

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 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 30.11.2016	As at 31.10.2016	Change**	As at 30.11.2016	As at 31.10.2016	Change**
Employers	276 900	276 100	800	100%	99%	-
Employees	2 580 400	2 580 400	-	100%	100%	-
Self-Employed Persons (SEPs)	202 500	202 600	-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 November 2016, 22 000 employers, 547 600 employees and 15 600 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In November 2016, 313 complaints were received by MPFA, of which 288 complaints were made against 235 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	288
<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>(107)</i>
<i>(Default contribution)</i>	<i>(253)</i>
<i>(Others (e.g. no pay records))</i>	<i>(58)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	25

[^] 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 November 2016, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 161 complaints received from 1 January 2016 to 30 November 2016:

- (a) 61 cases were resolved after conciliation or advice given;
- (b) 61 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 November 2016 are summarized below:

(a) Prosecution

Number of summonses applied	32
<i>(Non-enrolment of employees)</i>	<i>(6)</i>
<i>(Default contribution)</i>	<i>(18)</i>
<i>(False statement)</i>	<i>(7)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	24 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	37
- Number of employees involved	109

(d) Submission to the District Court

- Number of cases submitted	9
- Number of employees involved	280

(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	4
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(g) Proactive Inspections

- Number of employment establishments visited	191
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Education and Publicity

9. A media briefing was held by the MPFA on 8 November to brief the media on the latest development of the Default Investment Strategy (DIS) and its possible impacts on MPF accounts. Leveraging on the gazettal of the commencement date of the DIS, print advertisements were published in selected newspapers on 9 and 10 November, with an aim to reinforce the call to scheme members to update their correspondence addresses with trustees and to generate further awareness of the DIS.

10. To complement the communication, publicity and education activities on DIS, a series of four comic strips on the concepts of MPF investment and retirement investment was arranged to roll out in magazines and free newspapers and on mobile and online platforms in November.

11. The MPFA co-hosted with the Organisation for Economic Co-operation and Development (OECD) and the International Organisation of Pension Supervisors (IOPS) the IOPS Meetings and OECD / IOPS Global Forum on Private Pensions (the Global Forum) on 8 to 10 November in Hong Kong. The event was the first of its kind held in Hong Kong and was attended by over 200 guests from local MPF industry, professional organizations and related governmental departments, as well as overseas participants from pension supervisors, pension-related bodies and industry of 44 jurisdictions.

12. The Chief Secretary for Administration officiated at the opening ceremony of the Global Forum and delivered a keynote speech entitled “Making the Pension Pillars Work Better in Hong Kong” while the Secretary for Labour and Welfare participated in a panel discussion on Hong Kong’s retirement protection.

13. A number of local and regional media attended the Global Forum and a press briefing by Mr Pablo Antolin, Principal Economist and Head of the Private Pensions Unit of the OECD Financial Affairs Division, was conducted on 10 November. In addition, a workshop on supervisory practices and issues was organized on 11 November at the MPFA Head Office to share Hong Kong’s experience in pension system supervision and enforcement. The workshop was attended by over 30 overseas delegates.

14. In view of the various reforms that the MPF System has undergone in the past few years and to mark the 15th anniversary year of the MPF System’s coming into operation, a new corporate brochure was published and the corporate video was revamped. The brochure was distributed to delegates of the Global Forum and the video was shown at the venue.

15. The MPFA released a report titled Fees and Expenses of MPF Funds: An Overview of the Fund Expense Ratio and Its Trends on 23 November. A press conference was held on the same day to introduce the key findings of the report and to urge scheme members to take good care of their MPF investment and to consider fund fees when choosing funds.

16. Two retirement planning workshops were organized for a company and members of a parenting online platform in November respectively. The workshops enabled direct engagement with “keen-to-know” scheme members to provide them with practical tips for retirement planning and MPF investment as well as to ascertain their information needs. In the workshops, a Certified Financial Planner explained to participants the factors to consider when doing retirement planning, introduced the retirement planning mobile application “樂享退休 GPS” as well as some useful tools available on the MPFA website.

17. To enhance prospective scheme members’ 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, a full array of educational activities and school-based programmes were organized to educate various levels of students and the parents of younger students.

18. In the month, 14 talks were given to MPF industry stakeholders, employees, Industry Schemes members and overseas visitors etc. on the MPF System and investment, as well as the details of the DIS. Among them were two briefings for Sai Kung and Sham Shui Po District Councils which kicked off a round of DIS briefings for all 18 District Councils.

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