

## Press release

### **LCQ8: Arrangements to inject funds into MPF accounts of eligible persons**

Wednesday, January 14, 2009

Following is a question by the Hon Leung Yiu-chung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (January 14):

Question :

To enhance its commitment to the retirement protection for lower-income working people, the Government will commence a one-off injection of \$6,000 into the accounts of members of the Mandatory Provident Fund (MPF) Schemes and MPF-exempted Occupational Retirement Schemes (i.e. Provident Fund Schemes) within the current fiscal year. As there have been comments that given the currently volatile financial market, such injection may result in investment loss, will the Government inform this Council whether it will reconsider giving cash directly to the relevant persons instead of making injection into the accounts of members of MPF Schemes and Provident Fund Schemes, in order to relieve their stress of living under inflation at present; if not, of the reasons for that?

Reply :

President,

The objective of injecting \$6000 into the Mandatory Provident Fund (MPF) accounts of eligible persons is to enhance the retirement protection for the lower-income MPF Scheme members and MPF Exempted Occupational Retirement Scheme (ORSO schemes) members. To implement this policy objective, the Administration briefed Members of the Legislative Council Panel on Financial Services at its meeting on May 5, 2008 and Members of the Bills Committee on the Mandatory Provident Fund Schemes (Amendment) Bill 2008 (the Bill) subsequently on the eligibility criteria for the injection project. The Administration also submitted information papers to the Bills Committee to explain in detail the practical application of the relevant criteria. The Legislative Council passed the Bill on July 10, 2008, providing a legal framework for injecting funds into the MPF accounts of eligible persons through the existing MPF system. The Bill has provided that the funds injected are equivalent to mandatory contributions which will be deposited into the relevant MPF accounts until withdrawal upon the retirement of an eligible person.

The Administration plans to seek approval of the Legislative Council Finance Committee for the required funding in February 2009 so as to commence injection into the accounts of eligible persons within the 2008-09 financial year. The purpose of the MPF System is to achieve capital gain within a relatively long investment period and therefore the injection arrangements should not be affected by the fluctuations of the financial market during a specific period.

In addition to the above arrangements to inject funds into MPF accounts, the 2008-09 Budget has also included a number of other relief measures that would help alleviate the economic hardship of the lower-income group. These measures include electricity charge subsidy, paying one month's rent for lower income families living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society, relaxing the eligibility criteria and requirements of the pilot transport support scheme, as well as providing additional Comprehensive Social Security Assistance, Disability Allowance and Old Age Allowance. We believe that the above measures can benefit people with different needs in the society.

As in the past, in formulating the budget measures for the coming year, the Government will take full account of the views of the public and the socio-economic development needs of Hong Kong as a whole.

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