

立法會
Legislative Council

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Tel : 3919 3300

Date : 21 December 2012

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 9 January 2013

**Motion on
“Comprehensively reviewing the Mandatory Provident Fund Scheme”**

Hon TANG Ka-piu has given notice to move the attached motion on “Comprehensively reviewing the Mandatory Provident Fund Scheme” at the Council meeting of 9 January 2013. The President has directed that “it be printed in the terms in which it was handed in” on the Agenda of the Council.

(Odelia LEUNG)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion on
“Comprehensively reviewing the Mandatory Provident Fund Scheme”
to be moved by Hon TANG Ka-piu
at the Council meeting of 9 January 2013**

Wording of the Motion

That the Mandatory Provident Fund (‘MPF’) Scheme has been implemented for 12 years since December 2000, and its effectiveness has always been of major concern to society; according to the statistics of the Mandatory Provident Fund Schemes Authority (‘MPFA’), at present, there are over three million employee’s contribution accounts and around four million preserved accounts in Hong Kong; as at September 2012, the net asset values of approved constituent funds under the MPF Scheme reached HK\$412.4 billion; yet, the expensive MPF administration fees, the lack of supervision over fund performance and the erosion of contributions by intermediaries and sponsors, coupled with the use of the accrued benefits derived from employers’ contributions to offset severance payments and long service payments, have become the major loopholes in the MPF Scheme which directly affect employees’ retirement protection; in this connection, this Council urges the Government to:

- (1) abolish the mechanism whereby the accrued benefits derived from employers’ contributions under the MPF Scheme are used to offset long service payments and severance payments, and retain Hong Kong employees’ rights to severance payments or long service payments under the relevant provisions of the Employment Ordinance, so as to provide employees with better retirement protection;
- (2) implement a full portability arrangement for the MPF Scheme to enable employees to choose trustees on their own, establish ‘one lifelong account’ for employees and credit the MPF accrued benefits derived from employer’s and employee’s contributions to this account, so as to prevent them from having multiple preserved accounts due to change of jobs, and require trustees to introduce a simple and easy to understand method to inspect accounts similar to that of ‘bank books’, so as to enable employees to better manage their MPF accrued benefits;
- (3) enact legislation to set a ceiling for the Fund Expense Ratio (‘FER’) of MPF funds, and require trustees to set out the actual amounts and ratios of various fees and FER in the annual reports issued to employees;

- (4) strengthen the regulation of MPF investment products, regularly review the sales practices of intermediaries and establish a mechanism for facilitating people to claim losses;
- (5) set up a public trustee that operates under the Government, a public body or a voluntary organization which charges lower administration fees, and provide low-risk capital preservation funds which are guaranteed to be inflation-linked for employees to choose, so as to achieve the objective of increasing competition to make other trustees to lower fees and improve performance;
- (6) rationalize and eliminate substandard MPF funds to reduce total fund expenses, and establish a monitoring system under which the total amount of fees charged by MPF funds are linked to performance;
- (7) regulate sponsors of MPF Schemes, enhance the monitoring of Scheme sponsors' performance and profits, and establish a clear tripartite relationship among Scheme sponsors, intermediaries and contributors;
- (8) step up law enforcement to combat default contributions, including sentencing employers convicted of contravening the law to immediate imprisonment, and blacklisting the law-breaking companies concerned in the tendering exercises for government services as a penalty, etc.;
- (9) amend the legislation to reform the Occupational Retirement Schemes (i.e. 'provident fund') system, requiring that when employers implement the provident fund, the vesting scales of the provident fund offered by them to employees are no less than the total amount of employers' contributions under the MPF Scheme, so as to plug the loopholes in the provident fund;
- (10) establish an inter-bureau group to implement, within the term of the current Government, the various proposals for improving the MPF Scheme put forward by MPFA on 26 November 2012, and regularly report the progress to the Legislative Council; and
- (11) study the implementation of a universal integrated retirement protection system in addition to the MPF Scheme, so as to make up for the inadequacies in the MPF system.