic Alliance for the Betterment and Progress of Hong Kong was in support of the substantial increase in the Government's financial commitment to the two-tier subsidy scheme.

9. Mr POON Siu-ping said that the labour sector had made it clear that the abolition of "offsetting" arrangement should be implemented as soon as practicable on the premise that employees' rights and benefits under the Employment Ordinance (Cap. 57) ("EO") would not be undermined. Mr POON was in support of the staffing proposal of creating a CLO post in LD so as to expedite the relevant work in relation to the implementation of the abolition proposal. Given that the duration of the second-tier subsidy would be extended from 12 years to 25 years with the subsidy rate scaling back according to the schedule at Annex B to the Administration's paper, Mr POON was concerned about the worries expressed by some deputations that it might give rise to undesirable behavioural change of both employers and employees, such as employers' offering employees with short-term employment contracts.

10. SLW responded that while the policy change might give rise to behavioural change of both employers and employees, employers might not necessarily benefit from dismissing employees with long years of service and engaging new employees for replacement. He explained that under the enhanced arrangements for abolishing the "offsetting", employers would continue to be allowed to use their MPF contributions

Action

made after the Effective Date to offset the pre-effective date SP/LSP and that any SP/LSP payable for the employment period up to the Effective Date would be calculated on the basis of the monthly wages as at the Effective Date, as opposed to the last monthly wages at the time of dismissal (if the dismissal was after the Effective Date) as presently provided under EO. As such, there was no justification for employers to dismiss their employees upon implementation of the abolition proposal. According to the statistics, around 60% of employees quitted their jobs on their own accord. Among employees not voluntarily leaving their jobs, around 70% were not entitled to SP or LSP for not yet having served the same employer for the requisite period of two or five years respectively. After all, it was believed that most of the employers and employees would reasonably and sensibly handle their labour relations.

11. In response to Mr POON Siu-ping's further enquiry, SLW affirmed that the Government would make up for the shortfall in case an employee received a smaller amount of aggregate benefits of SP/LSP entitlement and the accrued MPF benefits than what he/she would otherwise receive under the current "offsetting" regime. It was expected that there would not be many such cases and the number would be reducing over the time. The expenditure in this regard would be met separately from the funding earmarked for the two-tier subsidy scheme.

12. Given that contractual gratuity could continue to be used to offset SP/LSP following the abolition of the "offsetting" arrangement, Mr LUK Chung-hung was concerned that employers would offer their employees with contractual gratuity in future so as to evade their SP/LSP liabilities. Referring to the proposed contractual gratuity for non-skilled employees engaged under government service contracts ("outsourced workers"), Mr LUK further sought clarification as to whether outsourced workers' MPF accrued benefits would be offset by such contractual gratuity.

13. SLW advised that contractual gratuity had been and would continue to be allowed to be used to offset SP/LSP. While government outsourced service contractors would be required to pay contractual gratuity to their non-skilled employees engaged to work for government outsourced service contracts tendered from 1 April 2019 onwards, they were still required under the law to contribute an amount equivalent to 5% of their employees' relevant income to their employees' MPF accounts. There was no question of offsetting the employers' MPF contributions with the contractual gratuity.

Action

14. Mr AU Nok-hin criticized that the Government had inclined to the interest of the business sector over abolition of the "offsetting" arrangement by substantially increasing the financial commitment for the two-tier subsidy scheme. Given that the business sector had pointed out that the abolition of "offsetting" arrangement would give rise to difficult business environment and might result in business closure, Mr AU asked whether the Administration would consider reviewing the subsidy for SP under the two-tier subsidy scheme in tandem with the use of the Protection of Wages on Insolvency Fund ("PWIF"). The Deputy Chairman, however, was of the view that the objectives of SP and PWIF were different. Mr AU also expressed concern about the assistance to be provided to those employees whose MPF accrued benefits might still be offset against their SP/LSP entitlements before the implementation of the abolition of the "offsetting" arrangement by 2024.

