

Annex

**Panel on Financial Affairs**  
**Special meeting on 1 February 2007**

**List of follow-up actions**  
**Review of the Minimum and Maximum Relevant Income Levels for**  
**Mandatory Provident Fund Contributions**

A member expressed concern about the current arrangement that the amount of Mandatory Provident Fund (MPF) contributions made by the Government as the employer of non-civil service contract (NCSC) staff would be offset by deducting the equivalent amount from the end-of-contract gratuity payable to the officers concerned. In this connection, the Administration is requested to provide information on:

- (a) the rationale behind the current arrangement; and
- (b) whether the additional MPF contribution to be made in respect of NCSC staff by the Government will likewise be deducted from the end-of-contract gratuity of the officers concerned, if the recommendation of increasing the maximum relevant income level for MPF contribution from \$20,000 to \$30,000 is implemented.

Administration's response:

- (a) Under existing arrangements, the contract gratuity payable, when added to Government's MPF contribution, would be at a fixed rate of the basic salary. The MPF contribution in respect of a staff will be fully and immediately vested with the staff as required by the law.
- (b) This arrangement has been clearly specified in the terms of employment of existing staff. There is no question of deducting Government's contribution from employees' gratuity.