

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – March 2012

#### Purpose

This paper is the 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 31.03.2012	As at 29.02.2012	Change	As at 31.03.2012	As at 29.02.2012	Change
<b>Employers</b>	254 300	25 3600	+700	98%	98%	-
<b>Employees</b>	2 347 300	2 353 000	-5 700	99%	100%	-1%
<b>Self-employed persons (SEPs)</b>	228 800	229 100	-300	69%	69%	-

\* to the nearest 100

3. The enrolment rates generally remained stable. As at the end of March 2012, 18 600 employers, 403 200 employees and 18 200 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

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

4. In March 2012, 366 complaints were received by the MPFA, of which 348 complaints were made against 275 employers. The nature of the complaints received was as follows:

<sup>1</sup> These figures have excluded double registration between the two Industry Schemes trustees.

	<u>Number of complaints<sup>^</sup></u>
(A) Complaints concerning scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	7
➤ Non-enrolment in MPF Schemes	148
➤ Default contribution	298
➤ Others (e.g. dismissal; no pay records)	76
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	18

<sup>^</sup> *Included multiple selections.*

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

5. In March 2012, the LD received 10 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

6. Of the 46 complaint cases received from 1 January 2012 to 31 March 2012:

- 10 cases were resolved after conciliation or advice given;
- 15 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund; and
- 19 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. Recent enforcement actions taken by the MPFA are summarized below:

<b>Enforcement action in March 2012</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 3</li> <li>- <i>Default contribution</i> 23</li> <li>- <i>False statement</i> 17</li> </ul>	<p>43</p>
<p>B. <u>Contribution Surcharge</u> (5% of the contributions in arrears)</p> <ul style="list-style-type: none"> <li>- Number of employers with notices issued</li> </ul>	<p>21 000</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 25</li> <li>- Number of employees involved 149</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 2</li> <li>- Number of employees involved 54</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 14</li> </ul>	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 227</li> </ul>	

## **Education and Publicity**

9. The MPF Investment Education Campaign continued in March to equip scheme members with the basic knowledge for making informed decisions in their lifelong MPF investment journey. The publicity of the comic strip series engaging a popular local comic character “Maggiology” (「馬仔」) continued. During the month, the comic strips were released in a smart phone application to publicize investment education messages.

10. To provide additional avenues for the public to get market professionals’ practical views on MPF investment management, a seminar on MPF investment co-organized with a university was held on 3 March. A roving exhibition was also held at a shopping mall in Lam Tin from 10 to 11 March, where visitors could acquire MPF knowledge through exhibits and game booths. There were also MPF consultation service counters where Certified Financial Planners provided participants with free and professional analysis of their MPF investment and advice on retirement planning. To promote the event, publicity in various media, like newspapers, posters, Internet and direct mailers in hardcopy and electronic form to target participants, was arranged.

11. To further reinforce the public understanding of the key features and relative risk levels of MPF products, a new series of print advertisements on JJ Five, the mascots that represent the five major types of MPF funds, was developed and published in different media, like newspapers, magazine and escalator panels in MTR stations during the month.

12. Moreover, a new online game was launched, through which key investment education messages like factors to consider in selecting MPF funds and MPF schemes were conveyed. Advertisements were placed on popular websites to publicize the game and attract participants.

13. High-profile publicity on the amendment of the maximum level of relevant income for MPF contributions was rolled out in March. Print advertisements were run in all local and free tabloids. TV Announcements in the Public Interest (APIs) in Cantonese and English were broadcast on 38 local free and paid TV channels. Furthermore, radio APIs in Cantonese, Putonghua and English were aired on 13 radio channels. In addition, online banner and poster advertisements were launched on popular websites and in MTR stations respectively to raise awareness of the new maximum relevant income level among members of the public.

14. In addition, a seminar themed “Planning for Your Desired Retirement Life” was organized on 17 March for members of the “Friends of MPF” programme, a platform for two-way communication between the MPFA and members of the public. An introduction on the Employee Choice Arrangement and MPF investment was arranged for over 110 participants.

15. Youth education activities continued. For the Multimedia Competition on MPF for Students of Tertiary Institutions (「積金 MAX 創意」大專多媒體創作大賽), 20 creative videos entered the final stage and a number of initiatives, including online voting on popular social media platforms, a website banner and an advertorial article were arranged to promote the competition. Moreover, the MPFA participated in a job fair organized by a local university on 8 March to reach out to over 400 students. A school-based Other Learning Experience activity was also carried out for secondary schools.

16. To reach out to members of the community and educate them on the MPF System and MPF investment, four MPF district carnivals and a tea gathering were co-organized with a political party. In addition, 23 MPF talks were delivered to union members, civil servants, employers, employees, students and the general public.

17. During the reporting period, 12 press releases were issued. One of which was to remind the public of the deadline of the open consultation on the withdrawal of MPF accrued benefits on 31 March and the rest were on MPFA's enforcement actions. In the same month, 24 articles contributed by the MPFA on various aspects of the MPF System and MPF investment were published in different publications.

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