15. SLW advised that of the \$29.3 billion committed under the two-tier subsidy scheme, the respective shares under the first-tier subsidy and the second-tier subsidy were \$14.7 billion and \$14.6 billion. It was envisaged that micro, small and medium-sized enterprises ("MSMEs") or enterprises which were more prone to large-scale retrenchment would benefit most under the second-tier subsidy. In effect, most of the resources under the two-tier subsidy would be channelled to assisting MSMEs, particularly the micro-sized enterprises, which constituted 88% of the total establishments in Hong Kong, to cope with the policy change of abolishing the "offsetting". SLW further advised that the objective of PWIF was to provide timely relief in the form of ex-gratia payment to employees of insolvent employers, which was somewhat different from the two-tier subsidy scheme under the abolition proposal. Regarding the question of compensating the employees who had their MPF benefits offset with SP/LSP before the abolition of the "offsetting", SLW expressed that this was not viable as such information was not readily available.

16. Mr LEUNG Yiu-chung expressed grave concern about the Government's determination to take forward the abolition proposal and whether the proposal would be further revised in face of the business sector's opposition. SLW responded that while the framework for the abolition proposal was finalized, the Government would continue to listen to the views of various sectors on the detailed implementation arrangements.

Action

Legislative timetable

17. Mr LUK Chung-hung strongly urged the Government to implement the abolition arrangement as soon as practicable and thus introduce the enabling bill into LegCo in 2019 with a view to securing its passage within the Sixth LegCo.

18. SLW responded that the Administration would strive to take forward the relevant work for abolishing the "offsetting" arrangement, taking into account the complexities of the legislative amendments involved.

Other concerns

19. Mr Tommy CHEUNG was of the view that LSP should be abolished after the implementation of the abolition of the "offsetting" arrangement, lest employers would pay twice for their employees' benefits. SLW advised that LSP was introduced under EO in 1986, which sought to provide compensation to employees unreasonably dismissed after having served the same employer for a certain period of time. Of the various criteria qualifying for LSP, only the criterion which entitled an employee reaching 65 years of age to LSP upon resignation appeared to have some correlation with the retirement protection function of MPF but the ratio of such cases was small.

20. Mr LUK Chung-hung was concerned whether the Administration would provide enquiry services on the disbursement of Government subsidy after the abolition of "offsetting" arrangement. Mr Vincent CHENG enquired about the support measures for MSMEs in the light of their concerns about the calculation of subsidy under the two-tier subsidy scheme.

21. Acknowledging the concerns over the two-tier subsidy scheme, SLW advised that the Administration was committed to enhancing the understanding of employers and employees on their respective SP/LSP liabilities and entitlements in future.

22. Mr POON Siu-ping sought clarification as to whether the proposed DSAs would be implemented under the e-MPF platform. SLW advised that the e-MPF aimed to provide a centralized electronic platform to support comprehensive information enquiry and MPF-related account management functions. It was envisaged that the launch of the e-MPF

Action

would help reduce the administration fees of MPF schemes in the long run. It was the intention of the Government to enable employers to make contributions to the MPF schemes and DSAs and manage their respective accounts via the same platform of e-MPF for more cost-effective administration.

23. There being no other business, the meeting ended at 6:22 pm.

Council Business Division 2
Legislative Council Secretariat
14 December 2018

Panel on Manpower

Meeting on Tuesday, 20 November 2018, at 2:00 pm

Meeting to receive views on "Abolition of using employers' mandatory contributions under the Mandatory Provident Fund System to offset severance payment and long service payment"

