




Go to CS Voice Index 

Issue 011
2016 January

Views

Fight for real retirement protection Deny fake consultation

Professor Wong Hung, Associate professor, Department of Social Work, Chinese University of Hong Kong

A joint declaration was signed by 180 scholars on universal pension strongly demanded the Commission on Poverty to include the universal pension scheme proposed by scholars so that the general public will have an all rounded understanding on retirement protection and provide them with real choices. However, the Commission on Poverty launched "Retirement Protection Forging Ahead" on 22 December 2015 without including the scholars' scheme but instead scaring the public with huge expenditure and disguised the concept of "contribution" as "taxation" and avoided the funding arrangement put forward by various proposals. The consultation paper has a strong pre-set standpoint, it does not provide a comprehensive and balanced stance which revealed that the government is putting on a show and has the least intention for a real discussion. Therefore, the scholars who signed the joint declaration decided not to participate in this sham consultation and refused to endorse it.

Hong Kong needs a system to secure the living of elders that benefits all. It is similar to public hospitals and education system. Scholars suggested setting up a "Universal pension scheme" aiming at a protection for basic living standards so that every elder would receive a monthly basic pension for a worry-free life. Its main points are as below:

1. Universality: A non vetting system for those aged 65 or above. This is to safeguard all citizens' living standards and dignity in times of ageing. For those who considered it giving out money to the rich, under the new scheme, it could use the same criteria for Old Age Allowance where eligible elders apply for the scheme themselves.
2. Basic protection: A monthly allowance of \$3,500 based on the calculation in 2016, and be adjusted according to inflation.
3. Effective immediately and start savings now: Begin savings in 2016 and giving pension to eligible elders immediately. The earlier this scheme is implemented, the more effective the collective savings plan. This is not the "pay as you go" scheme in the west but the "partially pre-funded" of the World Bank, making use of this golden opportunity of incomplete ageing population, to prepare for the future more ageing population.
4. Tripartite contribution: To contribute money from existing social security expenditure (CSSA standard rates for elderly person aged 60 or above, Old Age Allowance and Old Age Living Allowance) according the growth rate of old age population. The Mandatory Provident Fund (MPF) contributions of both parties are reduced to 2.5% but at the same time contribute 2.5% to the fund. Balances in the existing MPF account remains as it is without using the new scheme. This tripartite contribution does not add extra burden to labour, employers and government but instead, it is a better utilisation of MPF and government expenditure for elderly living.
5. Responsibility of government: Since the government delayed the implementation, compensation for this scheme should be accumulated from 2013, therefore, the government should put \$100 billion into the fund as seed money.
6. Corporate responsibility: Corporations should bear a bigger share in taking care of retired elders. Large corporations with annual profits of at least HK\$10 million contribute through an additional profit tax of 1.9%. Elders have been working their whole life for the prosperity of Hong Kong and corporates benefit the most out of it, therefore they should bear more responsibility.

According to the projection of the scholars' scheme, the expenditure in 2016 is \$49.5 billion while the income will be \$170.9 billion with a surplus of \$121.3 billion. By 2064, there will still be \$168.2 billion in the fund.

We appeal to you not to be misled and intimidated by the fake consultation of the government but to study the scholars scheme carefully, if you think it is worthy of support, please speak out and join our effort to proclaim to the government to carry out its commitment for a universal pension scheme.



Biography of Professor Wong Hung

Professor Wong Hung is an associate professor of the Department of Social Work of Chinese University of Hong Kong. He graduated from the Department of Social Work of the Chinese University and had his master degree on sociology of labour and PhD in University of Warwick. He has a special concern on social problems such as labour, social security and poverty. He has also conducted researches on labour and marginal groups such as street sleepers, unemployed youth and people living in old districts.

 [Back to Top](#)