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19 August 2015

Ms Connie Szeto
Clerk to Panel on Financial Affairs
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Szeto,

Panel on Financial Affairs

Matters relating to review of the adjustment mechanism for the Minimum and Maximum Levels of Relevant Income for Mandatory Provident Fund mandatory contributions

I refer to your letter dated 28 July 2015 regarding Hon Wong Kwok-hing's request to discuss at the Panel on Financial Affairs ("Panel") the adjustment mechanism for the minimum and maximum levels of relevant income ("Min/Max RI Levels") for Mandatory Provident Fund mandatory contributions.

As reported at the Panel meeting on 6 July 2015, the Mandatory Provident Fund Authority ("MPFA") consulted the public on the proposed automatic adjustment mechanism for Min/Max RI Levels between 23 January and 5 March 2015. The outcome of the consultation revealed that many respondents lacked adequate understanding of the considerations behind the proposed adjustment mechanism for Min/Max RI Levels. In addition, about one-third of those who provided specific comments in their submissions preferred the existing adjustment mechanism. We also note that views were diverse among the respective groups representing the interests of employers and employees.

Against the above background, the Government considers it prudent to accept MPFA's recommendation of not pursuing the proposed automatic mechanism now. Nevertheless, MPFA will enhance publicity and public

education on the adjustment mechanism to promote a conducive environment for informed public deliberation on the adjustment mechanism for Min/Max RI Levels in future.

Pursuant to section 10A of the Mandatory Provident Fund Schemes Ordinance (Cap. 485), MPFA is required to review the Min/Max RI Levels at least once every four years. MPFA will start the review according to the existing statutory mechanism in 2016/17 with a view to submitting a recommendation to the Government not later than 2017/18. MPFA will consult stakeholders during the review process and report the outcome of the review to the Panel in due course.

Yours sincerely,



(Wendy Chung)

for Secretary for Financial Services and the Treasury

c.c. MPFA