Summary of views and concerns expressed by deputations/individuals

No.	Name of deputation/individual	Submission / Major views and concerns
<i>Session One</i>		
1.	The Federation of Hong Kong & Kowloon Labour Unions	<ul style="list-style-type: none"> LC Paper No. CB(2)254/18-19(05)
2.	Civic Passion	<ul style="list-style-type: none"> Expressed dissatisfaction at employees' compulsory participation in the Mandatory Provident Fund ("MPF") System and the fact that employees' MPF accrued benefits had been significantly reduced because of low investment return and high management and administration fees of the MPF schemes. Expressed grave concern about the substantial increase in the Government's financial commitment to \$29.3 billion for the enhanced arrangements announced by the Chief Executive in the 2018 Policy Address for the abolition of using employers' mandatory contributions under the MPF System to offset severance payment ("SP")/long service payment ("LSP") ("the offsetting arrangement").
3.	The Staffs & Workers Union of Hong Kong Civil Airlines	<ul style="list-style-type: none"> LC Paper No. CB(2)301/18-19(01)
4.	Chamber of Security Industry	<ul style="list-style-type: none"> LC Paper No. CB(2)254/18-19(06)
5.	The Chamber of Hong Kong Logistics Industry	<ul style="list-style-type: none"> The establishment of the MPF System had mainly benefitted the sale of investment fund products under various MPF schemes but not the employees, employers and the Government. Did not oppose the abolition of the offsetting arrangement but the Government should handle the matter in a prudent manner so that the proposal would not cause negative impact on micro-sized enterprises and thus discourage those with aspiration from starting up their own business.
6.	The Civic Party	<ul style="list-style-type: none"> LC Paper No. CB(2)301/18-19(02)
7.	Environmental Services Contractors Alliance (Hong Kong)	<ul style="list-style-type: none"> LC Paper No. CB(2)301/18-19(03)
8.	Mr 劉達邦	<ul style="list-style-type: none"> Abolition of the offsetting arrangement would be unfair to employers. There was grave concern over the significant financial impact of discharging the SP/LSP responsibilities on small and medium-sized enterprises ("SMEs"). The two-tier subsidy scheme for abolishing the offsetting arrangement was too complicated to understand.

No.	Name of deputation/individual	Submission / Major views and concerns
9.	Hong Kong Pest Management Association	<ul style="list-style-type: none"> ● Most members of the Association were micro-sized enterprises with just a few employees who would retire in the coming 10 to 20 years. In face of the difficult business environment, there was concern that the LSP liabilities after the abolition of the offsetting arrangement would impose heavy financial burden on these micro-sized enterprises. ● The two-tier subsidy scheme for abolishing the offsetting arrangement was too complicated to understand. Concerns were raised about management of the designated saving accounts ("DSAs") and calculation of SP/LSP entitlements.
10.	Hong Kong Container Tractor Owner Association Ltd.	<ul style="list-style-type: none"> ● The abolition of the offsetting arrangement would be disadvantageous to the business sector. Each individual was responsible for his/her own retirement life. Employers should not be held responsible for employees' retirement plan. ● The two-tier subsidy scheme for abolishing the offsetting arrangement was too complicated to understand. There was concern that it might give rise to disputes between employers and employees over SP/LSP entitlements. ● The requirement of individual employers to set up a DSA for saving up in advance to meet their SP/LSP liabilities would increase the pressure of business operation and administration work of individual SMEs. Instead, DSAs should be set up and managed by the Government.
11.	Eating Establishment Employees General Union	<ul style="list-style-type: none"> ● Employees working in the catering sector were heavily struck by the offsetting arrangement. There were numerous cases in which employers' MPF contribution were used to offset their SP/LSP liabilities every two to three years, leaving the employees with meagre MPF accrued benefits for retirement protection. ● Appealed to the business sector to accept the enhanced arrangements for abolishing the offsetting arrangement. ● Appealed to the current-term Government to implement abolition of the offsetting arrangement as early as practicable.
12.	Coral Sea Ferry Service Co. Ltd.	<ul style="list-style-type: none"> ● Did not support abolition of the offsetting arrangement which would impose heavy financial pressure on the employers in the ferry service sector in discharging their SP/LSP liabilities having regard to the fact that most employees in the sector were aged with long years of service.
13.	Hong Kong Business Community Joint Conference	<ul style="list-style-type: none"> ● LC Paper No. CB(2)301/18-19(04)

