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財經事務及庫務局
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本函檔號 OUR REF.:

來函檔號 YOUR REF.:

26 September 2014

Miss Betty MA
Chief Council Secretary
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Fax No.: 2509 9055)

Dear Miss MA,

**Legislative Council Subcommittee on Retirement Protection
Follow-up Actions Arising from Meeting on 24 June 2014**

At the meeting on 24 June 2014, the Hon. TANG Ka-piu requested the Administration to provide information on the salient features of overseas occupational retirement protection schemes which comprised mandatory contributions similar to the Mandatory Provident Fund System, in particular whether there was any offsetting arrangement and unemployment assistance.

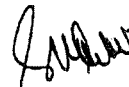
A summary of the key features of occupational retirement protection schemes requiring mandatory contributions and redundancy payment arrangements in Hong Kong, Australia and Singapore is prepared for Members' reference at the Annex with inputs provided by the Mandatory Provident Fund Schemes Authority and the Labour Department. No available information indicates that employers in Australia and Singapore may use preserved benefits or savings generated from such schemes to offset redundancy payments or retrenchment benefits.

We would like to emphasise that readers of the information at Annex should view each occupational retirement protection scheme in its own context.

As distinction in relevant circumstances including development histories, policy objectives, profiles of employed population and employers (especially small and medium enterprises), taxation systems and social welfare measures and needs has resulted in different occupational retirement protection schemes across countries, direct comparison of these schemes may not be meaningful and appropriate.

We should be grateful for your assistance in distributing the information to Members of the Subcommittee on Retirement Protection.

Yours sincerely,



(Miss Susanna LAI)
for Secretary for Financial Services and the Treasury

c.c.

Labour Department (Attn: Mr Charles HUI)
Mandatory Provident Fund Schemes Authority (Attn: Ms Gabriella YEE)

Annex

**Summary of Key Features of Occupational Retirement Protection Schemes
Requiring Mandatory Contributions and
Redundancy Payment Arrangements
in Hong Kong, Australia and Singapore**

	Hong Kong	Australia	Singapore
Occupational Retirement Protection Schemes			
Name	▪ Mandatory Provident Fund Scheme	▪ Superannuation	▪ Central Provident Fund
Coverage	▪ All employees and self-employed persons aged between 18 and 65, unless exempted by law.	<ul style="list-style-type: none"> ▪ Employees aged 18 and above with monthly earnings of at least AUD450. ▪ Employees under the age of 18 with monthly earnings of at least AUD450 and work more than 30 hours a week. 	▪ All employed Singapore citizens and permanent residents.
Contributions	▪ An employee and an employer are required to contribute 5% of the employee's monthly relevant income, subject to the minimum and maximum relevant income levels for contribution purposes (i.e. \$7,100 and \$30,000 respectively).	▪ An employer is required to contribute 9.5% of the employee's ordinary time earnings, subject to an annual maximum contributions of AUD18,783.40.	▪ Depending on the age of an employee, an employee and an employer are required to contribute a total of 11.5% to 36% of the employee's income.

	Hong Kong	Australia	Singapore
Redundancy Payment Arrangements			
<p>Eligibility</p>	<ul style="list-style-type: none"> ▪ <u>Severance Payment ("SP")</u>: An employee who has been employed under a continuous contract for not less than 24 months will be eligible for SP if his employment contract is terminated by reason of redundancy or he is being laid off. ▪ <u>Long Service Payment ("LSP")</u>: An employee who has been employed under a continuous contract for not less than five years will be eligible for LSP if he is dismissed by reasons other than redundancy or summary dismissal, his fixed term employment contract expires without being renewed, he dies in service, he 	<ul style="list-style-type: none"> ▪ <u>Redundancy Pay</u>: An employee is eligible for Redundancy Pay by his employer if his employment is terminated: <ul style="list-style-type: none"> (a) at the employer's initiative because he no longer requires the job done by the employee to be done by anyone, except where this is due to the ordinary and customary turnover of labour; or (b) because of insolvency or bankruptcy of the employer. ▪ Employees with less than 12 months of continuous service are not eligible for Redundancy Pay. ▪ The obligation to provide 	<ul style="list-style-type: none"> ▪ <u>Retrenchment benefits</u>: An employee who has been employed for at least three years may request his employer for Retrenchment Benefits if he is retrenched.

	Hong Kong	Australia	Singapore
	resigns on ground of ill health, or he is aged 65 or above and resigns on ground of old age.	Redundancy Pay does not apply to small business employers (i.e. those with less than 15 employees).	
Level of Assistance	<ul style="list-style-type: none"> ▪ The amount of SP and LSP is calculated by according two-thirds of last month's wages (or two-thirds of the average monthly wage in the last 12 months) for every year of service of an employee with the employer. ▪ The maximum level of monthly wage for calculating SP or LSP is \$22,500, with the maximum amount of SP or LSP payable to an employee being \$390,000. There is no limit on the number of reckonable years of service. 	<ul style="list-style-type: none"> ▪ The amount of Redundancy Pay varies according to an employee's period of continuous service. ▪ The minimum amount of Redundancy Pay is four weeks' pay for an employee with continuous service of at least one year but less than two years, while the maximum amount is 16 weeks' pay for an employee with continuous service of at least nine years but less than 10 years. For an employee with continuous service of at least 10 years, the Redundancy Pay 	<ul style="list-style-type: none"> ▪ The Employment Act does not stipulate the quantum of the Retrenchment Benefits to be paid. ▪ The amount is subject to negotiation between an employee and an employer. It will also depend on an employer's financial position.

Hong Kong		Australia	Singapore
		<p>is reduced to 12 weeks' pay.</p> <ul style="list-style-type: none">▪ The Redundancy Pay is calculated at the base rate of pay of an employee for ordinary hours worked.	

Mandatory Provident Fund Schemes Authority
Labour Department
September 2014