

LCQ21: Relief proposals

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (January 20):

Question:

To cope with the wave of small and medium enterprises closing down and the surge in the number of unemployed persons, I have put forward for a number of times a total of nine relief proposals which have widely incorporated the views of the public, details of which are as follows: allowing members of the public to make early withdrawal of part of the accrued benefits from their Mandatory Provident Fund (MPF) accounts (accrued benefits), allowing members of the public to use their accrued benefits for first-time home purchase, allowing members of the public to use their accrued benefits as collateral for taking out loans from banks, making contributions to MPF schemes by the Government on behalf of all employers and employees in Hong Kong for half a year, providing a universal full waiver or substantial reduction of salaries tax, paying government rent by the Government on behalf of all property owners for one year, providing a full one-year waiver of rates for self-occupied properties, granting flat owners who are unemployed exemption from paying the Special Stamp Duty when selling their properties, and handing out cash to members of the public again by making reference to the policy of the Macao Government. Nevertheless, the Government has rejected all of them. Some members of the public have criticised the Government for disregarding the plight of millions of members of the public from the middle and sandwich classes as well as the grassroots amid the epidemic, and they feel very indignant and disappointed. In this connection, will the Government inform this Council:

(1) given that when taxpayers anticipate a decrease of more than 10 per cent in their income for this financial year as compared with that of the previous financial year, they may apply to the Inland Revenue Department for the holding over of the payment of the whole or part of the provisional tax under the Inland Revenue Ordinance (Cap. 112), whether the Government will, by making reference to this practice, allow employers and employees of enterprises who have suffered substantial reduction of income to apply for the holding over of the payment of the whole or part of their MPF contributions for three or six months;

(2) whether it will consider allowing employers and employees to suspend making MPF contributions for six months, so as to respond to the demand of members of the public;

(3) whether it will reassess the feasibility of the aforesaid nine proposals put forward by me;

(4) as the Government has time and again turned down my proposals relating to

MPF on grounds that such proposals will undermine the integrity of the MPF system, whether the Government has assessed if preserving the integrity of the MPF system (to which, as far as I know, the majority of Members of this Council object) immutably, and thus paying a lot of social costs for this, is tantamount to attending to trifles and neglecting essentials; and

(5) as the Financial Secretary has earlier on called upon members of the public to express their views on the coming Budget, but the aforesaid nine proposals are, as far as I know, supported by most of the Members of this Council and quite a number of members of the public, and therefore are "people's aspirations", whether the Government will consider afresh such proposals; if not, whether it has assessed if the Government, by objecting to all my proposals without providing any compromise proposal, will give members of the public a perception that it is conducting "fake consultation", "determined to go its own way" and insisting on being "detached from reality", and will lose people's support?

Reply:

President,

The Government's reply to the various parts of the question raised by the Hon Paul Tse is as follows:

(1), (2) and (4) Under the Mandatory Provident Fund (MPF) schemes, mandatory contributions are linked to the income of a scheme member. Generally speaking, the amount of contribution is calculated on the basis of monthly income, in which 5 per cent will be deducted directly from the monthly income as employee's contributions, whereas the employers would make another 5 per cent contribution for their part. If the relevant income of an employee drops, the amount of mandatory contribution payable by the employer and employee will be reduced correspondingly. Except for certain exempt persons as prescribed in the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (e.g. employees or self-employed persons reaching retirement age, or whose relevant income is lower than the statutory minimum relevant income level), there are currently no provisions in the legislation providing for the suspension or deferral of part or all of the mandatory contributions. Such proposals would involve legislative amendments to exempt the obligations of employers and employees to make MPF contributions.

As explained by the Government at various meetings of the Legislative Council (LegCo), the proposals relating to early withdrawal of MPF accrued benefits, exempting or suspending mandatory contributions, using MPF as collateral for taking out loans, etc. will inevitably undermine the integrity of the MPF System as a long-term and steady retirement saving scheme for accumulation of benefits and value growth. The Government understands the good intention behind these proposals, but pursuing these proposals will not only reduce the retirement protection of employees, but also provide limited support and cannot address the fundamental plight of the economy and unemployment currently facing employees and employers. After analysing and weighing carefully the relevant proposals and their long-term implications,

the Government considers it not appropriate to implement those proposals at this stage.

(3) and (5) The Government has been fighting the epidemic together with the people, and listened carefully to different opinions from all sectors of society on the relief measures, etc. so as to ease the immense pressure on the people, industries and businesses through targeted, timely and effective support measures. Since early 2020, the Government has rolled out relief measures of unprecedented scale involving a total of more than \$300 billion, including the Anti-epidemic Fund which received its fourth injection as supported by the Finance Committee of LegCo in December last year. Regarding Members' suggestions on the relief measures, the Government has on various occasions made detailed responses and explained the practicability, implications, policy considerations, etc. of the different proposals.

The consultation exercise for the 2021-22 Budget commenced early last month. The Government will continue to listen and examine carefully the views from the public, and will strike a balance between different sectors' interests in addressing the imminent needs of the people while ensuring the stability of Hong Kong's public finance and financial system, as well as making preparations for the post-epidemic economic development.