No.	Name of deputation/individual	Submission / Major views and concerns
14.	Liberal Party Youth Committee	<ul style="list-style-type: none"> ● Opposed to the abolition of the offsetting arrangement which was a breach of the consensus reached in enacting the MPF legislation, i.e. offsetting between MPF accrued benefits and SP/LSP was permitted under the law. Employers should not be asked to pay twice for their SP/LSP liabilities after the setting up of DSAs. ● Abolition of the offsetting arrangement would be detrimental to the business environment. It would bring about adverse impact on the long-term economic development and difficulties to youngsters who aspired to start up their own business. ● The Government should consult the business sector and the community at large so as to arrive at a consensus on abolition of the offsetting arrangement.
15.	關注中小微企大聯盟	<ul style="list-style-type: none"> ● Abolition of the offsetting arrangement was a breach of the consensus reached in enacting the MPF legislation. ● The two-tier subsidy scheme for abolishing the offsetting arrangement was too complicated to understand. ● Abolition of the offsetting arrangement would increase the operation cost of the micro, small and medium-sized enterprises ("MSMEs"). The Government should fully consult the business sector on abolishing the offsetting arrangement.
16.	天主教勞工中心一九龍(保安護衛關注組)	<ul style="list-style-type: none"> ● Concern about the operational details of the enhanced two-tier subsidy scheme for abolishing the offsetting arrangement, including the calculation of subsidy amount and saving requirement for DSAs. ● The arrangement of using employers' mandatory contributions under the MPF System to offset contractual gratuity for employees should also be abolished. ● Concern about measures to be taken by the Government to help the employees in the event of large-scale of dismissals of employees when abolishing the offsetting arrangement.
17.	天主教勞工中心一九龍	<ul style="list-style-type: none"> ● Concern about the ineffectiveness of the MPF System, including the offsetting arrangement and high administration fee of the MPF schemes, in performing its retirement protection function. ● The Government should not make use of abolition of the offsetting arrangement as a means to address the community call for implementation of universal retirement protection.
18.	Institution of Dining Art	<ul style="list-style-type: none"> ● LC Paper No. CB(2)283/18-19(01)
19.	Service Industry General Union	<ul style="list-style-type: none"> ● LC Paper No. CB(2)254/18-19(07)

No.	Name of deputation/individual	Submission / Major views and concerns
20.	Sai Kung F&B Association	<ul style="list-style-type: none"> ● In the light of the difficult business environment and the tight cash flow of MSMEs, the requirement of individual employers to set up a DSA for saving up in advance to meet their SP/LSP liabilities would further increase the operation cost and the risk of business closure. ● The Government's proposed two-tier subsidy scheme with the diminishing sliding subsidy rate was considered not helpful to MSMEs in meeting their SP/LSP liabilities in full.
21.	潮僑食品業商會	<ul style="list-style-type: none"> ● LC Paper No. CB(2)301/18-19(05)
22.	Hong Kong Catering Industry Association	<ul style="list-style-type: none"> ● LC Paper No. CB(2)288/18-19(01)
23.	Hong Kong & Kowloon Vermicelli and Noodle Manufacturing Workers Union	<ul style="list-style-type: none"> ● LC Paper No. CB(2)301/18-19(06)
24.	Association of Restaurant Managers	<ul style="list-style-type: none"> ● Strongly opposed to the enhanced arrangements for abolishing the offsetting arrangement. Concern was raised about the need for employers to meet the SP/LSP liabilities upon expiry of the 25-year subsidy period under the two-tier subsidy scheme. ● The crux of the ineffectiveness of the MPF system as a key pillar for retirement protection was mainly attributable to the high management and administration fees of the MPF schemes.
25.	The Association for Hong Kong Catering Services Management Ltd.	<ul style="list-style-type: none"> ● The offsetting arrangement under the MPF System was a consensus among the stakeholders after extensive consultation in enacting the MPF legislation. The abolition of the offsetting arrangement was in breach of such consensus. ● The policy change would require employers to pay twice for their employees' benefits. ● Appealed to the Government not to abolish the offsetting arrangement in view of the difficult business environment faced by the catering sector.
26.	Mr 戴永成	<ul style="list-style-type: none"> ● Opposed to the abolition of the offsetting arrangement. The Government should consider setting up a central fund pool to help share employers' expenses on SP/LSP. ● The MPF System had benefitted the financial investment companies selling different investment fund products under various MPF schemes but not the employers or employees. ● It was unreasonable to require employers to pay twice for their employees' retirement life i.e. MPF contribution and LSP. Each individual should save up for his/her retirement life and should not wholly rely on employers or the Government.

