

立法會
Legislative Council

LC Paper No. CB(1) 2830/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/SS/15/10/1

**Subcommittee on Mandatory Provident Fund Schemes Ordinance
(Amendment of Schedule 3) Notice 2011**

**Minutes of the second meeting
held on Monday, 11 July 2011 at 5:05 pm
in Conference Room B of the Legislative Council Building**

Members present : Hon WONG Ting-kwong, BBS, JP (Chairman)
Hon LEE Cheuk-yan
Hon Miriam LAU Kin-ye, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Sing-chi
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC

Member absent : Hon Tommy CHEUNG Yu-yan, SBS, JP

**Public officers
attending** : **For item I**

Ms Julia LEUNG, JP
Under Secretary for Financial Services and the
Treasury

Miss Emmy WONG
Principal Assistant Secretary for Financial Services
and the Treasury (Financial Services) 3

Miss Elaine NG
Government Counsel
Department of Justice

Ms Gabriella YEE
Head (Policy Development & Research)
Mandatory Provident Fund Schemes Authority

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Miss Evelyn LEE
Assistant Legal Adviser 10

Mrs Mary TANG
Senior Council Secretary (1)1

I. Meeting with the Administration

(LC Paper No. CB(1) 2555/10-11(01) — Background brief on Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 2) Notice 2011 and Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 3) Notice 2011)

Background information on the Notice

(Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 3) Notice 2011

Ref: G6/9/44/1C(2011)Pt.9

LC Paper No. LS81/10-11

— The Legislative Council Brief

— Legal Service Division Report)

The Chairman drew members' attention to the letter (which was tabled at the meeting) dated 8 July 2011 from Mr Alan LEONG applying for late membership of the Subcommittee. In accordance with Rule 23(c) of the House Rules, members accepted Mr LEONG's application.

2. The Subcommittee deliberated (Index of proceedings attached in **Annex**).

3. The Administration was requested to -

(a) advise the rationale for implementing the new Minimum Relevant Income Level and Maximum Relevant Income Level (Max RI) by

different phases. To also advise the basis upon which the implementation date of 1 June 2012 for Max RI was arrived at; and

- (b) advise if it was the Administration's intention to increase the Max RI to \$30,000 per month by two phases and if so, the timeframe for the second phase.

4. Members noted deputations would be invited to express their views at the third Subcommittee meeting on Friday, 29 July 2011, at 2:30 pm. They also agreed that no meetings would be held in August and September 2011, and that the fourth meeting would be held in October 2011.

II. Any other business

5. There being no other business, the meeting ended at 5:50 pm.

Council Business Division 1
Legislative Council Secretariat
28 July 2011

**Subcommittee on Mandatory Provident Fund Schemes Ordinance
(Amendment of Schedule 3) Notice 2011**

**Proceedings of the second meeting
on Monday, 11 July 2011, at 5:05 pm
in Conference Room B of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I - Meeting with the Administration</i>			
000055 - 000320	Chairman	Members' acceptance of Mr Alan LEONG's application for late membership of the Subcommittee.	
000321 - 001022	Administration Chairman	Administration's explanation on the Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 3) Notice 2011 (the Amendment Notice) which sought to adjust the Maximum Relevant Income Level (Max RI) for the purpose of making Mandatory Provident Fund contribution.	
001023 - 001732	Ms LI Fung-ying Chairman Administration	<p>Ms LI Fung-ying's enquiries/comments -</p> <p>(a) the rationale for implementing the new Minimum Relevant Income Level (Min RI) and Max RI by different phases;</p> <p>(b) the delayed adjustment of Max RI might constitute discrimination; and</p> <p>(c) the plan to increase the Max RI to \$30,000.</p> <p>Administration's explanation -</p> <p>(a) the decision to implement the Max RI at a later date on 1 June 2012 was made having regard to the additional staff costs to employers, particularly small and medium enterprises (SMEs), in implementing the statutory minimum wage (SMW) and the increase in Max RI;</p>	<p>The Administration to advise -</p> <p>(a) the rationale for implementing the new Min RI and Max RI by different phases; and</p> <p>(b) whether it was its intention to increase the Max RI to \$30,000 per month by two phases and if so, the timeframe for the second phase.</p>

Time marker	Speaker	Subject(s)	Action required
		<p>(b) both Min RI and Max RI would be subject to regular reviews; and</p> <p>(c) the Amendment Notice sought to increase Max RI to \$25,000 per month, but it did not include any provisions for further increase under a phased arrangement.</p>	
001733 - 002608	Mr LEE Cheuk-yan Administration Chairman	<p>Mr LEE Cheuk-yan's concerns/enquiries -</p> <p>(a) much compromise had been made in adjusting the Max RI in terms of the level and the date of implementation;</p> <p>(b) the proposed Max RI of \$25,000 was not in line with the review findings in 2002 and 2006 which suggested increasing the Max RI from \$20,000 to \$30,000 per month based on statutory factors and statistical data; and</p> <p>(c) the basis upon which the implementation date of 1 June 2012 for Max RI was arrived at.</p> <p>Administration's explanation -</p> <p>(a) apart from most trade associations which did not accept any increase in Max RI, employees also had divided views on the need to increase the Max RI; and</p> <p>(b) need to strike a balance in setting Max RI and the implementation date.</p> <p>Chairman's comments -</p> <p>(a) employees might not welcome the proposed increase in Max RI as they would have to contribute more every month; and</p> <p>(b) while employers would have to contribute more as a result of the increase in Max RI, their contribution could be offset against their obligation</p>	The Administration to advise the basis upon which the implementation date of 1 June 2012 for Max RI was arrived at.

Time marker	Speaker	Subject(s)	Action required
		to pay the severance/long service payments in future.	
002609 - 002851	Mr WONG Sing-chi Chairman Administration	Mr WONG Sing-chi's enquiry on the rationale for implementing the new Max RI on 1 June 2012 and not 1 April 2012 to tie in with the beginning of the financial year. Administration's explanation that reasonable time should be allowed for both employers and employees to adjust to the new contribution level.	
002852 - 003600	Ms Miriam LAU Chairman Administration	<p>Ms Miriam LAU's views –</p> <p>(a) no consensus had been reached on the level of Max RI at the public hearings of the Panel on Financial Affairs when the subject was discussed;</p> <p>(b) the trades and SMEs would have much difficulty in coping with the increase in operating cost as a result of inflation, as well as the introduction of SMW and Max RI; and</p> <p>(c) need to invite deputations to solicit their views on the proposed Max RI.</p> <p>Administration's response -</p> <p>(a) the review in 2002 and 2006 recommended to increase the Max RI to \$30,000 per month based on statutory factors and statistical data; and</p> <p>(b) in view of the lack of consensus and the difficulties of the trades and SMEs, the Amendment Notice proposed to increase Max RI to \$25,000 per month.</p>	
003601 - 004220	Mr IP Kwok-him Chairman Administration Ms LI Fung-ying	Mr IP Kwok-him's remark that Members belonging to the Democratic Alliance for Betterment and Progress supported the need to strike a proper balance between the interest of employers and employees in setting the Max RI.	

Time marker	Speaker	Subject(s)	Action required
		Ms LI Fung-ying's view that it was necessary for the Administration to adhere to the established mechanism in setting the Min RI and Max RI.	
004221 - 004515	Chairman Ms LI Fung-ying	Members' agreement that apart from the third meeting on 29 July 2011 to meet with deputations, no meetings would be held in August and September 2011. The fourth meeting would be held in October 2011 with the exact date to be confirmed.	

Council Business Division 1
Legislative Council Secretariat
28 July 2011