

## Press release

### LCQ14: Occupational Retirement Schemes

Wednesday, February 25, 2009

Following is a question by the Hon Cheung Kwok-che and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (February 25):

Question:

Regarding the occupational retirement schemes (ORSs) joined by staff of non-governmental organisations (NGOs) under the Social Welfare Department, will the Government inform this Council whether it knows:

(a) the respective current numbers of NGO staff who are members of registered schemes and exempted schemes under the Occupational Retirement Schemes Ordinance (Cap. 426) and, among them, the respective numbers of staff who will reach the specified normal retirement age in the coming 12 months;

(b) the number of ORSs which give their members the option to keep the balances in the schemes upon their retirement and to withdraw benefits at any time; and the total number of members of such schemes; and

(c) the number of ORSs which stipulate that the trustee shall pay the full amount of the balances to the member concerned on the date of his retirement, and the total number of members of such schemes; given that the financial tsunami has caused huge losses to many retirement schemes, whether the Government will require or encourage NGOs or trustees to provide ways by which retiring staff can have the flexibility mentioned in (b) above?

Reply:

President,

Occupational Retirement Schemes (ORSs) are retirement schemes operated by employers for their employees on a voluntary basis. As at December 31, 2008, there were a total of 7,222 ORSs with 462,084 participating scheme members, including 5,129 registered schemes and 2,093 exempted schemes.

The Mandatory Provident Fund Schemes Authority (MPFA) discharges its duties as the Registrar of Occupational Retirement Schemes under the Occupational Retirement Schemes Ordinance (Cap. 426) (the Ordinance) to register the schemes concerned and maintain on-going monitoring of their operation to ensure that the schemes are properly regulated, including their financial soundness. However, the MPFA is not involved in handling the data of individual scheme members. In addition, as ORSs are voluntary in nature, the contents and operational details of individual schemes are generally devised by respective employers according to their specific needs and objectives. The MPFA does not maintain information concerning individual members and the respective terms and conditions of all the 7,000-plus ORSs, including the number of staff of non-government welfare organisations subvented by the Social Welfare Department (SWD) who participated in ORSs, the time when the concerned staff will reach the retirement age and the arrangements for individual members to withdraw their retirement benefits under the respective ORSs, etc. The SWD does not have such information either. Under the lump sum grant subvention system, non-government organisations may determine their staffing structure and salaries flexibly and are not required to report the personal particulars or remuneration package of their staff (including retirement benefits) to the SWD.

In principle, the work arrangements and terms of employment (including retirement benefits) of individual institutions, including non-government organisations, should be decided by respective employers and employees with regard to relevant legislative requirements. Since the Ordinance does not impose any limitation on when an retiring employee may withdraw his retirement benefits, Government will not require or encourage any organisations or trustees to amend the contents and operational details of their schemes. The Government, however, has been encouraging employers to strengthen communication with their employees so as to develop and promote a harmonious employer-employee relationship. Where necessary, the Government will assist both sides to resolve differences and reach consensus through negotiation.

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