No.	Name of deputation/individual	Submission / Major views and concerns
27.	Hong Kong Import & Export Trade Employees Association	<ul style="list-style-type: none"> ● LC Paper No. CB(2)254/18-19(08)
28.	The Hong Kong Federation of Trade Unions	<ul style="list-style-type: none"> ● LC Paper No. CB(2)254/18-19(09)
<i>Session Two</i>		
29.	Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB")	<ul style="list-style-type: none"> ● Welcomed the enhanced arrangements for abolishing the offsetting arrangement. ● It was understood that MSMEs did not oppose to the abolition of the offsetting arrangement. However, there was grave concern about their SP/LSP liabilities in view of the low profit margin, increasing operation cost and risk of business closure. DAB urged the Government to take these into account when putting forth a finalized option for abolishing the offsetting arrangement. ● MSMEs had made recommendations for improving the option of setting up a central fund pool to help share employers' expenses on SP/LSP. Noting that the Government considered the option not viable on account of giving rise to moral hazards, DAB urged the Government to provide statistical information in this regard.
30.	Alliance for Universal Pensions	<ul style="list-style-type: none"> ● LC Paper No. CB(2)283/18-19(02)
31.	全民退保關注組	<ul style="list-style-type: none"> ● Instead of using public money to subsidize employers to meet their SP/LSP liabilities under the two-tier subsidy scheme, the Government should use the resources for implementing universal retirement protection scheme.
32.	The Grassrooteer	<ul style="list-style-type: none"> ● While welcoming the proposal of abolishing the offsetting arrangement, there was concern that employers would be allowed to continue to use their MPF contributions made after the effective date of abolition ("Effective Date") to offset the pre-effective date SP/LSP. It was unfair to the employees, in particular those with long years of service.
33.	Cleaning Service Industry Workers Union	<ul style="list-style-type: none"> ● The outsourced workers, in particular those in the cleaning service industry, suffered most under the offsetting arrangement. ● Concern was raised that unscrupulous employers would use false employment records to claim Government subsidy under the two-tier subsidy scheme. The Government subsidy would also provide incentive for employers to dismiss their employees prematurely.
34.	North District Employment Concern Group	<ul style="list-style-type: none"> ● Criticized that the Government had inclined to the interest of the business sector over abolition of the offsetting arrangement in order to solicit their support. It was the legal liabilities of employers to pay SP/LSP. ● In the long run, the Government should implement universal retirement protection scheme.

