



強制性公積金計劃管理局  
MANDATORY PROVIDENT FUND  
SCHEMES AUTHORITY

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17 February 2011

The Hon CHAN Kam-lam, SBS, JP  
Chairman, Panel on Financial Affairs  
Legislation Council  
Legislation Council Building  
8 Jackson Road  
Central  
Hong Kong

*Dear Mr. Chan,*

### **Review of the Minimum and Maximum Relevant Income Levels for Mandatory Provident Fund Contributions**

We are writing in regard to the captioned subject, which will be discussed at the Financial Affairs Panel meeting scheduled for next Monday, 21 February 2011.

2. There were some comments in the media yesterday and today, following from the release of the Panel paper on the subject for the upcoming meeting. Much of the comments relate to why developments regarding the statutory minimum wage have not been taken into account.

3. We would like to clarify that the review conducted by the Authority is a review required by the Mandatory Provident Fund Schemes Ordinance (Cap. 485) ("Ordinance") which also identifies two factors that must be taken into account in conducting the review, namely, 50% of the monthly median employment earnings for the minimum relevant income level and the monthly employment earnings at 90<sup>th</sup> percentile of the monthly employment earnings distribution for the maximum relevant income level. The Ordinance does not preclude the Authority from taking other factors into account.

4. In due compliance with the Ordinance, the Authority has conducted a review last year, taking into account the two statutory factors. In addition, the Authority has taken into account other relevant factors, the statutory minimum wage being one of them. The Management Board and Advisory Committee of the Authority discussed the review findings, including the potential impact of the implementation of a statutory minimum wage requirement. The Government and the Authority also consulted the Labour Advisory Board on the review findings and the statutory minimum wage issue was also discussed in that forum. The report prepared by the Authority, which is annexed to the Panel paper, sets out the review findings and other relevant factors, including the statutory minimum wage (at paragraphs 5.2.2 and 5.2.3) for consideration. The views of different stakeholders are also set out in the report for consideration. The report is factual in nature and does not represent a recommendation from the Authority.

5. It is ultimately for the Government to make a policy decision, on whether and, if so how, to adjust the minimum relevant income level taking into account factors such as the statutory minimum wage. We are confident that they will take into consideration the review findings set out in the report and the views of other stakeholders including members of the Panel on Financial Affairs. In view of the fact that there have been newspaper articles commenting that the Authority has failed to take into account the statutory minimum wage in relation to adjusting the minimum level of relevant income, we have issued a press statement to clarify the matter yesterday. A copy of the press statement is attached for your information.

6. We would like to request your kind permission to circulate this letter and the press statement in advance to Legislative Councillors who may come to join the meeting next Monday. We would also like to request for your kind permission to table hard copies of the press statement on the day of the meeting for Members who attend the meeting.

*Yours sincerely,*

  
(Diana CHAN)

Managing Director

Mandatory Provident Fund Schemes Authority

Encl

c.c. Prof the Hon K C CHAN, SBS, JP, Secretary for Financial Services and the Treasury

Miss AU King-chi, JP, Permanent Secretary for Financial Services and the Treasury (Financial Services)

The Hon Anna WU Hung-yuk, SBS, JP, Chairman, MPFA

## **MPFA on the review of the minimum and maximum relevant income levels for Mandatory Provident Fund contributions**

In response to media reports regarding the review of the minimum and maximum levels of the “relevant income” for contributions to Mandatory Provident Fund Schemes, a spokesman for the Mandatory Provident Fund Schemes Authority (MPFA) states the following:

The MPFA is required by the Mandatory Provident Fund Schemes Ordinance (the “Ordinance”) to conduct a review of the minimum and maximum relevant income levels no less than once in every 4 years to ascertain whether or not there are grounds for any amendment.

The Ordinance also prescribes the factors that the MPFA must take into account in conducting the review, namely, 50% of the monthly median employment earnings for the minimum relevant income level and the monthly employment earnings at 90<sup>th</sup> percentile for the monthly earnings distribution for the maximum relevant income level (“statutory factors”). The Ordinance does not preclude the MPFA from taking other factors into account in conducting the review.

In compliance with the Ordinance, the MPFA conducted a statutory review last year and has submitted a review report to the Government for its consideration in July 2010.

In conducting the review, the MPFA duly took into account the two statutory factors, according to which, consideration could be given to adjusting the minimum relevant income level to \$5,500 (based on more recent data) and the maximum relevant income level to \$30,000.

Apart from stating the results of applying the statutory factors, the review report also set out other relevant factors that the MPFA had taken into account in conducting the review. It is clearly stated in the report that the statutory minimum wage needs to be taken into consideration.



It is for the Government, in consultation with other stakeholders including legislators, to make a decision on whether and, if so how, to adjust the minimum relevant income level to take into account the statutory minimum wage.

- End -

16 February 2011