

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – October 2016

#### Purpose

This paper is a monthly update on the implementation of the Mandatory Provident Fund (MPF) System.

#### Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate		
	As at 31.10.2016	As at 30.9.2016	Change**	As at 31.10.2016	As at 30.9.2016	Change**
<b>Employers</b>	276 100	275 100	1 000	99%	99%	-
<b>Employees</b>	2 580 400	2 576 900	3 500	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	202 600	202 900	-300	68%	68%	-

\* rounded to the nearest 100

\*\* Each figure presented in the “Change” column is derived by rounding the difference between the unrounded enrolment/enrolment rate figures of the two months. It is therefore not the simple difference between the two corresponding monthly figures presented in the table.

3. As at end October 2016, 21 900 employers, 544 700 employees and 15 700 SEPs were registered under the Industry Schemes.

#### Complaint Handling

Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on system operation

4. In October 2016, 282 complaints were received by MPFA, of which 250 complaints were made against 205 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	250
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(3)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(92)</i>
<i>(Default contribution)</i>	<i>(222)</i>
<i>(Others (e.g. no pay records))</i>	<i>(67)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	32

<sup>^</sup> Since a complaint may cover more than one allegation, the total number of allegations may exceed the number of complaints.

#### Complaints received by the Labour Department (LD)

5. In October 2016, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 146 complaints received from 1 January 2016 to 31 October 2016:

- (a) 52 cases were resolved after conciliation or advice given;
- (b) 55 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 32 cases where the employees had lodged claims with the LD were awaiting conciliation result.

## Enforcement

7. The MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance (MPFSO) by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting non-compliant employers.

8. Enforcement actions taken by MPFA in October 2016 are summarized below:

(a) Prosecution

Number of summonses applied	32
<i>(Non-enrolment of employees)</i>	<i>(3)</i>
<i>(Default contribution)</i>	<i>(18)</i>
<i>(False statement)</i>	<i>(8)</i>
<i>(Failure to comply with court order)</i>	<i>(3)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	22 200
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	39
- Number of employees involved	98

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	67

(e) Submission to the High Court

- Number of cases submitted	0
- Number of employees involved	0

(f) Submission to Liquidators / Receivers

- Number of cases submitted	8
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(g) Proactive Inspections

- Number of employment establishments visited	130
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## **Education and Publicity**

9. The MPFA organized the annual Good MPF Employer Award for the second year to recognize employers who were compliant with the MPF legislation and provided additional retirement benefits to their employees beyond the statutory requirements during 1 April 2015 to 31 March 2016. 848 employers received the 2015-16 Award, representing an increase of nearly 30% as compared to last year. Among them, 542 employers have received the Award for two years in a row. A presentation ceremony was held on 4 October and a media briefing was arranged on the same day for representatives of two selected awardees to introduce their MPF arrangement and how their employees benefit from the arrangement. A post-event supplement was published on a local newspaper on 13 October to enhance public awareness of the Award.

10. To further enhance scheme members' understanding of the fundamental concepts on MPF investment and retirement investment as well as to encourage them to take good care of their MPF investment, a series of five videos of "MPFA TV" was telecast on out-of-home platform, websites and smartphone applications from October to November.

11. To deepen tertiary students' and young working adults' understanding of the proper attitude on financial management and MPF investment, the MPFA launched a new format of workshop, hosted by an expert in financial education, covering financial planning and MPF information. The participants went through the MPF scheme enrolment process and practised designing their own MPF investment portfolio. MPF messages and advice on how to achieve financial goals were also shared.

12. To enhance prospective scheme members' understanding on the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing their compliance with the MPFSO in the long run, a full array of educational activities and school-based programmes were organized to educate various levels of students and the parents of younger students.

13. To enhance engagement with parents and teachers and to encourage parents to act as a role model for their children by managing their MPF investment proactively, the MPFA launched its first multi-media education materials, which has a dedicated section on MPF information for parents and teachers, through an online education platform for young students.

14. The MPFA published a report, Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes (as at December 2015), for the first time, on 25 October to enhance the transparency and public understanding of the MPF System. A press release was issued on the same day.

15. The MPFA will host the Technical Committee meeting and the Annual General Meeting of the International Organisation of Pension Supervisors (IOPS), as well as co-host with the Organisation for Economic Co-operation and Development (OECD) and the IOPS the annual Global Forum on Private Pensions in November. It is the first time IOPS meetings and event are held in Hong Kong. The Global Forum will explore current trends in global private pension systems and the ways in which pension regulatory and supervisory authorities are managing and reacting to the evolution of these systems. A press briefing was held by the MPFA on 31 October to introduce the work of IOPS and the Global Forum.

16. In the month, seven talks on MPF were given to employees, in particular members of the MPF Industry Schemes and civil servants, to educate them on the MPF System and MPF investment.

17. Members are invited to note the contents of this paper.

Mandatory Provident Fund Schemes Authority  
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