No.	Name of deputation/individual	Submission / Major views and concerns
35.	香港政策深度研究社	<ul style="list-style-type: none"> Given the substantial increase in the Government's financial commitment of subsidizing employers under the enhanced arrangement for abolishing the offsetting, the Government should by the same token provide subsidy to those employees whose pre-effective date SP/LSP would be offset. To address the problem of inadequate savings for the working population in the MPF accounts for retirement protection purpose, the Government needed to implement the abolition proposal so as not to increase the pressure for public expenditure on elderly welfare benefits.
36.	Care Taker Concern Group	<ul style="list-style-type: none"> Abolition of the offsetting arrangement could not benefit family carers who had no retirement protection under the MPF System. Instead of advising the needy elderly to make applications for financial assistance under various welfare assistance programmes, the Government should implement a universal retirement protection scheme so that they could lead a dignified and financially secured life in their twilight years in view of the huge fiscal reserve.
37.	Chinese Grey Power	<ul style="list-style-type: none"> It was unfair that over the years employers' mandatory contributions under the MPF System had been used to offset SP/LSP, thereby significantly reducing employees' MPF accrued benefits and making it difficult for them, in particular the cleaning workers, to lead a financially secured retirement life. Expressed dissatisfaction that the Government had increased its financial commitment of subsidizing employers under the abolition of the offsetting arrangement. Expressed dissatisfaction that employers would continuously be allowed to use their MPF contributions made after the Effective Date to offset the pre-effective date SP/LSP.
38.	Hong Kong Federation of The Blind	<ul style="list-style-type: none"> In the light of the huge fiscal reserve, the Government should implement a universal retirement protection scheme and complementary welfare measures to improve the retirement life of the elderly.
39.	Grassroots Development Centre	<ul style="list-style-type: none"> LC Paper No. CB(2)359/18-19(01)
40.	Construction Site Workers General Union	<ul style="list-style-type: none"> LC Paper No. CB(2)359/18-19(02)
41.	Hong Kong Confederation of Trade Unions	<ul style="list-style-type: none"> LC Paper No. CB(2)288/18-19(02)

No.	Name of deputation/individual	Submission / Major views and concerns
42.	香港物業管理及保安職工總會	<ul style="list-style-type: none"> ● Most of the employees in the security service industry were outsourced workers whose employers' mandatory contributions under the MPF System had been used to offset their SP/LSP. The Government should abolish the offsetting arrangement as soon as practicable. ● It was unfair that employers would continuously be allowed to use their MPF contributions made after the Effective Date to offset the pre-effective date SP/LSP. Moreover, there was concern that any SP/LSP payable for the employment period up to the Effective Date would be calculated on the basis of the monthly wages as at the Effective Date, as opposed to the last monthly wages at the time of dismissal if the dismissal took place after the Effective Date. ● Expressed disappointment at the delayed legislative timetable for abolition of the offsetting arrangement.
43.	Liberal Party	<ul style="list-style-type: none"> ● Abolition of the offsetting arrangement was considered unfair to employers who would be required to pay twice for retirement protection of their employees as the latter were provided with "double benefit" for the same employment period. ● Did not accept the Government's proposed enhanced arrangements for abolishing the offsetting. ● Most of the establishments in Hong Kong were MSMEs which should not bear all the responsibilities of providing retirement protection for their employees.
44.	Hong Kong Federation of Innovative Technologies and Manufacturing Industries	<ul style="list-style-type: none"> ● While sharing the view on abolishing the offsetting arrangement so as to improve the labour rights and benefits, the sector did not accept the abolition proposal. Regardless of the Government's financial commitment of \$29.3 billion to help employers meet the SP/LSP liabilities after abolition of the offsetting arrangement, the business sector considered the subsidy insufficient to meet the uncertainty in connection with their SP/LSP liabilities in the long run. According to the estimation of the business sector, the financial impact on employers to discharge their SP/LSP liabilities would be in the region of \$840 billion after the expiry of the 25-year subsidy period. ● The Government should seriously consider the proposal of setting up a central fund pool to help share employers' expenses on SP/LSP.
45.	Environmental Contractors Management Association	<ul style="list-style-type: none"> ● Employers in the sector were willing to make extra contribution of 1% of their employees' monthly income to DSAs so as to save up in advance to meet their future SP/LSP obligations. However, the sector opposed to the subsidy arrangements under the two-tier subsidy scheme. Grave concern was raised about the complicated calculation under the two-tier subsidy scheme for sharing employers' expenses on SP/LSP and that it might give rise to disputes

