

Press release

LCQ10: Mandatory Provident Fund

Wednesday, February 20, 2008

Following is a question by the Hon Chan Kam-lam and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (February 20):

Question:

In accordance with the Mandatory Provident Fund Schemes Ordinance (Cap 485), an employer may apply for withdrawal of money from the employer-funded portion of the accrued benefits in an employee's Mandatory Provident Fund (MPF) account for offsetting the long service payment or severance payment made to the employee. In this connection, will the Government inform this Council whether it knows the following in respect of each year since the implementation of the MPF system in 2000:

(a) the number of cases of accrued benefits in MPF accounts being used to offset long service payments or severance payments, and the total amount of money involved; among such cases, the number of those in which the full amounts of long service payments or severance payments were offset by accrued benefits, as well as the percentage of such cases in all cases; and

(b) the number of cases in which employers who made long service payments or severance payments to their employees and did not apply for withdrawal of money from the MPF accounts of the employees concerned for offsetting the relevant expenses; among such employers, the number of those who had made voluntary contributions to MPF trustees for their employees?

Reply:

Madam President,

Based on the information provided by the Mandatory Provident Fund Schemes Authority (MPFA), we reply as follows:

(a) According to the data collected from approved trustees by the MPFA, the amount of severance payments or long service payments paid from the accrued benefits in each year since 2001 under section 12A of Mandatory Provident Fund Schemes Ordinance (Cap 485) are shown in the following table:

Year	Amount (HK\$ million)		
	Deduction from the employers' mandatory contributions	Deduction from the employers' voluntary contributions	Total
2001 (since July 1)	67	99	166
2002	449	301	750
2003	888	286	1 174
2004	1 024	244	1 268
2005	1 208	221	1 429
2006	1 429	205	1 634
2007 (as at September 30)	1 153	175	1 328

(Note: The total asset value of MPF schemes as at end December 2007 is over HK\$264.7 billion.)

The MPFA does not have information on the number of cases involved in relation to the offset amounts (including the number of cases in which long service payments or severance payments were fully offset by accrued benefits).

(b) The MPFA does not have information on companies or employers which, of their own accord, did not offset long service payments or severance payments by the employees' accrued benefits. Regarding voluntary contributions, the MPFA does not have a breakdown of the amount of contributions made by employers, employees or self-employed persons respectively. The total amount of voluntary contributions made over the years are as follows:

Year	Total amount of voluntary contributions
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(HK\$ million)

2001	
(since July 1)	1 003
2002	2 088
2003	2 074
2004	2 313
2005	2 669
2006	3 254
2007	
(as at September 30)	3 010