

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.06.2012	As at 31.05.2012	Change**	As at 30.06.2012	As at 31.05.2012	Change**
Employers	257 300	256 300	+1 100	99%	99%	-
Employees	2 352 400	2 357 100	-4 700	100%	99%	+1%
Self-employed persons (SEPs)	228 100	228 400	-300	68%	69%	-1%

* rounded to the nearest 100

** changes are derived from unrounded figures and are then rounded off to the nearest integer

3. The enrolment rate of employers remained stable. While the enrolment rate of employees increased by one percentage point, that of SEPs dropped by one percentage point. As at the end of June 2012, 18 800 employers, 412 400 employees and 18 100 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In June 2012, 406 complaints were received by the MPFA, of which

¹ These figures have excluded double registration between the two Industry Schemes trustees.

374 complaints were made against 299 employers. The nature of the complaints received is set out as follows:

	<u>Number of complaints[^]</u>
(A) Complaints concerning scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	12
➤ Non-enrolment in MPF Schemes	166
➤ Default contribution	328
➤ Others (e.g. dismissal; no pay records)	75
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	32

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

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

6. Of the 77 complaint cases received from 1 January 2012 to 30 June 2012:

- 21 cases were resolved after conciliation or advice given;
- 27 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 4 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and/or the Protection of Wages on Insolvency Fund; and
- 25 cases where the employees had lodged claims with the LD were awaiting conciliation results.

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:

Enforcement action in June 2012	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i>	60 2 2 54 2
B. <u>Contribution Surcharge</u> (5% of the contributions in arrears) - Number of employers with notices issued	19 800
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	30 108
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	3 70
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	6
G. <u>Proactive Inspections</u> - Number of employment establishments visited	248

Education and Publicity

9. The MPF Investment Education Campaign continued in June to equip scheme members with the basic knowledge for making informed decisions in their lifelong MPF investment journey. Following the broadcast of a five-episode TV game show on MPF System and MPF investment on a free local TV channel in May 2012 and through the Internet, online banner advertisements on various popular websites were launched in June 2012 to arouse people's interest in viewing the show again.

10. To further reinforce public understanding of the key features and relative risk levels of MPF products, a new series of print advertisements on JJ Five, the mascots representing the five major types of MPF funds, was published in two newspapers and a magazine during the month.

11. In the light of the recent market volatility, a new series of 10 articles was published in two free local tabloids from 4 to 15 June to explain the major types of risk in MPF investment and remind scheme members of the issues to note so that they can better manage the risk of their MPF.

12. The publicity programme to publicize the legislative amendment to the maximum level of relevant income for MPF contributions continued in June 2012. TV and radio APIs continued to be broadcast on all local TV and radio channels while bilingual poster advertisements at MTR stations and online banner advertisements were arranged.

13. Subsequent to the broadcast of MPFA's Enforcement Action TV series in local TV channels earlier this year, the MPFA launched an online promotion campaign on 4 June to further enhance the publicity effect. For five consecutive weeks till 8 July, a dedicated webpage featuring the five episodes of the TV series can be accessed via the banner advertisements on the website of two local newspapers. To attract a wider viewership, there were advertisements on the smartphone app version of a local newspaper throughout the campaign period.

14. In order to remind employers of their MPF obligations and draw their attention to the financial penalty arrangement, an advertisement was placed in all local newspapers in late June.

15. To continue enhancing public understanding on the MPF System and the work of the MPFA, a new MPFA Corporate Brochure was launched in June to outline MPFA's mission, roles and functions as well as the development and operation of the MPF System.

16. The MPFA also published its seventh issue of "MPFA Newsletter" in the month, which provided key information about the Employee Choice Arrangement, updates on the latest development of the MPF System and the work of the MPFA.

17. For youth education, the MPFA participated in three youth job fairs in June to disseminate MPF messages to the young people.

18. To reach out to the community, six district carnivals and seven outreaching activities were carried out. In addition, 17 MPF talks were conducted for civil servants, employers, employees, youth and the community in order to educate them on the MPF System and MPF investment.

19. Separately, 14 press releases were issued. One of them was on the MPFA welcoming the passage of the bill on the regulation of MPF intermediaries. The rest were about the Authority's enforcement initiatives. Twenty articles contributed by the MPFA on various aspects of the MPF System and MPF investment were carried in different publications.

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

Mandatory Provident Fund Schemes Authority
13 July 2012