

財經事務及庫務局局長



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本函檔號 OUR REF.:
來函檔號 YOUR REF.:

14 June 2011

The Honourable Miriam Lau, GBS, JP,
Chairman of the House Committee
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Chairman,

**Notice of Motion by the Administration -
Concerning the Revision of Minimum Relevant Income (“Min RI”)
and Maximum Relevant Income (“Max RI”) Levels for
Mandatory Provident Fund (“MPF”) Contribution**

I am writing to advise you of the Administration’s plan to move two resolutions to increase the Min RI and Max RI specified respectively in Schedules 2 and 3 to the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) at the Legislative Council Meeting on 22 June 2011, and that I am seeking President of the Legislative Council’s agreement to dispense with the 12-day notice requirement under Rule 29(1) of the Legislative Council Rules of Procedures.

The MPFSO provides that unless exempted, an employer and employee must each contribute 5% of the employee’s relevant income to an MPF scheme as mandatory contribution, while a self-employed person (“SEPs”) must similarly contribute 5% of his relevant income. However, if the relevant income of the employee concerned is less than the Min RI, he is not required to make MPF contribution himself, although his employer still has to make MPF contribution for him. For a relevant employee whose relevant income is above the Max RI, both he and his employer are not required to make mandatory contribution in respect of the excess relevant income. The same

applies to an SEP. The current Min RI and Max RI are \$5,000 and \$20,000 respectively. The MPFSO also requires the Mandatory Provident Fund Schemes Authority ("MPFA") to conduct a review of the Min RI and Max RI at least once in every four years.

In the course of the recent review of the Min RI and Max RI, the Administration and MPFA considered that a credible Min RI should take into account the Statutory Minimum Wage ("SMW"). Since enactment of the SMW rate in January 2011 and subsequent consultation with the Legislature on MPFA's review result, including a public hearing organized by the Panel on Financial Affairs on 20 April 2011, the Administration has pressed ahead with the legislative amendments to increase the Min RI and Max RI. Early confirmation of the revised levels of Relevant Income would provide the requisite certainty for trustees and employers to start the necessary implementation work, including adjustments to their systems in one go. With the implementation of SMW on 1 May 2011, our consensus view with the Panel on Financial Affairs is that there is an urgent need to increase the Min RI as soon as possible such that the lower-income group who may earn more due to SMW can continue to be spared of making MPF contributions. I therefore intend to move the resolutions at the Legislative Council Meeting on 22 June 2011. It would enable the implementation date of the revised Min RI to be advanced by one month to 1 November 2011.

I should be grateful if the House Committee would appreciate the urgency of the matter and accord a high priority thereto.

Yours sincerely,



(Professor K C Chan)

Secretary for Financial Services and the Treasury

c.c. The Honourable Jasper Tsang Yok-sing, GBS, JP,
President of Legislative Council

Ms Pauline NG, Secretary General

Director of Administration