

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – April 2017

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 30.4.2017	As at 31.3.2017	Change**	As at 30.4.2017	As at 31.3.2017	Change**
Employers	277 700	277 500	+100	100%	100%	-
Employees	2 572 200	2 572 400	-300	100%	100%	-
Self-Employed Persons (SEPs)	201 700	201 900	-100	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 April 2017, 22 400 employers, 570 200 employees and 15 400 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In April 2017, 304 complaints were received by MPFA, of which 278 complaints were made against 218 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	278
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(2)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(130)</i>
<i>(Default contribution)</i>	<i>(250)</i>
<i>(Others (e.g. no pay records))</i>	<i>(14)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	26

[^] 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 April 2017, the LD received 8 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.
6. Of the 41 complaints received from 1 January 2017 to 30 April 2017:
 - (a) 8 cases were resolved after conciliation or advice given;
 - (b) 12 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
 - (c) 21 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 April 2017 are summarized below:

(a) Prosecution

Number of summonses applied	74
<i>(Non-enrolment of employees)</i>	(5)
<i>(Default contribution)</i>	(59)
<i>(False statement)</i>	(2)
<i>(Failure to comply with court order)</i>	(8)

(b) Contribution Surcharge

- Number of employers with notices issued	22 400
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	39
- Number of employees involved	132

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	55

(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	12
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(g) Proactive Inspections

- Number of employment establishments visited	94
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Education and Publicity

9. Mass media publicity was drummed up for the launch of the Default Investment Strategy (DIS) on 1 April. Advertisements in print and online media continued in the month. The TV announcement in the public interest was broadcast on outdoor video walls in high traffic locations as well as popular online and social media platforms, on top of local TV channels. Besides, advertisements on bus body were launched to reach out to scheme members at the street level. A press release was issued to remind MPF scheme members that the DIS had been launched on 1 April and that they should be aware of its impact on different categories of MPF accounts.

10. Efforts were made to publicize that account holders who have MPF in the different “default investment arrangement” (DIA) of MPF scheme would have a choice to opt out of the DIS. A new flyer with illustrations on the opt-out arrangement was mailed to DIA account holders together with the DIS Re-investment Notice (DRN) through all trustees. Attention of DIA account holders was also drawn to the issuance of DRN in print and online advertisements to make them aware of the opt-out arrangement.

11. Over a dozen talks were conducted in the month for staff of a number of companies and organizations, the majority of which were awardees of the Good MPF Employer Award 2015-16, on the operational details of the DIS and its impacts on scheme members. Employer’s responsibilities under the MPF legislation were also featured in some of the talks.

12. Subsequent to the briefing-cum-tea gathering with District Council Members and other stakeholders on 16 March, the MPFA, in collaboration with the offices of some District Council Members and a labour union, conducted five DIS talks at the district level in April. Another six talks have been arranged to be held in May and the following months.

13. All in all, a total of 167 talks and briefings on the DIS have been conducted since June 2016.

14. To tie in with the communication, publicity and education activities on the DIS, a new publication entitled Five Keys to Retirement Investment has been produced to educate scheme members on the importance of having an early start on retirement planning and to enrich their knowledge on retirement investment as well as MPF investment.

15. A series of roving exhibitions on MPF investment and the DIS was kicked off in Central Government Offices from March. It has been arranged to roll out in five MTR stations, namely, Tai Koo, Olympic, Kwun Tong, Hang Hau and Tsuen Wan, from April to May.

16. The MPFA issued a press release on 10 April to welcome the Hong Kong Mortgage Corporation's announcement of its plan to introduce a life annuity scheme in 2018. Another press release was issued on 27 April to publicize the launch of the electronic enquiry of Personal Account, or ePA.

17. In the month, e-copy of youth booklet carrying information on the MPF System and MPF investment was issued to around 42 000 graduates of tertiary institutions.

18. A full array of educational activities and school-based programmes were also organized during the month to educate various levels of students and the parents of younger students so as to enhance their understanding of 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.

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

Mandatory Provident Fund Schemes Authority
May 2017