

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 2018

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 31.10.2018	As at 30.9.2018	Change**	As at 31.10.2018	As at 30.9.2018	Change**
Employers	289 300	288 800	+ 500	100%	99%	-
Employees	2 624 200	2 624 200	-	100%	100%	-
Self-Employed Persons (SEPs)	207 600	207 500	+ 100	70%	70%	-

* 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 2018, of the above estimated enrolment, 23 600 employers, 647 500 employees and 14 400 SEPs were registered under the Industry Schemes (IS).

Complaint Handling

Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on System Operation

4. In October 2018, 359 complaints were received by MPFA, of which 324 complaints were made against 178 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	324
<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>(118)</i>
<i>(Default contribution)</i>	<i>(308)</i>
<i>(Others (e.g. no contribution records))</i>	<i>(12)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	35

[^] 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 2018, the LD received 36 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 186 complaints received from 1 January 2018 to 31 October 2018:

- (a) 57 cases were resolved after conciliation or advice given;
- (b) 64 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 5 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 60 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 2018 are summarized below:

(a) Prosecution

Number of summonses applied	81
<i>(Non-enrolment of employees)</i>	<i>(7)</i>
<i>(Non-enrolment (Employee / SEP dispute))</i>	<i>(0)</i>
<i>(Default contribution)</i>	<i>(70)</i>
<i>(False statement)</i>	<i>(4)</i>
<i>(Failure to comply with court order)</i>	<i>(0)</i>
<i>(Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions)</i>	<i>(0)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	21 400
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	48
- Number of employees involved	208

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	60

(e) Submission to the High Court

- Number of cases submitted	2
- Number of employees involved	1 453

(f) Submission to Liquidators / Receivers

- Number of cases submitted	11
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(g) Proactive Inspections

- Number of employment establishments visited	190
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Education and Publicity

9. The award presentation ceremony of the Good MPF Employer Award 2017-18 (the Award) was held on 9 October 2018 with a record high of 1 102 employers receiving the Award this year. The theme of this year's ceremony was “digital transformation” and an exhibition of digital services by MPF trustees was held concurrently. As a main attraction of the ceremony, representatives from two small and medium enterprises shared their first-hand experience of using digital tools to handle MPF contributions and related tasks. The ceremony was well received by an audience of more than 500 people.

10. An MPFA delegation led by Chairman and Managing Director of MPFA attended the Organisation for Economic Co-operation and Development (OECD)/ International Organisation of Pension Supervisors (IOPS) Global Forum on Private Pensions from 24 to 26 October 2018 in Beijing. The representatives and experts attending the Forum agreed that defined contribution scheme like the MPF plays an active role in tackling the challenges of an ageing population.

11. The delegation also visited the National Council for Social Security Fund, Chinese Academy of Social Sciences, Ministry of Human Resources and Social Security, and China Banking and Insurance Regulatory Commission (CBIRC), and was received by senior officials of the ministries/agencies concerned. They agreed that the MPF System has a pivotal role to play in social security and acknowledged it to be a key pillar of Hong Kong's retirement protection framework, providing the working population of Hong Kong with basic retirement protection in the long run.

12. The MPFA organized a symposium on 29 October 2018 titled “Privately Managed Retirement Schemes: Rethink & Refine”. Dr Pablo Antolin, Principal Economist and Head of the Private Pension Unit of OECD made a presentation on the latest global development of pension systems and the major challenges arising from aging population and slow economic growth. The event was attended by over 200 representatives from the MPF industry, financial regulators, professional organizations, and various stakeholders including media, academics, columnists and researchers, etc.

13. In collaboration with the Civil Service Bureau, a series of seminars were organized for civil servants on MPF and account management. Talks were also arranged for construction workers and trainees of the Construction Industry Council as well as human resources practitioners to disseminate messages on IS and MPF administration and relevant matters.

14. Four “MPFA TV” (積金台) videos on MPF investment and retirement investment were telecast on TV from late September to late October 2018.

15. The MPFA continues to arrange a series of in-company retirement planning workshops targeting “keen-to-know” scheme members providing them with practical tips on retirement planning and MPF investment. Sixteen workshops were conducted in 2018-19 so far including three in October 2018.

16. A full array of educational activities and school-based programmes were also launched during the month to educate students at various levels 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.

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

Mandatory Provident Fund Schemes Authority
November 2018