

中華人民共和國  
香港特別行政區政府  
政務司司長辦公室



CHIEF SECRETARY  
FOR ADMINISTRATION'S OFFICE  
Government of the Hong Kong  
Special Administrative Region  
of the People's Republic of China

Your Ref.: CB2/PL/MP

6 December 2013

Miss Betty Ma  
Clerk to Panel  
Panel on Manpower  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Miss Ma,

### **Panel on Manpower**

Thank you for your letter of 21 November 2013 to the Chief Secretary for Administration. I am authorized to reply on her behalf.

The issue is about removing the existing arrangement of allowing employers to use the Mandatory Provident Fund ("MPF") accrued benefits from their contribution to offset the severance payment and the long service payment. It does not concern the offsetting of voluntary contributions made by employers against these statutory benefits.

The offsetting of gratuity or provident fund payment voluntarily contributed by employers against severance pay was first introduced into the Employment Ordinance ("EO") in 1974 and extended to long service payment in 1985 to encourage employers to voluntarily provide their employees benefits better than that required by law. When the MPF

System was launched, to balance the interest of employers and employees, both the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) and EO were amended to also allow the offsetting of MPF accrued benefits. Specifically, the MPFSO sets out the relevant operational arrangement to complement the application of the offsetting arrangement. The MPFSO is under the policy purview of the Financial Services and the Treasury Bureau and the Labour and Welfare Bureau is responsible for safeguarding employees' statutory entitlement for severance payment and long service payment under the EO.

The issue will be handled jointly by the two bureaux, and both of them will attend discussions of the matter at future Panel meetings.

Yours sincerely,



( Bruno Luk )  
Administrative Assistant to  
the Chief Secretary for Administration

c.c.

Secretary for Labour and Welfare  
Secretary for Financial Services and the Treasury