

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 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 31.10.2017 | As at 30.9.2017 | Change** | As at 31.10.2017 | As at 30.9.2017 | Change** |
| Employers | 279 600 | 279 400 | + 200 | 100% | 100% | - |
| Employees | 2 583 200 | 2 583 200 | - | 100% | 100% | - |
| Self-Employed Persons (SEPs) | 204 200 | 203 600 | + 600 | 70% | 69% | - |

* 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 2017, of the above estimated enrolment, 22 800 employers, 598 800 employees and 15 100 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 2017, 310 complaints were received by MPFA, of which 287 complaints were made against 206 employers. A breakdown of these complaints by subject matter is as follows:

| | <u>Number of complaints</u> |
|------------------------------------------------------------------------------------------|---------------------------------|
| (a) Complaints concerning scheme members | 287 |
| <i>Breakdown by subject matter of complaint ^</i> | |
| <i>(Involuntary change from “employee” status to “SEP” status)</i> | <i>(3)</i> |
| <i>(Non-enrolment in MPF Schemes)</i> | <i>(131)</i> |
| <i>(Default contribution)</i> | <i>(259)</i> |
| <i>(Others (e.g. no contribution records))</i> | <i>(8)</i> |
| (b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 23 |

[^] Since a complaint may cover more than one subject matter, the total number of the subject matters of complaints may exceed the number of complaints.

Complaints received by the Labour Department (LD)

5. In October 2017, the LD received 13 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 132 complaints received from 1 January 2017 to 31 October 2017:

- (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; and
- (c) 25 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 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 2017 are summarized below:

(a) Prosecution

| | |
|---------------------------------------------|-------------|
| Number of summonses applied | 74 |
| <i>(Non-enrolment of employees)</i> | <i>(5)</i> |
| <i>(Default contribution)</i> | <i>(43)</i> |
| <i>(False statement)</i> | <i>(22)</i> |
| <i>(Failure to comply with court order)</i> | <i>(4)</i> |

(b) Contribution Surcharge

| | |
|-------------------------------------------|--------|
| - Number of employers with notices issued | 21 800 |
|-------------------------------------------|--------|

(c) Submission to the Small Claims Tribunal

| | |
|--------------------------------|-----|
| - Number of cases submitted | 40 |
| - Number of employees involved | 143 |

(d) Submission to the District Court

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

(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 | 14 |
|-----------------------------|----|

(g) Proactive Inspections

| | |
|-----------------------------------------------|-----|
| - Number of employment establishments visited | 182 |
|-----------------------------------------------|-----|

Education and Publicity

9. To promote better governance amongst the MPF industry, an inaugural Workshop on Governance of MPF Trustees was held on 17 October 2017. The one-day workshop was attended by more than 100 representatives, including directors of the boards of the trustees, other local financial regulators and experts on risk management, pension design and governance. They discussed and shared their experience on various topics including the governance framework, risk management, as well as check and balance mechanisms. A media briefing on the measures taken by the MPFA to improve the governance of MPF trustees was held before the workshop.

10. Fifteen sessions of retirement planning workshop have been planned for 2017-18, eight of which were held so far including two conducted at the workplace of the participating companies in October.

11. In October, six talks and briefings were held for different stakeholders, including employers and employees, civil servants, construction workers and a non-governmental organization serving young people with autism. The MPFA also received a delegation from the European Union Office in Hong Kong and introduced to them features of the MPF System.

12. With a view to generating awareness and promoting usage of the e-Enquiry of Personal Account service, a search engine marketing programme continued in the month.

13. To further promote the mobile application “職場 MVP” with features like practical experience and tips in filling out an MPF enrolment form as well as essential MPF messages to young working adults, publicity via a popular mobile application was rolled out in the month.

14. A full array of educational activities and school-based programmes were also launched during the month to educate various levels of 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 legislative requirements in the long run.

15. To further disseminate key MPF messages to the tertiary students who have imminent needs of joining MPF after commencement of employment and equip students with job-seeking and interview skills, a pilot scheme of Career cum MPF workshops targeting students of undergraduate and sub-degree programmes, in partnership with a social service organization, commenced in October.

16. To prepare students to lay a sound foundation for financial planning (including retirement planning and MPF) at different life stages, a pilot scheme of interactive money management workshops targeting secondary school students, in partnership with a social service organization, was launched. The workshops would imbue students with proper attitudes towards money management, the importance of saving for the future and the MPF System as an integral part of retirement protection.

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

Mandatory Provident Fund Schemes Authority
November 2017