No.	Name of deputation/individual	Submission / Major views and concerns
		<p>over SP/LSP entitlements between employers and employees.</p> <ul style="list-style-type: none"> ● The Government should seriously consider the proposal of setting up a central fund pool to help share employers' expenses on SP/LSP with contribution from employers and the Government.
46.	Catering and Hotels Industries Employees General Union	<ul style="list-style-type: none"> ● LC Paper No. CB(2)359/18-19(03)
47.	Hong Kong Clerical and Professional Employees General Union	<ul style="list-style-type: none"> ● LC Paper No. CB(2)288/18-19(03)
48.	Mr WHY	<ul style="list-style-type: none"> ● The MPF System did not cover homemakers. The Government should therefore implement a universal retirement protection scheme. ● The current-term Government should abolish the offsetting arrangement without further delay.
49.	Hong Kong Women Workers' Association	<ul style="list-style-type: none"> ● LC Paper No. CB(2)301/18-19(07)
50.	Cleaning Workers Union	<ul style="list-style-type: none"> ● Most of the cleaning workers were aged employees and received no retirement protection. Their accrued MPF benefits had significantly been reduced because of the repeated offsetting against their SP/LSP upon expiry of their short-term employment contracts. ● Abolition of the offsetting arrangement could not benefit the female homemakers who were not covered under the MPF System. ● The Government should implement a universal retirement protection scheme which could benefit all people.
51.	Union of Hong Kong Docker	<ul style="list-style-type: none"> ● Expressed concern why SP/LSP payable for the employment period up to the Effective Date would be calculated on the basis of the monthly wages as at the Effective Date, as opposed to the last monthly wages at the time of dismissal (if the dismissal was after the Effective Date). ● The Government should implement the abolition of the offsetting arrangement as soon as practicable. ● The Government should implement a universal retirement protection scheme in view of the ageing population.
52.	Union of Hong Kong Dockers Operator Rights focus group	<ul style="list-style-type: none"> ● Expressed dissatisfaction at employees' compulsory participation in the MPF System as well as the high management and administration fees of the MPF schemes. More importantly, employees' accrued MPF benefits arising from their employers' contributions had significantly been reduced because of the repeated offsetting against their SP/LSP.

No.	Name of deputation/individual	Submission / Major views and concerns
		<ul style="list-style-type: none"> Expressed concern that under the abolition proposal, there were cases whereby employees would receive a smaller amount of aggregate benefits (SP/LSP entitlement together with the accrued benefits attributable to their employers' mandatory contributions to their MPF accounts) than what they would otherwise receive under the current offsetting regime. The Government should provide subsidy to those employees whose accrued MPF benefits had been offset against their SP. Also, employers should not continuously be allowed to use their MPF contributions made after the Effective Date to offset the pre-effective date SP.
53.	Citybus Limited Employees Union	<ul style="list-style-type: none"> Given that LSP and MPF were of different functions, the offsetting arrangement was unreasonable. It was also unreasonable that under the abolition proposal, employers would continuously be allowed to use their MPF contributions made after the Effective Date to offset the pre-effective date LSP. It was unfair to the bus captains with long years of service. The labour rights and benefits should not be undermined under the abolition proposal. Any SP payable for the employment period should be calculated on the basis of the last monthly wages at the time of dismissal. Employers should not continuously be allowed to use their MPF contributions made after the Effective Date to offset the pre-effective date SP.
54.	Coach Drivers Union	<ul style="list-style-type: none"> LC Paper No. CB(2)393/18-19(01)
55.	Women Workers Cooperative	<ul style="list-style-type: none"> LC Paper No. CB(2)301/18-19(08)
56.	Industrial Relations Institute	<ul style="list-style-type: none"> LC Paper Nos. CB(2)301/18-19(09) and (10)
57.	The Federation of Bus Industry Trade Unions	<ul style="list-style-type: none"> LC Paper No. CB(2)393/18-19(02)
58.	Hong Kong Construction Employees General Union	<ul style="list-style-type: none"> LC Paper No. CB(2)254/18-19(10)
59.	Hong Kong Federation of Restaurants & Related Trades	<ul style="list-style-type: none"> LC Paper No. CB(2)254/18-19(11)